

LEG. FINANCE - BILLS 1985 - 1986 2245

SB 356 cont. - SB 362 2245

1 AS 24.45, or AS 39.50, the commission may compel the attendance of  
2 witnesses and production of papers, books, records, accounts, docu-  
3 ments, and testimony, and may have the depositions of witnesses taken  
4 in a manner prescribed by court rule or law for the taking of depo-  
5 sitions in civil actions when consistent with the powers and duties  
6 assigned to the commission by law.

7 (b) The commission may examine the papers, books, records,  
8 accounts and documents of a person subject to this chapter to deter-  
9 mine the correctness of a report filed with the commission or in  
10 conjunction with an investigation or inspection conducted under (a) of  
11 this section.

12 (c) Subpoenas may be issued and shall be served in the manner  
13 prescribed by AS 44.62.430 and court rule. The failure, refusal, or  
14 neglect to obey a subpoena is punishable as contempt in the manner  
15 prescribed by law or court rule. The superior court may compel obedi-  
16 ence to the commission's subpoena in the same manner as prescribed for  
17 obedience to a subpoena issued by the court.

18 Sec. 15.14.360. LEGAL COUNSEL. (a) The attorney general is  
19 legal counsel for the commission. The attorney general shall advise  
20 the commission in legal matters arising out of the discharge of its  
21 duties and represent the commission in actions to which it is a party.

22 (b) When the public interest warrants, and if the attorney  
23 general concurs, the commission may employ temporary legal counsel  
24 from time to time in matters in which the commission is involved.

25 ARTICLE 6. GENERAL PROVISIONS.

26 Sec. 15.14.900. DEFINITIONS. In this chapter

27 (1) "candidate" means an individual who

28 (A) files for election to the state legislature, for  
29 governor, for lieutenant governor, for municipal office, for

1 retention in judicial office, or for constitutional delegate;

2 (B) campaigns as a write-in candidate for an elective  
3 office; or

4 (C) accepts contributions totalling \$1,000 or more in  
5 the aggregate from another person or political action committee  
6 for the purpose of seeking elective office or retention in judi-  
7 cial office;

8 (2) "contribution"

9 (A) means the purchase, payment, promise or obligation  
10 to pay, loan or loan guarantee, deposit or gift of money, goods  
11 or services for which charge is ordinarily made and that is made  
12 for the purpose of influencing the nomination or election of a  
13 candidate or for the purpose of influencing a ballot proposition  
14 or question, including the payment by a person other than a  
15 candidate or political party, of compensation for the personal  
16 services of another person that are rendered to the candidate or  
17 political party;

18 (B) does not include

19 (i) services provided without compensation by an  
20 individual volunteering on behalf of a candidate or ballot  
21 proposition or question, unless the services are volunteered  
22 by an individual who would ordinarily be paid a fee or wage  
23 for the services;

24 (ii) services provided by an accountant or other  
25 person to prepare reports and statements required by this  
26 chapter;

27 (iii) services provided by an attorney relating to  
28 AS 15;

29 (iv) ordinary hospitality in a home;

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(3) "expenditure"

(A) means a purchase or a transfer of money or anything of value or a promise or agreement to purchase or transfer money or anything of value, incurred or made for the purpose of

(i) influencing the nomination or election of a candidate or of any individual who files for nomination at a later date and becomes a candidate;

(ii) influencing the outcome of a ballot proposition or question; or

(iii) providing payment of compensation for the personal services of another person that are rendered to a candidate or political party;

(B) does not include a candidate's filing fee or the cost of preparing reports and statements required by this chapter;

(4) "individual" means a natural person;

(5) "municipality" has the meaning given by AS 01.10.060(4);

(6) "person" has the meaning given in AS 01.10.060 but does not include an entity organized to influence an election;

(7) "political action committee" means a person or combination of persons, including a political party and its state, regional, or local subdivisions that accepts contributions for the purpose of influencing an election and exercises discretion over the expenditure of the contributions;

(8) "political party"

(A) means a group of organized voters that

(i) claims to represent a political program, and

(ii) nominated a candidate for governor who re-

1           ceived at least five percent of the total vote cast at the  
2           preceding general election for governor;

3           (B) does not include the campaign committee of a  
4           candidate.

5 \* Sec. 2. AS 11.56.130 is amended to read:

6           Sec. 11.56.130. DEFINITION. In AS 11.56.100 - 11.56.130, "bene-  
7           fit" has the meaning given [ASCRIBED TO IT] in AS 11.81.900 but does  
8           not include

9           (1) political campaign contributions reported under AS 15.-  
10          14 [IN ACCORDANCE WITH AS 15.13];

11          (2) concurrence in official action in the cause of legiti-  
12          mate compromise between public servants; or

13          (3) support, including a vote, solicited by a public ser-  
14          vant or offered by any person in an election.

15 \* Sec. 3. AS 15.56 is amended by adding a new section to read:

16          Sec. 15.56.025. UNLAWFUL SOLICITATION OF CONTRIBUTIONS. (a) A  
17          person commits the crime of unlawful solicitation of campaign contri-  
18          butions if the person intentionally solicits a campaign contribution  
19          through a threat of physical force, job discrimination, or financial  
20          reprisal.

21          (b) Unlawful solicitation of campaign contributions is a class C  
22          felony.

23 \* Sec. 4. AS 24.45.021(a) is amended to read:

24          (a) This chapter shall be administered by the Alaska Public  
25          Offices Commission established [CREATED] under AS 15.14.020 [AS 15.-  
26          13.020(a)].

27 \* Sec. 5. AS 24.45.091 is amended to read:

28          Sec. 24.45.091. PUBLICATION OF REPORTS. Copies of the state-  
29          ments and reports filed under this chapter shall be made available to

1 the public at the commission's central office, the office of the  
2 lieutenant governor, the legislative reference library of the Legisla-  
3 tive Affairs Agency, and at the commission's district offices  
4 [PRESCRIBED IN AS 15.13.020(j)] as soon as practicable after each re-  
5 porting period.

6 \* Sec. 5. AS 24.60.080 is amended to read:

7 Sec. 24.60.080. GIFTS. Unless otherwise provided for under  
8 AS 24.60.030, a person to whom this chapter applies may not solicit a  
9 gift in any amount, or accept or receive, directly or indirectly, a  
10 gift, whether in the form of money, services, a loan, travel, enter-  
11 tainment, hospitality, or other form, if the gift was intended as a  
12 reward or inducement for an official action by the person. A gift of  
13 travel and hospitality within the state received by a member of the  
14 legislature in obtaining information on matters of legislative concern  
15 is not prohibited by this section, nor are political contributions  
16 received and reported under AS 15.14 [AS 15.13.040].

17 \* Sec. 7. AS 29.20.170 is amended to read:

18 Sec. 29.20.170. VACANCIES. The governing body may provide by  
19 ordinance the manner in which a vacancy occurs in any elected office  
20 except the office of mayor or school board member. Unless otherwise  
21 provided by ordinance, the governing body shall declare an elective  
22 office, other than the office of mayor or school board member, vacant  
23 when the person elected

24 (1) fails to qualify or take office within 30 days after  
25 election or appointment;

26 (2) is physically absent from the municipality for 90  
27 consecutive days unless excused by the governing body;

28 (3) resigns and the resignation is accepted;

29 (4) is physically or mentally unable to perform the duties

- 1 of office as determined by two-thirds vote of the governing body;
- 2 (5) is convicted of a felony or of an offense involving a  
3 violation of the oath of office;
- 4 (6) is convicted of a felony or misdemeanor described in  
5 AS 15.56 and two-thirds of the members of the governing body concur in  
6 expelling the person elected;
- 7 (7) is convicted of a violation of AS 15.14 or former  
8 AS 15.13;
- 9 (8) no longer physically resides in the municipality and  
10 the governing body by two-thirds vote declares the seat vacant; or
- 11 (9) if a member of the governing body, misses three con-  
12 secutive regular meetings and is not excused.
- 13 \* Sec. 8. AS 29.20.280(a) is amended to read:
- 14 (a) The governing body shall, by two-thirds concurring vote,  
15 declare the office of mayor vacant only when the person elected
- 16 (1) fails to qualify or take office within 30 days after  
17 election or appointment;
- 18 (2) unless excused by the governing body, is physically  
19 absent for 90 consecutive days;
- 20 (3) resigns and the resignation is accepted;
- 21 (4) is physically or mentally unable to perform the duties  
22 of office;
- 23 (5) is convicted of a felony or of an offense involving a  
24 violation of the oath of office;
- 25 (6) is convicted of a felony or misdemeanor described in  
26 AS 15.56;
- 27 (7) is convicted of a violation of AS 15.14 or former  
28 AS 15.13;
- 29 (8) no longer physically resides in the municipality; or

1 (9) if a member of the governing body in a second class  
2 city, misses three consecutive regular meetings and is not excused.

3 \* Sec. 9. AS 39.50.050(a) is amended to read:

4 (a) The Alaska Public Offices Commission established [CREATED]  
5 under AS 15.14.020 [AS 15.13.020(a)] shall administer the provisions  
6 of this chapter. The commission shall prepare and keep available for  
7 distribution, standardized forms on which the reports required by this  
8 chapter shall be filed.

9 \* Sec. 10. AS 39.50.200(a) is amended to read:

10 (a) In this chapter:

11 (1) "assistant to the governor" includes any executive,  
12 legislative, special, administrative or press assistant to the gover-  
13 nor, and any person similarly employed;

14 (2) "child" includes a biological child, an adoptive  
15 child, and a stepchild;

16 (3) "commission" means the Alaska Public Offices Commis-  
17 sion established [CREATED] under AS 15.14.020 [AS 15.13.020(a)];

18 (4) "instrumentality of the state" means a state depart-  
19 ment or agency, whether in the legislative, judicial, or executive  
20 branch, including such entities as the University of Alaska and the  
21 Alaska State Housing Authority;

22 (5) "judicial officer" means a person appointed as a  
23 justice to the supreme court or as a judge to the court of appeals,  
24 superior court, district court, or magistrate court;

25 (6) "mother or father" includes a biological parent, an  
26 adoptive parent, and a step-parent;

27 (7) "municipal officer" includes a borough or city mayor,  
28 borough assemblyman, city councilman, school board member, elected  
29 utility board member, city or borough manager, members of a city or

1 borough planning or zoning commission within a home rule or general  
2 law city or borough, or a unified municipality;

3 (8) "public official" means a judicial officer, a member  
4 of the legislature, the fiscal analyst of the legislative finance  
5 division, the legislative auditor of the legislative audit division,  
6 the executive director of the Legislative Affairs Agency and the  
7 directors of the divisions within the Legislative Affairs Agency, the  
8 governor, the lieutenant governor, a person hired or appointed as the  
9 head or deputy head of, or director of a division within, a department  
10 in the executive branch, and assistant to the governor, chairman or  
11 member of a state commission or board, and each appointed or elected  
12 municipal officer;

13 (9) "source of income" means the entity for which service  
14 is performed or which is otherwise the origin of payment; if the  
15 person whose income is being reported is employed by another, the  
16 employer is the source of income; but if the person is self-employed  
17 by means of a sole proprietorship, partnership, professional corpora-  
18 tion, or a corporation in which the person, the person's spouse or  
19 children, or a combination of them, hold a controlling interest, the  
20 "source" is the client or customer of the proprietorship, partnership  
21 or corporation, but if the entity which is the origin of payment is  
22 not the same as the client or customer for whom the service is per-  
23 formed, both are considered the source;

24 \* Sec. 11. AS 39.50.200(b) is repealed and reenacted to read:

25 (b) In this chapter "state commission or board" means the

26 (1) Agricultural Revolving Loan Fund Board (created admin-  
27 istratively to assist in administration of AS 03.10);

28 (2) Alaska Coastal Policy Council members and their alter-  
29 nates (AS 44.19.155);

- 1 (3) Alaska Commercial Fisheries Entry Commission (AS 16.-
- 2 43.020);
- 3 (4) Alaska Commission on Postsecondary Education
- 4 (AS 14.42.015);
- 5 (5) Alaska Energy Center (AS 46.12);
- 6 (6) Alaska Housing Finance Corporation (AS 18.56.010 -
- 7 18.56.210);
- 8 (7) Alaska Judicial Council (art. IV, sec. 8, Alaska Con-
- 9 stitution);
- 10 (8) Alaska Medical Facility Authority (AS 18.26.010 -
- 11 18.26.900);
- 12 (9) Alaska Municipal Bond Bank Authority (AS 44.85.020);
- 13 (10) Alaska Power Authority public directors (AS 44.83.030);
- 14 (11) Alaska Oil and Gas Conservation Commission (AS 31.05.-
- 15 005 - 31.05.170);
- 16 (12) Alaska Public Broadcasting Commission (AS 44.21.256);
- 17 (13) Alaska Public Offices Commission, including the execu-
- 18 tive director and employees of the commission (AS 15.14.020);
- 19 (14) Alaska Public Utilities Commission (AS 42.05.010);
- 20 (15) Alaska Resources Corporation (AS 37.12.010);
- 21 (16) Alaska Royalty Oil and Gas Development Advisory Board
- 22 (AS 39.06.020);
- 23 (17) Alaska Seafood Marketing Institute (AS 16.51.010);
- 24 (18) Alaska State Council on the Arts (AS 44.27.040);
- 25 (19) Alaska State Housing Authority (AS 18.55.020);
- 26 (20) Alaska Teachers' Retirement Board (AS 14.25.035);
- 27 (21) Alcoholic Beverage Control Board (AS 04.06.010);
- 28 (22) Board of Education (AS 14.07.075);
- 29 (23) Board of Fisheries (AS 16.05.221(a));

- 1 (24) Board of Game (AS 16.05.221(b));  
2 (25) Board of Parole (AS 33.16.020);  
3 (26) Board of Trustees and executive director of the Alaska  
4 Permanent Fund Corporation (AS 37.13.040);  
5 (27) Commission on Judicial Conduct (art. IV, sec. 10,  
6 Alaska Constitution);  
7 (28) Council on Domestic Violence and Sexual Assault  
8 (AS 18.66.010);  
9 (29) Employment Security Advisory Council (AS 23.20.025);  
10 (30) Fishermen's Fund Advisory and Appeals Council (AS 23.-  
11 35.010);  
12 (31) Governor's Commission on the Administration of Justice  
13 (AS 44.19.110);  
14 (32) Local Boundary Commission (AS 44.47.565);  
15 (33) Occupational Safety and Health Review Board (AS 18.60.-  
16 057);  
17 (34) Public Employees' Retirement Board (AS 39.35.030);  
18 (35) State Assessment Review Board (AS 43.56.040);  
19 (36) State Commission for Human Rights (AS 18.80.010);  
20 (37) State Personnel Board (AS 39.25.060);  
21 (38) University of Alaska Board of Regents (AS 14.40.120);  
22 (39) Workers' Compensation Board (AS 23.30.005).

23 (b) Unlawful solicitation of campaign contributions is a class C  
24 felony.

25 \* Sec. 12. AS 44.62.330(a)(39) is amended to read:

26 (39) Alaska Public Offices Commission except to the extent  
27 that AS 44.62.350 - 44.62.630 is inconsistent with AS 15.14.270 -  
28 15.14.350

29 \* Sec. 13. AS 15.13 is repealed.

1 \* Sec. 14. AS 15.56.010(1) and (2) are repealed.

2 \* Sec. 15. Alaska Public Office Commission members serving on the  
3 effective date of this Act continue to serve out their terms as provided  
4 under AS 15.13.020, repealed in sec. 13 of this Act. Vacancies occurring  
5 after the effective date of this Act shall be filled in accordance with  
6 AS 15.14.020 enacted in sec. 1 of this Act.

7 \* Sec. 16. Notwithstanding AS 15.14.010(b) as enacted in sec. 1 of this  
8 Act, the election of a municipality held under former AS 15.13.010(a) to  
9 exempt its officers from the application of AS 15.13 is confirmed as an  
10 exemption from the application of AS 15.14.

11 \* Sec. 17. AS 15.14.180 as enacted in sec. 1 of this Act does not apply  
12 to campaign accounts for election campaigns held before the effective date  
13 of this Act and does not apply to contributions solicited or accepted and  
14 to expenditures made for the purpose of retiring campaign debts incurred by  
15 a candidate in an election campaign held before the effective date of this  
16 Act.

17 \* Sec. 18. This Act applies to election campaign activities that take  
18 place after January 1, 1987, and that relate to state or municipal elec-  
19 tions held after January 16, 1987.

20 \* Sec. 19. This Act takes effect January 1, 1987.

COMMITTEE REPORT  
SENATE

FURTHER:

FINANCE

2/24/86

Date March 13, 1986

Mr. President

The Committee on C&RA considered SB 356  
relating to election campaign financing; efd.

and (a majority of the committee) ~~(the committee)~~ reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/~~or~~ adopt CS for SB 356 (C&RA)
- ~~new title~~
- same title and recommends \_\_\_\_\_
- and attached a "LETTER OF INTENT"  NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

Allen S. Fitzgerald

[Signature]

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MEMBERS HAVING  
OTHER RECOMMENDATIONS

[Signature] no recommendation

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Edna W. Vies  
Chairman

Do Pass  
Chairman recommendation

# COMMITTEE REPORT

## SENATE

FURTHER:

C&RA  
FINANCE

1/22/86

Date

Feb 21, 1986

Mr. President

The Committee on STATE AFFAIRS considered SB 356  
relating to election campaign financing; efd.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for SB 356 (SA)
- new title
- same title and recommends \_\_\_\_\_
- and attached a "LETTER OF INTENT"  NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to \_\_\_\_\_ Committee

### MEMBERS SIGNING DO PASS

1 Edw. McVie  
1 Tom Kelly  
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### MEMBERS HAVING OTHER RECOMMENDATIONS

2 Bice Kay, DO NOT PASS  
3 H. Fischer NR  
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\_\_\_\_\_

[Signature]  
Chairman

[Signature]  
Chairman recommendation

# COMMITTEE REPORT

## SENATE

FURTHER:

1/22/86

Date \_\_\_\_\_

Mr. President

The Committee on FINANCE considered SB 359

relating to the disclosure of state tax assessments of the Department of Revenue

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for \_\_\_\_\_
- new title
- same title and recommends \_\_\_\_\_
- and attached a "LETTER OF INTENT"  NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS

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Chairman

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Chairman recommendation

Introduced: 1/22/86  
Referred: Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE LEGISLATIVE  
BUDGET AND AUDIT COMMITTEE

1 IN THE SENATE

2 SENATE BILL NO. 359

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the disclosure of state tax  
7 assessments of the Department of Revenue."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. LEGISLATIVE FINDINGS. (a) The legislature finds that

10 (1) the natural resources of land owned by the state belong to  
11 the citizens of the state;

12 (2) natural resource extraction presently dwarfs all other  
13 taxable economic activity in the state;

14 (3) the vast majority of the state's revenue is derived from the  
15 extraction of natural resources; and

16 (4) state government provides a wide range of critical services  
17 to the citizens of the state to ensure the public health and welfare.

18 (b) The legislature further finds that

19 (1) the citizens of the state must be assured that the state is  
20 receiving all of the income to which it is entitled;

21 (2) since the revenue from the extraction of natural resources  
22 is derived from only a relatively few taxpayers, the consequences of error  
23 in each case are magnified.

24 (3) the legislature must exercise its oversight authority to  
25 assure that the administration of revenue collection by the Department of  
26 Revenue is conducted efficiently, fairly, promptly and in the best inter-  
27 ests of the citizens of the state;

28 (4) there is legitimate and compelling governmental interest for  
29 the legislature and the public to have adequate access to information  
S

1 regarding the revenue owed to the state from the extraction of natural  
2 resources to allow responsible oversight;

3 (5) without sufficient information, the legislature cannot  
4 adequately determine that the state's revenue collection functions are  
5 properly administered and that revenue due the state is promptly received;  
6 and

7 (6) the public interest may best be served if the identity of a  
8 corporate taxpayer and the amount assessed against the corporate taxpayer  
9 is available at the time of assessment, whether or not the corporate tax-  
10 payer agrees that the amount is due and whether or not any amount is delin-  
11 quent.

12 \* Sec. 2. LEGISLATIVE PURPOSE. The legislature adopts sec. 3 of this  
13 Act in response to concerns identified by the findings in sec. 1 of this  
14 Act to ensure that

15 (1) the state is receiving all revenue due the state;

16 (2) oversight of the revenue collecting function is sufficiently  
17 provided; and

18 (3) revenue due to the state is available to provide for the  
19 public health and welfare of the citizens of the state.

20 \* Sec. 3. AS 43.05.230(e) is amended to read:

21 (e) This section does not prohibit [NOTHING IN THIS SECTION  
22 PROHIBITS] the publication of statistics [SO] classified as to prevent  
23 the identification of particular returns or reports, together with  
24 other relevant information that, in the opinion of the department, may  
25 assist in the collection of taxes. The assessments made by the de-  
26 partment against corporate taxpayers and [OR THE PUBLICATION OF]  
27 delinquent lists showing the names of taxpayers who have failed to pay  
28 their taxes at the time and in the manner provided by law are public  
29 records [, TOGETHER WITH OTHER RELEVANT INFORMATION WHICH IN THE

1 OPINION OF THE DEPARTMENT MAY ASSIST IN THE COLLECTION OF DELINQUENT  
2 TAXES].  
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ALASKA STATE LEGISLATURE

14th Legislature ... 2nd Session

SENATE BILL NO. 359

By THE RULES COMMITTEE BY REQUEST OF THE LEGISLATIVE BUDGET AND AUDIT COMMITTEE

"An Act relating to the disclosure of state tax assessments of the Department of Revenue."

Introduced in the Senate .. 1/22., 19...86

HISTORY IN THE SENATE

19 86

1 22

Read first time and referred to Committee on

FINANCE

Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed  
Signed by President  
Sent to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed  
Signed by Speaker  
Returned to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Received from House

To enrolling

Reported correctly enrolled

Sent to Governor

..... by Governor

Filed with Lt. Governor

Chapter No. ....

STATE OF ALASKA 1986 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date \_\_\_\_\_

**REQUEST**

Bill/Resolution No: SB 359  
 Title: An Act relating to the disclosure of state tax assessments of the Department of Revenue  
 Sponsor: Senate Rules Committee  
 Requestor: Legislative Budget and Audit  
 Date of Request: January 22, 1986

**FISCAL DETAIL**

Agency Affected: Revenue  
 BRU: Enforcement  
 Components: \_\_\_\_\_

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

**POSITIONS:**

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

**ANALYSIS:** The necessary one-time cost of programming the accounts receivable system to allow corporate taxpayers to be segregated from individual taxpayers can be accomplished within Enforcement's FY '87 budget request.

Prepared By: Thomas C. Williams  
 Division: Enforcement Division

Phone: 465-2366  
 Date: January 24, 1986

Approved by Commissioner: Henry A. Stucke  
 Agency: Department of Revenue

Date: January 31, 1986

**Distribution (by Agency preparing fiscal note):**

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

STATE OF ALASKA 1986 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: 1/22/86

REQUEST

Bill/Resolution No: SB 359  
Title: "An act relating to the disclosure of state tax assessments of the Department of Revenue."  
Sponsor: Legislative Budget and Audit  
Requestor: \_\_\_\_\_  
Date of Request: 1/23/86

FISCAL DETAIL

Agency Affected: Department of Revenue  
BRU: Audit  
Components: Audit Administration

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
OPERATING						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: Attach a separate page if necessary

Prepared By: Steven E. Kettel  
Division: Audit Division

Phone: 465-2320  
Date: 1/23/86

Approved by Commissioner: Mary J. Sturdale  
Agency: \_\_\_\_\_

Date: January 23, 1986

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Introduced: 1/22/86  
Referred: Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE LEGISLATIVE  
BUDGET AND AUDIT COMMITTEE

1 IN THE SENATE

2 SENATE BILL NO. 359

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the disclosure of state tax  
7 assessments of the Department of Revenue."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. LEGISLATIVE FINDINGS. (a) The legislature finds that

10 (1) the natural resources of land owned by the state belong to  
11 the citizens of the state;

12 (2) natural resource extraction presently dwarfs all other  
13 taxable economic activity in the state;

14 (3) the vast majority of the state's revenue is derived from the  
15 extraction of natural resources; and

16 (4) state government provides a wide range of critical services  
17 to the citizens of the state to ensure the public health and welfare.

18 (b) The legislature further finds that

19 (1) the citizens of the state must be assured that the state is  
20 receiving all of the income to which it is entitled;

21 (2) since the revenue from the extraction of natural resources  
22 is derived from only a relatively few taxpayers, the consequences of error  
23 in each case are magnified.

24 (3) the legislature must exercise its oversight authority to  
25 assure that the administration of revenue collection by the Department of  
26 Revenue is conducted efficiently, fairly, promptly and in the best inter-  
27 ests of the citizens of the state;

28 (4) there is legitimate and compelling governmental interest for  
29 the legislature and the public to have adequate access to information

747

1 regarding the revenue owed to the state from the extraction of natural  
2 resources to allow responsible oversight;

3 (5) without sufficient information, the legislature cannot  
4 adequately determine that the state's revenue collection functions are  
5 properly administered and that revenue due the state is promptly received;  
6 and

7 (6) the public interest may best be served if the identity of a  
8 corporate taxpayer and the amount assessed against the corporate taxpayer  
9 is available at the time of assessment, whether or not the corporate tax-  
10 payer agrees that the amount is due and whether or not any amount is delin-  
quent.

12 \* Sec. 2. LEGISLATIVE PURPOSE. The legislature adopts sec. 3 of this  
13 Act in response to concerns identified by the findings in sec. 1 of this  
14 Act to ensure that

15 (1) the state is receiving all revenue due the state;

16 (2) oversight of the revenue collecting function is sufficiently  
17 provided; and

18 (3) revenue due to the state is available to provide for the  
19 public health and welfare of the citizens of the state.

20 \* Sec. 3. AS 43.05.230(e) is amended to read:

21 (e) This section does not prohibit [NOTHING IN THIS SECTION  
22 PROHIBITS] the publication of statistics [SO] classified as to prevent  
23 the identification of particular returns or reports, together with  
24 other relevant information that, in the opinion of the department, may  
25 assist in the collection of taxes. The assessments made by the de-  
26 partment against corporate taxpayers and [OR THE PUBLICATION OF]  
27 delinquent lists showing the names of taxpayers who have failed to pay  
28 their taxes at the time and in the manner provided by law are public  
29 records [, TOGETHER WITH OTHER RELEVANT INFORMATION WHICH IN THE

1        OPINION OF THE DEPARTMENT MAY ASSIST IN THE COLLECTION OF DELINQUENT  
2        TAXES].

COMMITTEE REPORT

SENATE

FURTHER:

4/4/86

Date \_\_\_\_\_

Mr. President

The Committee on FINANCE considered SB 362

relating to the constitutional appropriation limitation and budget reserve fund; efd.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for \_\_\_\_\_
- new title
- same title and recommends \_\_\_\_\_
- and attached a "LETTER OF INTENT"  NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
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 \_\_\_\_\_

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Chairman recommendation

750

# COMMITTEE REPORT

## SENATE

FURTHER:

FINANCE

1/24/86

Date 4/3/86

Mr. President

The Committee on JUDICIARY considered SB 362

relating to ~~the~~ constitutional appropriation limitation and budget reserve fund; and providing for an effective date.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for \_\_\_\_\_
- new title
- same title and recommends \_\_\_\_\_
- and attached a "LETTER OF INTENT"  NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

MEMBERS HAVING  
OTHER RECOMMENDATIONS

*Tim Kelly - Do not pass until the Governor agrees to fund properly.*  
*Rick Halford NO R.E.C.*  
*Jim [unclear] N/R*  
*Jim [unclear] N/R*  
*Patrick [unclear]*  
Chairman  
*W.M. [unclear]*  
Chairman recommendati

Introduced: 1/24/86  
Referred: Judiciary  
and Finance

1 IN THE SENATE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 362

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the constitutional appropriation  
7 limitation and budget reserve fund; and providing for  
8 an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 \* Section 1. AS 37.05 is amended by adding a new section to read:

11 Sec. 37.05.156. BUDGET RESERVE FUND; APPROPRIATION LIMIT. (a)

12 There is established as a separate fund in the state treasury the  
13 budget reserve fund. The budget reserve fund consists of money ded-  
14 icated to that fund by art. IX, sec. 17 of the Alaska Constitution.

15 (b) For the purposes of determining the appropriation limitation  
16 amount under art. IX, sec. 16, of the Alaska Constitution, (1) an  
17 appropriation is considered to be made in the calendar year in which  
18 it is enacted, and (2) "appropriation" includes money received by the  
19 state, described in art. IX, sec. 17(a), of the Alaska Constitution,  
20 which exceeds the maximum balance of the fund and is subsequently  
21 deposited in the general fund and appropriated. For the purposes of  
22 art. IX, sec. 17, of the Alaska Constitution, the amount of money  
23 received by the state includes any surplus carried forward from the  
24 preceding fiscal year, or is reduced by any deficit from that preced-  
25 ing fiscal year.

26 (c) A reappropriation of no more than the remaining balance of  
27 the amount appropriated in a prior year is considered an appropriation  
28 attributable to the calendar year in which the appropriation was first  
29 enacted. Only if, within a single section of an appropriation bill,  
S

COMMITTEE COPY

1 there is an explicit repeal of an appropriation coupled with a new  
2 appropriation is there a reappropriation for the purposes of this  
3 subsection.

4 (d) If the governor determines that the money received by the  
5 state from state sources in a fiscal year is less than 95 percent of  
6 the amount appropriated from state sources during the preceding calen-  
7 dar year, amounts may be transferred from the budget reserve fund to  
8 the general fund, up to a limit of either 25 percent of the budget  
9 reserve fund balance, or the difference between money received from  
10 state sources in that fiscal year and 95 percent of appropriations  
11 during the preceding calendar year, whichever is less. Determination  
12 of the need for budget reserve fund expenditures for a fiscal year  
13 must be made during the final quarter of that fiscal year.

14 (e) As authorized by art. IX, sec. 17(b), of the Alaska Consti-  
15 tution, 75 percent of the money received by the state, described in  
16 art. IX, sec. 17(a), of the Alaska Constitution, which exceeds the  
17 maximum balance of the fund, must be deposited in the Alaska permanent  
18 fund.

19 (f) In art. IX, sec. 17, of the Alaska Constitution, "emergency"  
20 means the events set out in AS 26.23.230(1) or a reduction of the  
21 revenue from nonstate sources which seriously impairs the ability of  
22 the state to perform essential functions.

23 (g) In this section and art. IX, secs. 16 and 17, of the Alaska  
24 Constitution, "state source" means (1) the undistributed income ac-  
25 count in the permanent fund, and (2) all sources of money in the state  
26 general fund except (A) federal sources, (B) bond proceeds, and (C)  
27 sources from which money is received in trust for a specific purpose.

28 \* Sec. 2. The lieutenant governor shall include on the ballot for the  
29 1986 general election an explanation that an affirmative vote on the

1 constitutional amendment providing for the budget reserve fund and revising  
2 the appropriation limit will supersede an affirmative vote on the reconsid-  
3 eration, under art. XV, sec. 27, of the Alaska Constitution, of the 1982  
4 amendment establishing the appropriation limit.

5 \* Sec. 3. AS 37.05.159, reserve for emergency operating expenses ac-  
6 count (the "rainy day fund"), is repealed, and the balance in that account  
7 is transferred to the budget reserve fund.

8 \* Sec. 4. Sections 1 and 3 of this Act take effect on the effective  
9 date of a constitutional amendment establishing the budget reserve fund and  
10 revising the appropriation limit.

11 \* Sec. 5. Section 2 of this Act takes effect immediately in accordance  
12 with AS 01.10.070(c).

BILL SHEFFIELD  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

CSJIC 34  
SB 362

January 24, 1986

The Honorable Don Bennett  
President of the Senate  
Alaska State Legislature  
P. O. Box V  
Juneau, AK 99811

Dear Senator Bennett:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a joint resolution proposing amendments to the Alaska Constitution relating to a budget reserve fund and an appropriation limit, and a bill to implement the joint resolution.

I am placing the bill implementing the proposed constitutional amendments before the legislature during this session to ensure that legislators and voters facing that proposal in the 1986 general election understand the scope, details, and implications of the amendments.

The bill would take effect following voter approval of the constitutional amendments. At that time, AS 37.05.159, establishing what is commonly known as the "rainy day fund," would be repealed and replaced by a new statute establishing the budget reserve fund. The balance of the money in the rainy day fund would follow the constitutional and statutory change and would be transferred to the budget reserve fund at that time. The budget reserve fund is designed to meet revenue contingencies contemplated by the rainy day fund as well as broader revenue stability needs.

At the outset, it must be emphasized that the budget reserve fund is very different in purpose and function from forward funding and cash-based budgeting proposals. We have carefully evaluated all these options, and we believe that the budget reserve fund is the fiscal management tool that is best suited to the State's situation. This fund seeks to

dampen annual budget swings. Neither forward funding nor cash-based budgeting protect us from annual budget fluctuations caused by volatility in world oil markets.

The budget reserve fund works in the following manner. In years of rising revenues, as specified in the constitutional amendments, appropriations are limited to 115 percent of appropriations made during the preceding calendar year. Any surplus money above the 115 percent limit is used first to replenish the budget reserve fund; any remaining surplus is then divided between deposits to the permanent fund and to the general fund. In years of revenue decline, as specified in the constitutional amendments and proposed statute, money is made available from the budget reserve fund in an amount that brings appropriations up to 95 percent of the appropriations in the preceding calendar year, or an amount that equals no more than 25 percent of the fund's balance, whichever is less.

These two operations of the budget reserve fund will provide a smoother expenditure pattern over the years than would result from the fluctuations of petroleum revenue alone. This is because, in high revenue years, revenue increases will flow into the budget reserve fund for subsequent appropriation during years of revenue decline, buffering fluctuations in the state's revenue stream caused by petroleum price variations. The upper limit to appropriations (the 115 percent level) will provide an effective appropriation limit, in contrast with the ineffective limit now in our constitution. We will therefore have a meaningful constitutional spending limit as desired by the people of Alaska.

Both the joint resolution and the bill specify that the appropriation limit applies only to unrestricted general fund money and to expenditures from the undistributed income account of the permanent fund (except for a deposit of that money to the permanent fund made in 1986). In turn, "money received" by the state includes only money in the undistributed income account and unrestricted general fund money. Excluded from both, for example, are federal receipts. The joint resolution and bill also specify that appropriations for a fiscal year are limited to 115 percent of appropriations made during the preceding calendar year. The calendar-year basis is used to ensure certainty in the determination of allowable appropriation levels for the coming fiscal year. It also avoids problems caused by supplemental appropriations late in a fiscal year.

New AS 37.05.156(c), in sec. 1 of the bill, addresses the question of how reappropriations should be treated for purposes of the appropriation limit. The intent of that provision is to distinguish between "old" and "new" money. This distinction is needed because it is sometimes difficult to determine whether a reappropriation consists entirely of money appropriated in a prior year, or exceeds the amount of money actually available from those prior appropriations, thereby entailing an appropriation of new money. Any reappropriation not clearly identifiable is also considered a new appropriation.

The maximum balance of the budget reserve fund in any fiscal year equals the amount of general fund appropriations enacted during the preceding calendar year. Money in excess of the 115 percent limit is used to bring the fund balance up to the fund's capacity. A portion of the money in excess of the budget reserve fund capacity must then be deposited in the permanent fund as savings. The bill specifies that that portion is 75 percent. The remaining excess (25 percent) must be deposited in the general fund, and is available for appropriation (effectively increasing the 115 percent limit). Any of that excess money subsequently appropriated from the general fund becomes part of the calculation of the base for the next fiscal year.

The bill specifies that if general fund revenue in a fiscal year falls to a level below 95 percent of appropriations made during the preceding calendar year, an amount may be transferred from the budget reserve fund into the general fund. That transferrable amount is limited to the lesser of (1) the amount needed to bring appropriations up to the 95 percent level, or (2) the maximum amount of the fund that may be spent in a fiscal year, which is 25 percent of the budget reserve fund balance.

As specified in the joint resolution, the budget reserve fund retains its income earnings to help ensure an adequate level of capitalization to meet appropriation demand in years of revenue decline.

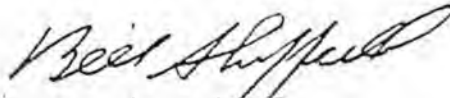
The constitutional amendments permit expenditures from the fund beyond the 115 percent appropriation limit and the 25 percent fund expenditure limit to meet declared states of emergency. The bill cites existing statutory language to provide further clarification of "emergencies."

The constitutional amendments proposed in the joint resolution and the implementing statutory provisions together can

provide elected officials with the tools of sound fiscal management, and promise to the citizens of the state a means of avoiding the social and economic shocks that may result from extreme volatility in our revenue stream.

Article XV, sec. 27, of the Alaska Constitution now requires the lieutenant governor to place on the ballot in 1986 the proposition for the existing appropriation limitation, which was approved by the voters in 1982. Since that vote will occur at the same election as the vote on the attached proposal, there is the possibility that both constitutional provisions would be approved -- resulting in a direct conflict between them. To avoid confusion and to preclude legal questions arising as to this later amendment, while still having the lieutenant governor comply with art. XV, sec. 27, the attached bill (see sec. 2) requires the lieutenant governor to include an appropriate explanation on the ballot. It is expected that this explanation will be brief, with some amplification in the voter pamphlet.

Sincerely,



Bill Sheffield  
Governor

ALASKA STATE LEGISLATURE

14th... Legislature 2nd... Session

SENATE BILL ..... NO. 362

By THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

"An Act relating to the constitution appropriation limitation and budget reserve fund; and providing for an effective date."

Introduced in the Senate 1/24, 1986

HISTORY IN THE SENATE

19	86	Read first time and referred to Committee on										
1	24	Judiciary & Finance										
#	#	Reported back with recommendation that <i>Judiciary</i> <i>passed, &amp; no Mc, to Finance.</i> <i>Fid:</i>										
		Read second time and										
		Read third time and										
		<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
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Yeas	Yeas											
Nays	Nays											
Absent	Absent											
Excused	Excused											
		Reconsideration										
		<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
PASS	Effective Date											
Yeas	Yeas											
Nays	Nays											
Absent	Absent											
Excused	Excused											
		Reported correctly engrossed										
		Signed by President										
		Sent to House										
SECRETARY OF THE SENATE												

HISTORY IN THE HOUSE

19		Read first time and referred to Committee on										
		Reported back with recommendation that										
		Read second time and										
		Read third time and										
		<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
PASS	Effective Date											
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		Reconsideration										
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PASS	Effective Date											
Yeas	Yeas											
Nays	Nays											
Absent	Absent											
Excused	Excused											
		Reported correctly engrossed										
		Signed by Speaker										
		Returned to Senate										
CHIEF CLERK OF THE HOUSE												

HISTORY IN THE SENATE

19		Received from House
		To enrolling
		Reported correctly enrolled
		Sent to Governor
		..... by Governor
		Filed with Lt. Governor
		Chapter No. ....

**STATE OF ALASKA 1986 LEGISLATIVE SESSION  
FISCAL NOTE**

Revision Date: \_\_\_\_\_

**REQUEST**

Bill/Resolution No.: CSSSSB 391 (S.A)  
 Title: Act relating to the ethical  
 conduct of government

Sponsor: Rules by Request of the  
 Requestor: Governor  
 Date of Request: \_\_\_\_\_

**FISCAL DETAIL**

Agency Affected: Department of Law  
 BRU: Legal Services

Components: Legal Services Operations

**EXPENDITURES/REVENUES : (Thousands of Dollars)**

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES		51.8	55.8	58.5	60.3	62.1
TRAVEL		1.7	1.7	1.8	1.9	1.9
CONTRACTUAL		2.4	2.6	2.7	2.8	2.9
SUPPLIES		3.4	2.1	2.1	2.2	2.3
EQUIPMENT		3.2	0	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>		62.5	63.2	65.1	67.2	69.1

CAPITAL						
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REVENUE						
---------	--	--	--	--	--	--

**FUNDING : (Thousands of Dollars)**

GENERAL FUND		62.5	63.2	65.1	67.2	69.1
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

**POSITIONS :**

FULL-TIME		1	1	1	1	1
PART-TIME						
TEMPORARY						

**ANALYSIS :** Attach a separate page if necessary

Prepared by: Senator Jan Faiks, Co-chairman  
 Division: Senate Finance Committee

Phone: 465-4523  
 Date: 4/21/86

Approved by Commissioner: \_\_\_\_\_  
 Agency: \_\_\_\_\_

Date: \_\_\_\_\_

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

STATE OF ALASKA 1986 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date : \_\_\_\_\_

**REQUEST**

Bill/Resolution No. : CSSSSB 391 ( S.A. )  
 Title : Act relating to the ethical  
conduct of government

Sponsor : Rules by Request of the  
 Requestor : Governor  
 Date of Request : \_\_\_\_\_

**FISCAL DETAIL**

Agency Affected : Dept. of Administration  
 BRU : Division of Personnel

Components : \_\_\_\_\_  
 \_\_\_\_\_

**EXPENDITURES/REVENUES : (Thousands of Dollars)**

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

**FUNDING : (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

**POSITIONS :**

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

**ANALYSIS :** Attach a separate page if necessary

This fiscal note zeroes previous fiscal note funding  
for the Dept. of Administration.

Prepared by : \_\_\_\_\_ Phone : 465-4523  
 Division : Senator Jan Falks, Co-chairman Date : \_\_\_\_\_  
Senate Finance Committee

Approved by Commissioner : \_\_\_\_\_ Date : \_\_\_\_\_  
 Agency : \_\_\_\_\_

Distribution (by Agency preparing fiscal note) :

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Introduced: 1/24/86  
Referred: Judiciary  
and Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 362

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the constitutional appropriation  
7 limitation and budget reserve fund; and providing for  
8 an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 \* Section 1. AS 37.05 is amended by adding a new section to read:

11 Sec. 37.05.156. BUDGET RESERVE FUND; APPROPRIATION LIMIT. (a)  
12 There is established as a separate fund in the state treasury the  
13 budget reserve fund. The budget reserve fund consists of mone ded-  
14 icated to that fund by art. IX, sec. 17 of the Alaska Constitution.

15 (b) For the purposes of determining the appropriation limitation  
16 amount under art. IX, sec. 16, of the Alaska Constitution, (1) an  
17 appropriation is considered to be made in the calendar year in which  
18 it is enacted, and (2) "appropriation" includes money received by the  
19 state, described in art. IX, sec. 17(a), of the Alaska Constitution,  
20 which exceeds the maximum balance of the fund and is subsequently  
21 deposited in the general fund and appropriated. For the purposes of  
22 art. IX, sec. 17, of the Alaska Constitution, the amount of money  
23 received by the state includes any surplus carried forward from the  
24 preceding fiscal year, or is reduced by any deficit from that preced-  
25 ing fiscal year.

26 (c) A reappropriation of no more than the remaining balance of  
27 the amount appropriated in a prior year is considered an appropriation  
28 attributable to the calendar year in which the appropriation was first  
29 enacted. Only if, within a single section of an appropriation bill,

1 there is an explicit repeal of an appropriation coupled with a new  
2 appropriation is there a reappropriation for the purposes of this  
3 subsection.

4 (d) If the governor determines that the money received by the  
5 state from state sources in a fiscal year is less than 95 percent of  
6 the amount appropriated from state sources during the preceding calen-  
7 dar year, amounts may be transferred from the budget reserve fund to  
8 the general fund, up to a limit of either 25 percent of the budget  
9 reserve fund balance, or the difference between money received from  
10 state sources in that fiscal year and 95 percent of appropriations  
11 during the preceding calendar year, whichever is less. Determination  
12 of the need for budget reserve fund expenditures for a fiscal year  
13 must be made during the final quarter of that fiscal year.

14 (e) As authorized by art. IX, sec. 17(b), of the Alaska Consti-  
15 tution, 75 percent of the money received by the state, described in  
16 art. IX, sec. 17(a), of the Alaska Constitution, which exceeds the  
17 maximum balance of the fund, must be deposited in the Alaska permanent  
18 fund.

19 (f) In art. IX, sec. 17, of the Alaska Constitution, "emergency"  
20 means the events set out in AS 26.23.230(1) or a reduction of the  
21 revenue from nonstate sources which seriously impairs the ability of  
22 the state to perform essential functions.

23 (g) In this section and art. IX, secs. 16 and 17, of the Alaska  
24 Constitution, "state source" means (1) the undistributed income ac-  
25 count in the permanent fund, and (2) all sources of money in the state  
26 general fund except (A) federal sources, (B) bond proceeds, and (C)  
27 sources from which money is received in trust for a specific purpose.

28 \* Sec. 2. The lieutenant governor shall include on the ballot for the  
29 1986 general election an explanation that an affirmative vote on the

1 constitutional amendment providing for the budget reserve fund and revising  
2 the appropriation limit will supersede an affirmative vote on the reconsid-  
3 eration, under art. XV, sec. 27, of the Alaska Constitution, of the 1982  
4 amendment establishing the appropriation limit.

5 \* Sec. 3. AS 37.05.159, reserve for emergency operating expenses ac-  
6 count (the "rainy day fund"), is repealed, and the balance in that account  
7 is transferred to the budget reserve fund.

8 \* Sec. 4. Sections 1 and 3 of this Act take effect on the effective  
9 date of a constitutional amendment establishing the budget reserve fund and  
10 revising the appropriation limit.

11 \* Sec. 5. Section 2 of this Act takes effect immediately in accordance  
12 with AS 01.10.070(c).

COMMITTEE REPORT

SENATE

FURTHER: FINANCE

1/24/86

Date 4/3/86

Mr. President

The Committee on JUDICIARY considered SB 362

relating to the constitutional appropriation limitation and budget reserve fund; and providing for an effective date.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- [ ] do pass
[ ] do pass with attached amendment(s)
[ ] replace with/or adopt CS for
[ ] new title
[ ] same title and recommends
[ ] and attached a "LETTER OF INTENT" [ ] NEW FISCAL NOTE
[X] reports it back without recommendation
[ ] recommends referral to Committee

MEMBERS SIGNING DO PASS

Blank lines for members signing 'DO PASS'.

MEMBERS HAVING OTHER RECOMMENDATIONS

Handwritten recommendations: Tim Kelly - Do not pass until the Governor agrees to fund properly. Rick Halford NO REC. Jim N/R. Joe Jacobs N/R. Patrick Brady Chairman recommendation.

POLICY QUESTIONS REGARDING SB 362

Section 1.

(c) This section provides that the Legislature shall determine during the third quarter of the fiscal year if an expenditure from the budget reserve fund is necessary.

Is the third quarter satisfactory with the committee?

Section 2. This section repeals the Rainy Day Fund (language is also drafted with will appropriate the balance of the fund into the budget reserve fund; it could not be included in this bill because it is not an appropriation bill). The effective date on the deposit is contingent on the enactment of SB 362.

Does the committee want to deposit the balance of the Rainy Day Fund in to the Budget Reserve Fund?

14-2085  
Cook  
4/21/86 ✓

1 IN THE SENATE BY THE FINANCE COMMITTEE

2 SENATE BILL NO.

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act transferring appropriations from the reserve  
7 for emergency operating expenses account to the  
8 budget reserve fund; and providing for an effective  
9 date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 \* Section 1. The unexpended and unobligated balance of the reserve for  
12 emergency operating expenses account (AS 37.05.159) is appropriated to the  
13 budget reserve fund (AS 37.05.156).

14 \* Sec. 2. This Act takes effect on the effective date of a version of  
15 SB 362 that repeals AS 37.05.159 and enacts AS 37.05.156.

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S.B. 362  
743 513

#### Concerns with House version of Budget Reserve Fund

1. Allows a 15% increase in a budget limit over preceeding year compared to the Senate's;
2. Indicates that 25% of the Budget Reserve Fund can be appropriated in any one year (I assume it must be by the Legislature but is not specified). The emphasis here is that at the beginning of the fiscal year, the Governor shall determine if it is necessary to use some of the 25% of the BRF in putting together his budget. Therefore, by knowing you can get 25% because of the 15% increase in your budget, no incentive to keep budget at same level.
3. Says that the Governor is empowered to make appropriations from the Budget Reserve Fund when there is an emergency -- and an emergency includes when revenues from nonstate sources falls below what is necessary for critical services;
4. Includes Undistribution Income Account as a source of funds for the Budget Reserve Fund.

#### Senate's Version:

1. Tighter appropriation limit;
2. It is clear the Legislature has the power to decide when the Budget Reserve Fund shall be used and it will be done in the third quarter of the fiscal year.
3. Enactment is contingent on voter approval of the appropriation limit.

*Frank*  
5/2/86

Amendment to CS SB 363<sup>2</sup> (Finance)  
by Finance Committee

Sec. \_\_\_\_\_. The sum of \$46,217,400 is appropriated to the general fund from the following enterprise funds:

World War II Veterans' Revolving Loan Fund (AS 26.15)	808,600
Commercial Fishing Revolving Loan Fund (AS 16.10.310)	2,000,000
Mining Revolving Loan Fund (AS 27.09)	13,350,000
Alternative Energy Loan Fund (AS 45.88.010)	3,873,000
Residential Energy Conservation Loan Fund (AS 45.89)	1,800,000
Power Development Revolving Loan Fund (AS 44.33.600)	22,605,900
Rural Electrification Revolving Loan Fund (AS 44.83.36)	1,779,900

Amendment to CS SB 362 (Finance)  
by Eliason

Sec. \_\_\_\_\_. The unexpended and unobligated balance of the Alaska Industrial Development Authority multifamily housing loans security fund (AS 44.88.156(h)) is appropriated to the Alaska Industrial Development Authority loan insurance account (AS 44.88.157) to be available to insure or guarantee the financing of a wastewater treatment facility by the Alaska Pulp Corporation at Sitka. The appropriation made by this section is for capitalization of a loan insurance account and does not lapse in accordance with AS 37.25.010.

Sec. \_\_\_\_\_. The above section takes effect on the date the Board of Directors of the Alaska Industrial Development Authority adopts a resolution that declares that the assets of the multifamily housing loan security fund (AS 44.88.156(h)) are surplus and are available for a transfer to the loan insurance account (AS 44.88.157).

Amendments to CS SB 362 (Finance)  
by Abood

Sec. 2, ch. 24, SLA 1984, page 9, line 20 as amended by  
Section 378 in ch. 105 SLA 85 to read:

	APPROPRIATION ITEMS	GENERAL FUND
Civil Air Patrol Hangar Construction or Acquisition	<u>850,000</u> [1,100,000]	<u>850,000</u> [1,100,000]

Sec. \_\_\_\_\_. The sum of \$145,000 is appropriated to the Department of Health and Social Services for payment as a named recipient grant to Lifeline Alternatives for a program to provide alternatives to hospitalization for medically fragile/technology dependent infants and children.

Sec. \_\_\_\_\_. The sum of \$86,525 is appropriated to the Department of Community and Regional Affairs for payment as a named recipient grant to Med-Alert, Inc. for personal medical alarm and monitoring services which will be provided without charge to sick and frail Anchorage senior citizens.

Amend Section 191 in House version by increasing the amount to \$155,000 (Hathor Subdivision Park Improvement District).

(18.6 for the above projects is coming from the balance remaining in sec. 194 (Arctic Boulevard - Airport to Raspberry) and 13.2 from Section 195 (Wisconsin Pedestrian Safety Construction) in House version).

new  
amendments

A M E N D M E N T

Offered in the SENATE

By Faiks

TO: CSHB 574(Finance)

Per HB 513 - Budget  
Reserve Fund

Page 64, following line 14, insert new bill sections to read:

"\* Sec. 323. The unexpended and unobligated balance of the reserve for emergency operating expenses account (AS 37.05.159) is appropriated to the budget reserve fund (AS 37.05.156).

\* Sec. 324. The unexpended and unobligated balance of the appropriation made by sec. 286, ch. 50, SLA 1980, page 62, line 6, as amended by sec. 5(b), ch. 16, SLA 1981 (Fairbanks North Star Borough, historic trails - \$110,000) is repealed and reappropriated to the Department of Administration for payment as a grant under AS 37.05.315 to the Fairbanks North Star Borough for historic trails.

\* Sec. 325. Section 2, ch. 18, SLA 1984, page 3, line 25 is amended to read:

APPROPRIATION	GENERAL
ITEMS	FUND

Circle - Erosion/Flood

Control Project - Phase I

[PLANNING, DESIGN AND

ENGINEERING] (ED 19-21)

240,000

240,000

\* Sec. 326. The appropriation made in sec. 26, ch. 98, SLA 1985, page 119, line 15 (Senate Leadership - \$1,333,000) lapses into the general fund June 30, 1987.

Bennett

Bennett

Bennett

Bennett

\* Sec. 327. The appropriation and allocation made in sec. 26, ch. 98, SLA 1985, page 32, lines 4 and 5 (Adult Basic Education - \$3,279,800) lapses into the general fund June 30, 1987.

Bennett

\* Sec. 328. The appropriation and allocation made in sec. 26, ch. 98, SLA 1985, page 32, lines 4 and 13, (Corrections Education Program - \$870,100) lapses into the general fund June 30, 1987.

Bennett

\* Sec. 329. The appropriation made in sec. 26, ch. 98, SLA 1985, page 19, line 21 (Consumer Protection - \$832,400) lapses into the general fund June 30, 1987.

Ziegler

\* Sec. 378. The unexpended and unobligated balance of the appropriation made in sec. 3, ch. 96, SLA 1985, page 21, line 24 (Ketchikan Public Utilities Water Filtration Plant - \$924,100) is repealed and reappropriated to the Department of Administration for payment as a grant under AS 37.05.315 to the City of Ketchikan for the Ketchikan Public Utilities Water System Improvements.

SFC

\* Sec. 379. The unexpended and unobligated balance of the appropriation and allocation made in sec. 30, ch. 82, SLA 1981, page 192, lines 17 and 20 (Data Centers Upgrade - \$5,926,800) is repealed.

SFC

\* Sec. 380. The unexpended and unobligated balance of the appropriation and allocation made in sec. 30, ch. 82, SLA 1981, page 192, lines 17 and 24 (Integrated Data Communication Network - \$300,000) is repealed.

\* Sec. 381. Section 286, ch. 50, SLA 1980, page 94, line 13 is amended to read:

APPROPRIATION	GENERAL
ITEMS	FUND

Downtown Juneau Waterfront

Renovation and Development

[- GOLD CREEK DREDGING

ENHANCEMENT] (ED 4)	1,000,000	1,000,000
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Rey

\* Sec. 382. Section 30, ch. 82, SLA 1981, page 183, line 4 is amended to read:

APPROPRIATION	GENERAL
ITEMS	FUND

Downtown Juneau Waterfront

Renovation and Development

[- GOLD CREEK ENHANCEMENT

PHASE II] (ED 4)	1,000,000	1,000,000
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Rey

\* Sec. 383. Section 80, ch. 101, SLA 1982, page 98, line 22 is amended to read:

5/8/86



Feiks

fund to the Department of Transportation and Public Facilities for payment as a grant under AS 37.05.316 to the Glen Alps Road Service Area for design engineering, [AND] right-of-way acquisition and construction of [FOR] Upper DeArmoun Road.

\* Sec. 387. Section 319, ch. 171, SLA 1984, page 50, line 20 is amended to read:

SFC

	APPROPRIATION ITEMS	GENERAL FUND
Data Processing Systems and Equipment (ED 99)	<u>3,914,000</u> [4,000,000]	<u>3,914,000</u> [4,000,000]

\* Sec. 388. (a) Section 1, ch. 174, SLA 1980, page 1, lines 10 - 12 is amended to read:

Section 1. The sum of \$3,024,600 [\$3,030,000] is appropriated from the general fund [AND THE SUM OF \$0 IS APPROPRIATED FROM PROGRAM RECEIPTS] to the Department of Transportation and Public Facilities to be allocated as follows:

SFC

(b) Section 1(11), ch. 174, SLA 1980 is amended to read:

(11) \$84,600 [\$90,000] to purchase audio conference terminal equipment for use in the instructional television education project.

\* Sec. 389. (a) Section 30, ch. 82, SLA 1981, page 192, line 17 as amended by sec. 192(a), ch. 105, SLA 1985 is amended to read:

	APPROPRIATION ITEMS	GENERAL FUND	OTHER FUNDS
Centralized Administrative Services	<u>10,927,700</u>	<u>10,720,000</u>	207,700

[10,980,700] [10,773,000]

(b) Section 30, ch. 82, SLA 1981, page 192, line 25 is amended to read:

ALLOCATIONS

Data Network

Optimization 34,200  
[70,000]

(c) Section 30, ch. 82, SLA 1981, page 193, line 6 is amended to read:

ALLOCATIONS

Statewide Data

Processing  
Needs

Assessment 182,800  
[200,000]

\* Sec. 390. Section 53, ch. 120, SLA 1980, page 93, line 4 is amended to read:

APPROPRIATION                  GENERAL  
ITEMS                                  FUND

Security Equipment -

Juneau Data Center                  38,600                  38,600  
[40,000]                                  [40,000]

\* Sec. 391. Section 2, ch. 24, SLA 1984, page 52, line 25 is amended to read:

APPROPRIATION                  GENERAL  
ITEMS                                  FUND

SFC

SFC

SFC

SFC

Chargeback Billing

System (ED 99)	<u>17,500</u>	<u>17,500</u>
	[74,000]	[74,000]

\* Sec. 392. Section 2, ch. 24, SLA 1984, page 52, line 21 is amended to read:

APPROPRIATION	GENERAL
ITEMS	FUND

Kenai Homer Pioneer Home

Feasibility Study (ED 5)	<u>31,000</u>	<u>31,000</u>
	[45,000]	[45,000]

\* Sec. 393. Section 2, ch. 24, SLA 1984, page 58, line 19 is amended to read:

APPROPRIATION	GENERAL
ITEMS	FUND

Seismic Data Acquisition	<u>1,663,000</u>	<u>1,663,000</u>
	[4,500,000]	[4,500,000]

\* Sec. 394. (a) Section 4, ch. 25, SLA 1982, page 12, line 9 is amended to read:

APPROPRIATION	GENERAL	OTHER
ITEMS	FUND	FUNDS

Management and Administration	<u>15,438,200</u>	<u>15,438,200</u>	956,200
	[15,446,200]	[14,490,000]	

(b) Section 4, ch. 25, SLA 1982, page 12, line 13 is amended to read:

ALLOCATIONS

Microfilming/  
Automated

SFC

SFC

SFC

Drafting

Systems 882,000

[890,000]

\* Sec. 395. Section 53, ch. 120, SLA 1980, page 74, line 21 is amended to read:

	APPROPRIATION	GENERAL	OTHER
	ITEMS	FUND	FUNDS
Installation of Integrated Eligibility System	<u>1,225,928</u>	<u>612,428</u>	613,500
	[1,227,000]	[613,500]	

\* Sec. 396. Section 80, ch. 101, SLA 1982, page 69, line 8 is amended to read:

	APPROPRIATION	GENERAL
	ITEMS	FUND
Platinum - Health Clinic Equipment	<u>5,133</u>	<u>5,133</u>
	[8,500]	[8,500]

\* Sec. 397. Section 423, ch. 105, SLA 1985 is amended to read:

Sec. 423. The sum of \$8,402 [\$12,000] is appropriated from the general fund to the Department of Health and Social Services for payment as a grant under AS 37.05.316 to the Southern Region Emergency Medical Services Council for a Life-Pak Monitor/Defribillator for the Central Peninsula EMS Council.

\* Sec. 398. Section 30, ch. 82, SLA 1981, page 133, line 15 is amended to read:

APPROPRIATION GENERAL

SFC

SFC

SFC

SFC

	ITEMS	FUND
Health Care Study -		
Phase II (ED 4)	<u>72,649</u>	<u>72,649</u>
	[75,000]	[75,000]

\* Sec. 399. Section 53, ch. 120, SLA 1980, page 77, line 21 is amended to read:

SFC

	APPROPRIATION ITEMS	GENERAL FUND
McNeil River Game		
Sanctuary Development	<u>49,142</u>	<u>49,142</u>
	[50,800]	[50,800]

\* Sec. 400. (a) Section 4, ch. 25, SLA 1982, page 13, line 13 is amended to read:

SFC

	APPROPRIATION ITEMS	GENERAL FUND
Fish and Game Resource		
Management	<u>2,997,180</u>	<u>2,997,180</u>
	[3,000,000]	[3,000,000]

(b) Section 4, ch. 25, SLA 1982, page 13, line 15 is amended to read:

ALLOCATIONS

Eagle Project	<u>47,180</u>
	[50,000]

\* Sec. 401. (a) Section 30, ch. 82, SLA 1981, page 139, line 10 as amended by secs. 216(a) and 685(a), ch. 105, SLA 1985 is amended to read:

	APPROPRIATION ITEMS	GENERAL FUND
--	------------------------	-----------------

Fish and Game Resources	<u>8,211,220</u>	<u>8,211,220</u>
	[8,214,520]	[8,214,520]

(b) Section 30, ch. 82, SLA 1981, page 139, line 20 as amended by sec. 685(b), ch. 105, SLA 1985 is amended to read:

ALLOCATIONS

Mat-Su Valley

Lakes	<u>99,920</u>
	[103,220]

\* Sec. 402. Section 34, ch. 107, SLA 1983, page 72, line 23 is amended to read:

APPROPRIATION	GENERAL
ITEMS	FUND

ANILCA Federal Land

Planning	<u>247,422</u>	<u>247,422</u>
	[269,700]	[269,700]

\* Sec. 403. Section 4, ch. 24, SLA 1984, page 60, line 15 is amended to read:

APPROPRIATION	GENERAL
ITEMS	FUND

Vessel Seizure

Costs (ED 99)	<u>80,000</u>	<u>80,000</u>
	[160,000]	[160,000]

\* Sec. 404. Section 30, ch. 82, SLA 1981, page 122, line 21 is amended to read:

APPROPRIATION	GENERAL
ITEMS	FUND

SFC

Chinook Elementary

School Addition (ED 7-12)	<u>698,901</u>	<u>698,901</u>
	[700,000]	[700,000]

~~\* Sec. 405. Section 2, ch. 10, SLA 1983, page 26, line 9 is amended to read:~~

*in HOUSE version*

APPROPRIATION	GENERAL
ITEMS	FUND

Anchorage - Birch Road

Upgrade (ED 7-15)	<u>3,160</u>	<u>3,160</u>
	[300,000]	[300,000]

\* Sec. 406. Section 34, ch. 107, SLA 1983, page 86, lines 13 - 15 is amended to read:

APPROPRIATION	GENERAL
ITEMS	FUND

Boys Club of Alaska -

[RENOVATION OF]  
 Facilities/ Equipment/  
and Operations [AT  
 WALDRON LAKE, MARSTON  
 FIELD, & WOODLAND PARK  
 SCHOOL SITES] (ED 7-15)

300,000	300,000
---------	---------

\* Sec. 407. Section 34, ch. 107, SLA 1983, page 60, line 25 is amended to read:

APPROPRIATION	GENERAL
ITEMS	FUND

Falks

782

Eliason

Long Island/Gildersleeve/

Thorne Bay Schools

Improvements (ED 3)	1,140,000	1,140,000
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\* Sec. 408. Section 286, ch. 50, SLA 1980, page 94 as amended by sec. 30(a), ch. 16, SLA 1981, at page 11, line 24 is amended to read:

APPROPRIATION	GENERAL
ITEMS	FUND

Skagway - dock repairs,  
upgrade, access, cargo  
area upgrade

775,000	775,000
---------	---------

\* Sec. 409. Section 2, ch. 45, SLA 1984, page 31, line 11 is amended to read:

APPROPRIATION	GENERAL
ITEMS	FUND

Elfin Cove - Community  
Building Construction  
and waste heat hookup

(ED 3)	350,000	350,000
--------	---------	---------

\* Sec. 410. The unexpended and unobligated balance of the appropriation made in sec. 34, ch. 107, SLA 1983, page 71, line 22 (Haines - Southeast State Fair Improvements - \$263,500) is repealed and reappropriated to the Department of Administration for payment as a grant under AS 37.05.316 to Southeast Alaska State Fair, Inc., for 1986 - 87 Southeast Alaska State Fair improvements and expenses."

Eliason

Eliason

Eliason

ReNUMBER succeeding bill sections.

Page 64, line 21:

Delete "and" and following "319 - 322" insert ", 326 - 329, and 370"

HB 513  
Budget Reserve

Page 65, following line 10, insert a new bill section to read:

"\* Sec. 417. Section 323 of this Act takes effect on the effective date of an Act enacted by the Second Session of the Fourteenth Legislature that repeals the reserve for emergency operating expenses account (AS 37.05.159) and enacts the budget reserve fund (AS 37.05.156)."

Renumber remaining bill section.

Page 65, line 11, delete "and 99" and insert ", 99, and 323"

A M E N D M E N T

Offered in the SENATE

By Faiks

TO: CSSB 362 (Finance)

Page 11, following line 7, insert new bill sections to read:

*Bennett*      "\* Sec. 40. The appropriation and allocation made in sec. 26, ch. 98, SLA 1985, page 118, line 23 and page 119, line 14 (Senate Advisory Council - \$439,700) lapses into the general fund June 30, 1987.

\* Sec. 41. The sum of \$39,753,400 is appropriated to the general fund from the following enterprise funds:

World War II Veterans' Revolving Loan Fund (AS 26.15.090)	\$ 408,600
Commercial Fishing Revolving Loan Fund (AS 16.10.310)	2,000,000
Mining Revolving Loan Fund (AS 27.09.010)	13,350,000
Alternative Technology and Energy Loan Fund (AS 45.88.010)	1,809,000
Residential Energy Conservation Loan Fund (AS 45.89.010)	1,800,000
Power Development Revolving Loan Fund (AS 44.33.600)	18,605,900
Rural Electrification Revolving Loan Fund (AS 44.83.361)	1,779,900

*SFC*      \* Sec. 42. The unexpended and unobligated balance of the Alaska Industrial Development Authority multifamily housing loans security fund

5/8/86

Eliaison

(AS 44.88.156(h)) is appropriated to the Alaska Industrial Development Authority loan insurance account (AS 44.88.157) to be available to insure or guarantee the financing of a wastewater treatment facility by the Alaska Pulp Corporation at Sitka. The appropriation made by this section is for capitalization of a loan insurance account and does not lapse in accordance with AS 37.25.010.

\* Sec. 43. Section 2, ch. 24, SLA 1984, page 9, line 20 as amended by sec. 378, ch. 105, SLA 1985 is amended to read:

	APPROPRIATION	GENERAL
	ITEMS	FUND
Civil Air Patrol Hangar		
Construction or		
Acquisition	<u>850,000</u>	<u>850,000</u>
	[1,100,000]	[1,100,000]

Abroad

\* Sec. 44. The sum of \$145,000 is appropriated to the Department of Health and Social Services for payment as a grant under AS 37.05.316 to Lifeline Alternatives for a program to provide alternatives to hospitalization for medically fragile, technology dependent infants and children.

Abroad

\* Sec. 45. The sum of \$86,525 is appropriated to the Department of Community and Regional Affairs for payment as a grant under AS 37.05.316 to Med-Alert, Inc. for personal medical alarm and monitoring services that will be provided without charge to sick and frail Anchorage senior citizens."

Abroad

Re-number succeeding sections accordingly.

Page 11, line 10:

Delete "and 27 - 31"

Insert "27 - 31, and 40"

Page 11, following line 11, insert a new bill section to read:

Eliason  
"\* Sec. 48. Section 42 of this Act takes effect on the date the Board of Directors of the Alaska Industrial Development Authority adopts a resolution that declares that the assets of the multifamily housing loan security fund (AS 44.88.156(h)) are surplus and are made available for a transfer to the loan insurance account (AS 44.88.157)."

Page 11, line 12:

Delete "Sec. 42. This"

Insert "Sec. 49. Except for sec. 42, this"

A M E N D M E N T #2

Offered in the SENATE

By Faiks

TO: CSHB 574 (Finance)

362

Page 61, after line 25, insert new bill sections to read:

\* Sec. 411. The unexpended and unobligated balance of the appropriation made in sec. 34, ch. 107, SLA 1983, page 78, line 13 (Gilmore trail paving - \$1,600,000) is repealed.

\* Sec. 412. The unexpended and unobligated balance of the appropriation made in sec. 2, ch. 24, SLA 1984, page 13, line 13 (Steese Highway acceleration lanes - \$160,000) is repealed.

\* Sec. 413. The unexpended and unobligated balance of the appropriation made in sec. 80, ch. 101, SLA 1982, page 75, line 5 (Emergency vehicle signal priority - \$245,000) is repealed.

\* Sec. 414. The unexpended and unobligated balance of the appropriation made in sec. 286, ch. 50, SLA 1980, page 90, line 17 (Fairbanks bridge deck repairs - \$300,000) is repealed.

\* Sec. 415. The unexpended and unobligated balance of the appropriation made in sec. 30, ch. 82, SLA 1981, page 175, line 4 as amended by sec. 146, ch. 105, SLA 1985 (Fairbanks bridge deck repair completion - \$600,200) is repealed.

\* Sec. 416. The unexpended and unobligated balance of the appropriation made in sec. 2, ch. 10, SLA 1983, page 7, line 18 (Skiland road improvements - \$100,000) is repealed.

\* Sec. 417. Section 26, ch. 98, SLA 1985, page 64, lines 7 and 8 are amended to read:

Fahrenkamp

	ALLOCATIONS	APPROPRIATION ITEMS	GENERAL FUND
Management		<u>\$3,855,700</u>	<u>\$3,855,700</u>
		[\$3,860,700]	[\$3,860,700]
Commissioner's Office	<u>\$1,542,300</u> [\$1,547,300]		

\* Sec. 418. The sum of \$30,000 is appropriated from the general fund to the Department of Natural Resources for the operations of the Citizen's Advisory Commission on Federal Areas for the fiscal year ending June 30, 1987.

\* Sec. 419. The sum of \$10,000 is appropriated from the general fund to the the Department of Public Safety for payment as a grant under AS 37.05.-316 to Women in Crisis Counseling and Assistance for facility improvements.

\* Sec. 420. The sum of \$10,000 is appropriated from the general fund to the Department of Administration for payment as a grant under AS 37.05.315 to the Fairbanks North Star Borough for South Fairbanks Park playground equipment.

\* Sec. 421. The sum of \$75,000 is appropriated from the general fund to the University of Alaska Agriculture and Forestry Experiment Station for the completion of the Rosie Creek Research project.

\* Sec. 422. The sum of \$8,290 is appropriated from the general fund to the Department of Health and Social Services for payment as a grant under AS 37.05.316 to the Interior Region Emergency Medical Services Council for training and equipment.

\* Sec. 423. The sum of \$5,000 is appropriated from the general fund to the University of Alaska - Fairbanks for University of Alaska Museum

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acquisitions.

\* Sec. 424. The sum of \$20,000 is appropriated from the general fund to the Department of Administration for payment as a grant under AS 37.05.315 to the City of Fairbanks for improvements to Alaskaland Pioneer Air Museum.

\* Sec. 425. The sum of \$5,000 is appropriated from the general fund to the Department of Administration for payment as a grant under AS 37.05.315 to the Fairbanks North Star Borough for a Van Tran vehicle.

\* Sec. 426. The unexpended and unobligated balances of the appropriations made in sec. 33, ch. 90, SLA 1981, (Kodiak Island Borough Electrical Needs Assessment - \$100,000); sec. 286, ch. 50, SLA 1980, page 87, line 22 (Bells Flats Road Improvements - \$780,000); and sec. 286, ch. 50, SLA 1980, page 87, line 23 (Otemloi Road Improvements - \$1,500,000) are repealed and reappropriated to the Department of Administration for payment as a grant under AS 37.05.315 to the Kodiak Island Borough for operations and facility upgrade for the Kodiak State Fair and Rodeo Grounds.

\* Sec. 427. The unexpended and unobligated balance of the appropriation made in sec. 13, ch. 90, SLA 1981, page 3, line 28 as amended by sec. 508, ch. 105, SLA 1985 (Fairbanks District Heating Extension Feasibility Study - \$438,164) is repealed.

\* Sec. 428. The sum of \$9,150 is appropriated from the general fund to the Department of Administration for the payment as a grant under AS 37.05.315 to the Fairbanks North Star Borough for the Tanana Valley Fair Association's emergency, safety and security system.

\* Sec. 429. The unexpended and unobligated balance of the appropriation and allocation of \$110,200 for the Angoon power project made in sec. 1, ch. 54, SLA 1980, as amended by sec. 49, ch. 120, SLA 1980, sec. 52, ch. 90,

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SLA 1981, sec. 21, ch. 141, SLA 1982, sec. 102, ch. 106, SLA 1983, sec. 72, ch. 105, SLA 1985, and sec. 490, ch. 105, SLA 1985 is repealed and reappropriated to the Department of Commerce and Economic Development, Alaska Power Authority, for Yakutat Waste Heat.

\* Sec. 430. The unexpended and unobligated balance of the appropriation made in sec. 80, ch. 101, SLA 1982, page 105, line 16 (Lois Road - \$150,000) is repealed and reappropriated to the Department of Administration for payment as a grant under AS 37.05.315 to the Matanuska-Susitna Borough for the Butte Fire Station completion.

\* Sec. 431. The unexpended and unobligated balance of the appropriation made in sec. 80, ch. 101, SLA 1982, page 105, line 14 (McKechnie Road - \$200,000) is repealed and reappropriated to the Department of Administration for payment as a grant under AS 37.05.315 to the Matanuska-Susitna Borough for Nelchina Road Upgrade and Maintenance.

\* Sec. 432. The unexpended and unobligated balance of the appropriation made in sec. 2, ch. 18, SLA 1984, page 3, line 4 (Matanuska-Susitna Borough, Sutton to Skwenta Bank Erosion Protection - \$70,000) is repealed and reappropriated as follows:

(1) the sum of \$40,000 is appropriated to the Department of Administration for payment as a grant under AS 37.05.315 to the Matanuska - Susitna Borough for the Meadow Lakes Volunteer Fire Department Fire Truck; and

(2) the sum of \$25,000 is appropriated to the Department of Administration, Alaska Public Broadcasting Commission for payment as a grant under AS 37.05.316 to Terminal Radio for Tower Construction Expenses.

\* Sec. 433. The unexpended and unobligated balance of the appropriation

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and allocation made in sec. 30, ch. 82, SLA 1981, page 139, lines 10 and 20 as amended by sec. 685, ch. 105, SLA 1985 (Mat-Su Valley Lakes - \$103,220) is repealed and reappropriated to the Department of Administration for payment as a grant under AS 37.05.315 to the Matanuska-Susitna Borough for the Sutton Alpine Civic Club for sewer repairs.

\* Sec. 434. The unexpended and unobligated balance of the appropriation made in sec. 34, ch. 107, SLA 1983, page 72, line 25 (Moose Habitat Improvement - \$295,000) is repealed and reappropriated to the Department of Fish and Game for the Mat-Su Valley Moose Range Habitat Improvement.

\* Sec. 435. The unexpended and unobligated balance of the appropriation made in sec. 2, ch. 10, SLA 1983, page 29, line 24 (McKechnie Road Upgrade - \$120,000) is repealed and reappropriated to the Department of Administration for payment as a grant under AS 37.05.315 to the City of Palmer for water well construction.

\* Sec. 436. (a) Section 4, ch. 24, SLA 1984, page 62, line 6 is amended to read:

	APPROPRIATION	GENERAL	OTHER
	ITEMS	FUND	FUNDS
Central Design Engineering	<u>5,288,000</u>	<u>987,000</u>	4,301,000
	[5,301,000]	[1,000,000]	

(b) The sum of \$13,000 is appropriated from the general fund to the Department of Administration for payment as a grant under AS 37.05.315 to the Matanuska-Susitna Borough for the Knik Museum roof repair.

\* Sec. 437. The unexpended and unobligated balance of the appropriation made in sec. 80, ch. 101, SLA 1982, page 90, line 24 (Pittman - Meadow Lakes Substation - \$200,000) is repealed and reappropriated to the

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Department of Administration, Alaska Public Broadcasting Commission for payment as a grant under AS 37.05.316 to Terminal Radio for operating expenses.

\* Sec. 438. The unexpended and unobligated balance of the appropriation made in sec. 2, ch. 24, SLA 1984, page 44, line 10 (Wasilla Railroad Signalization - \$300,000) is repealed and reappropriated as follows:

(1) the sum of \$22,000 is appropriated to the University of Alaska for the Cordova Marine Advisory Program; and

(2) the sum of \$45,000 is appropriated to the Department of Administration for payment as a grant under AS 37.05.315 to the Kenai Peninsula Borough for the Bear Creek Volunteer Fire Department Truck, Pump and SCUBA Rescue Equipment.

\* Sec. 439. The unexpended and unobligated balance of the appropriation made in sec. 4, ch. 25, SLA 1982, page 13, line 6 (Plant Material Center Building - \$600,000) is repealed and reappropriated as follows:

(1) the sum of \$100,000 is appropriated to the Department of Administration for payment as a grant under AS 37.05.315 to the Kenai Peninsula Borough for the Nikiski Fire Service Area Emergency Escape Route;

(2) the sum of \$45,000 is appropriated to the Department of Administration for payment as a grant under AS 37.05.315 to the City of Cordova for the North Containment Industrial Park Development;

(3) the sum of \$130,000 is appropriated to the Department of Administration for payment as a grant under AS 37.05.315 to the City of Cordova for the Humpback Creek Hydro Project Construction; and

(4) the sum of \$60,000 is appropriated to the Department of Administration for payment as a grant under AS 37.05.315 to the Matanuska-

Kenai

Susitna Borough for Pittman Road Extension.

\* Sec. 440. The unexpended and unobligated balance of the appropriation made in sec. 2, ch. 24, SLA 1984, page 2, line 25 (Seward Senior Citizens Center - \$250,000) is repealed and reappropriated to the Department of Administration for payment as a grant under AS 37.05.315 to the City of Seward for the Senior Citizens of Seward, Inc. for the purpose of renovating the existing senior citizens center.

\* Sec. 441. The unexpended and unobligated balance of the appropriation made in sec. 3, ch. 96, SLA 1985, page 15, line 6 (Katalla Road - Plan, Design, and Locate - \$150,000) is repealed and reappropriated to the University of Alaska, Prince William Sound Community College for rental space in the City of Cordova for the fiscal year ending June 30, 1987.

\* Sec. 442. Section 295, ch. 105, SLA 1985 is amended to read:

Sec. 295. The sum of \$1,260,000 [\$1,760,000] is appropriated from the general fund to the Department of Transportation and Public Facilities to pay for construction of the Seward Coal Loading Facility.

\* Sec. 443. The sum of \$500,000 is appropriated from the general fund to the Department of Administration for payment as a grant under AS 37.-05.315 to the City of Seward for the Seward Marine Industrial Center, Cradles and Rails.

\* Sec. 444. The sum of \$300,000 is appropriated from the housing development grant fund (AS 18.55.998) to the Department of Administration for payment as a grant under AS 37.05.315 to the City of Houston for the Senior Citizens Center.

\* Sec. 445. Section 34, ch. 107, SLA 1983, page 79, line 25 as amended

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by sec. 140, ch. 105, SLA 1985 is amended to read:

	APPROPRIATION	GENERAL
	ITEMS	FUND
Match for Ch. 25/82 projects	<u>13,212,200</u>	<u>13,212,200</u>
	[13,412,200]	[13,412,200]

\* Sec. 446. The sum of \$200,000 is appropriated from the general fund to the Department of Administration for payment as a grant under AS 37.05.315 to the City of Cordova for the Humpback Creek Hydro Project.

\* Sec. 447. The unexpended and unobligated balance of the appropriation and allocation made in sec. 30, ch. 82, SLA 1981, page 168, lines 11 and 13 as amended by ch. 105, SLA 1983, sec. 131 (Old Glenn Highway Repave - \$3,021,600) is repealed and reappropriated as follows:

(1) the sum of \$50,000 is appropriated to the Department of Natural Resources for payment as a grant under AS 37.05.316 to the Palmer Alaska State Fair for operating expenses; and

(2) the sum of \$40,000 is appropriated to the Department of Administration for payment as a grant under AS 37.05.315 to the Matanuska-Susitna Borough for Maud Road upgrade and maintenance."

Renumber remaining bill sections.

Page 62, line 3, before "of this Act" insert "418, 421, and 441"

Page 62, line 7, before "of this Act" insert "423, 429, and 438(1)"

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BRIEFING MATERIALS

# Budget Reserve Fund

January 1986

State of Alaska

Office of Management and Budget

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STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

January 1986

BUDGET RESERVE FUND

Governor Bill Sheffield

My concern for fiscal planning for the State of Alaska goes back to long before my campaign for Governor. Since coming to Juneau I have emphasized long-term fiscal considerations in my annual budgets and major legislative initiatives. This year I am proposing an amendment to the State constitution that creates a Budget Reserve Fund (BRF), designed to help stabilize State spending and provide a hedge or "buffer" against revenue shortfalls.

Basically, the BRF is an account used to save money in good years and augment spending in bad years. It is a device for managing our cash flow. This proposed constitutional amendment also can help protect the assets and earnings of the Alaska Permanent Fund, which will continue to be our permanent, long-term savings account.

If approved by the Legislature and ratified by the voters, the BRF would create a new spending limit. The existing spending limit has proven to be ineffective, and it should be replaced. Under my proposal, revenues in excess of the spending limit would be used first to replenish the BRF, and then to provide for permanent savings and additional spending if sufficient.

In years when revenues are down, a portion of the money in the BRF can be withdrawn to help support the budget. There is no guarantee that this amount will be enough to keep the budget at the level of our prior year, but it will help meet the shortfall.

This packet of briefing materials has been prepared by the Office of Management and Budget to explain the details of the BRF. I encourage the widest possible public discussion of the proposal, and we are available to answer questions that you may have.

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# Budget Reserve Fund

*"The Budget Reserve Fund is a spending plan, a savings plan, and a spending limit ...  
Moreover, by creating the Budget Reserve Fund, Alaskans are creating  
a buffer -- between impulsive spenders and the Permanent Fund."*

Governor Bili Sheffield  
January 16, 1986

## BUDGET RESERVE FUND

This paper proposes a Budget Reserve Fund (BRF) for the State of Alaska. The BRF is a special reserve account designed to operate with a revised appropriation limit.

The BRF performs two functions. In years of sharp revenue declines, the BRF supplies additional funds for appropriation by transferring a portion of its balance into the General Fund. In years of sudden or sustained revenue increases, the BRF temporarily holds a portion of revenue surpluses for later use.

The flow of funds into and out of the BRF will buffer the year-to-year fluctuations in the State's revenue stream caused by petroleum price changes. The net effect will be a leveling or smoothing of the revenue amounts available to the State each year for appropriations. This smoothing will provide a greater degree of stability in annual State budget levels, increased certainty in the appropriations process, and mitigation of the budgetary and economic effects produced by annual revenue fluctuations.

If established, the BRF will replace the State's current Rainy Day Fund. Similarly, its accompanying appropriation limit will replace Alaska's existing constitutional limit on appropriations.

### The BRF Proposal

Central to the BRF and its accompanying appropriation limit are the following provisions:

- ° The appropriation limit applies only to Unrestricted General Fund revenues.
- ° The BRF is separate from the State's General Fund.
- ° Appropriations for any given fiscal year are limited to 115 percent of the total appropriations made during the preceding calendar year (January-December).
- ° If revenue collections in any given fiscal year fall to a level below 95 percent of the total appropriations made during the preceding calendar year, funds are transferred from the BRF into the General Fund, to provide for appropriations for that fiscal year. The amount of funds transferred is the lesser of: (a) the amount necessary to bring appropriations up to the 95 percent level; or, (b) the maximum annual outlay from the BRF (25 percent of the BRF balance).

appropriations on that basis. Because they will know the BRF balance and maximum possible outlay at the start of the session, legislators also will be able to estimate the amount of outlay likely to be forthcoming from the BRF, and incorporate that extra amount into their appropriations. If the shortfall materializes, the BRF outlay will be transferred into the General Fund at the close of the budgeted fiscal year. If revenue collections turn out not to fall below the 95 percent floor, no BRF money will be released.

Conversely, if revenues for the fiscal year being budgeted are expected to exceed the 115 percent ceiling, legislators will be able to make appropriations up to the ceiling. Knowing the BRF balance and capacity at the start of the session, as well as the expected surplus above the 115 percent ceiling, legislators also will be able to add to their appropriations an estimate of how much excess surplus is likely to be available for additional appropriations above the 115 percent ceiling level. The excess surplus for appropriations will then become available at the close of the budgeted fiscal year, if a revenue surplus materializes. If revenue collections turn out not to exceed the 115 percent ceiling, there will be no excess surplus for appropriations.

Under both sets of circumstances described above, legislators will retain their current flexibility in fine-tuning appropriations during the following legislative session, based on then-prevailing revenue forecasts.

Discussion: BRF

Regarding capitalization, it must be said that it would be possible to establish the BRF without any initial capitalization. Doing so would have the effect of activating the appropriation limit, and placing the BRF on the books. This would mean that the BRF would not be able to provide any budgetary assistance until such time as revenue surpluses might occur in the future.

If the BRF is to provide budgetary assistance during the coming years of expected revenue decline, however, it will need to be initially capitalized by the State.

The best level of initial capitalization for the BRF is ultimately a matter of judgement. Simulations conducted by the Office of Management and Budget (OMB), however, suggest that an initial capitalization of less than \$500 million could result in a steady draw-down of the account, particularly if current revenue forecasts prove accurate. The same simulations indicate that an initial capitalization of \$1 billion would go far towards avoiding that possibility, particularly if the BRF is allowed to retain its interest earnings.

One reason is to provide clear budget planning guidelines: public officials will know by the start of a legislative session the relevant numbers and limits with which they will be working in setting the coming fiscal year's budget. If, for example, the appropriation limit's floor and ceiling for the fiscal year (FY) 1990 budget were based on fiscal year 1989 appropriations, instead of on calendar year 1989 appropriations, legislators convening in January 1989 would not know the appropriation ceiling or floor for the FY 1990 budget until after the 1989 session had ended (and the Governor had approved or vetoed FY 1989 supplemental and special appropriations made during the 1989 session). Nor, for the same reason, would legislators know the BRF's FY 1990 capacity, for purposes of estimating any excess surplus or spillover funds that might come available for appropriation.

The second reason for adopting the calendar-year basis is to preserve, without sacrificing certainty about budget floors and ceilings, the flexibility that public officials currently have in requesting and making supplemental and special appropriations during follow-up legislative sessions.

#### Attachments to the Proposal

To illustrate the operation of the BRF and its companion appropriation limit, three sets of figures and tables are attached to this proposal. All of the attachments assume that the BRF and the appropriation limit are first applied to the FY 1988 budget.

(For the sake of simplicity, all of the attachments also assume that all budget appropriations for a given fiscal year, including supplemental and special appropriations, occur during the same legislative session.)

Note: In all of the attachments, the FY 1987 total appropriation amount of \$2.664 billion represents Governor Sheffield's preliminary FY 1987 Executive Budget proposal. Appropriation levels affected by the BRF and its appropriation limit begin in FY 1988.

Figure 1 is based on the Department of Revenue (DOR) December 1985 30th percentile forecast for Unrestricted General Fund revenues, for the period FY 1987-2000. The figure assumes an initial capitalization of \$700 million for the BRF, and indicates the appropriation levels that would result under the BRF proposal. As can be seen, the BRF would contribute a total of approximately \$550 million to the General Fund for appropriations between FY 1988 and FY 1992 in this scenario. Beyond FY 1992, the apparent flattening of revenues indicated by the forecast causes no triggering of BRF activity. (Table 1 is the accompanying spreadsheet, from which Figure 1 is generated.)

# CORRECTION

THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY

## BUDGET RESERVE FUND

This paper proposes a Budget Reserve Fund (BRF) for the State of Alaska. The BRF is a special reserve account designed to operate with a revised appropriation limit.

The BRF performs two functions. In years of sharp revenue declines, the BRF supplies additional funds for appropriation by transferring a portion of its balance into the General Fund. In years of sudden or sustained revenue increases, the BRF temporarily holds a portion of revenue surpluses for later use.

The flow of funds into and out of the BRF will buffer the year-to-year fluctuations in the State's revenue stream caused by petroleum price changes. The net effect will be a leveling or smoothing of the revenue amounts available to the State each year for appropriations. This smoothing will provide a greater degree of stability in annual State budget levels, increased certainty in the appropriations process, and mitigation of the budgetary and economic effects produced by annual revenue fluctuations.

If established, the BRF will replace the State's current Rainy Day Fund. Similarly, its accompanying appropriation limit will replace Alaska's existing constitutional limit on appropriations.

### The BRF Proposal

Central to the BRF and its accompanying appropriation limit are the following provisions:

- ° The appropriation limit applies only to Unrestricted General Fund revenues.
- ° The BRF is separate from the State's General Fund.
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- ° If revenue collections in any given fiscal year fall to a level below 95 percent of the total appropriations made during the preceding calendar year, funds are transferred from the BRF into the General Fund, to provide for appropriations for that fiscal year. The amount of funds transferred is the lesser of: (a) the amount necessary to bring appropriations up to the 95 percent level; or, (b) the maximum annual outlay from the BRF (25 percent of the BRF balance).

- ° The capacity (size limit) of the BRF for any given fiscal year is equal to the total amount of appropriations made during the preceding calendar year.
- ° If revenue collections in any given fiscal year exceed the 115 percent limit, the surplus (revenue collections above 115 percent of the previous calendar year appropriations) is transferred into the BRF. However, if transfer of the surplus would cause the BRF's capacity (size limit) for that fiscal year to be exceeded, only an amount of revenues sufficient to bring the BRF balance up to the fund's capacity is transferred into the BRF. Any excess surplus (surplus above the BRF's capacity) or spillover is distributed as follows: 25 percent remains in the General Fund and is available for appropriations for that fiscal year (effectively raising the 115 percent appropriation ceiling), and 75 percent is transferred into the Permanent Fund.
- ° The BRF retains its interest earnings.
- ° If the balance of the BRF at the close of a fiscal year exceeds the account's capacity for that fiscal year, the spillover (excess above capacity) is distributed as follows: 25 percent is transferred into the General Fund, and 75 percent is transferred into the Permanent Fund.
- ° The maximum outlay (disbursement for appropriations) from the BRF during any given fiscal year is 25 percent of the balance remaining in the account at the close of the preceding calendar year.
- ° All General Funds resulting from BRF spillover are available for appropriation without regard to the 115% limit and, once appropriated, become part of the succeeding fiscal year's base (total appropriations made in the preceding calendar year).

#### How the BRF and Appropriation Limit will Work

For each fiscal year's budget, the appropriation limit sets a 95 percent floor and a 115 percent ceiling for appropriations. These thresholds are based on the amount of total appropriations made during the preceding calendar year, so that they will be known with certainty by the start of legislative sessions.

If revenues for the fiscal year being budgeted are expected to fall below the 95 percent floor, legislators will make