

**ALASKA LEGISLATURE**

**2036**

**HOUSE and SENATE FINANCE COMMITTEE FILES, 1999 - 2000**

187

# **"UNUSUAL" PROVISIONS OF THE POWER SALES AGREEMENT**

1. **Construction financing - substantial State grant**
  - no bonds (loan from general fund)
  - rate not tied to actual debt service
2. **Requirements obligation, no "take or pay" obligation**
3. **Pooling of costs - concept of "Initial Project"**
4. **Division of risks between Authority and Purchasing Utilities**
5. **Use of the PMC for contract implementation**

## **OBLIGATIONS OF THE AEA, PURCHASING UTILITIES AND PMC**

The Long-Term Power Sales Agreement creates a number of duties and responsibilities. Some, such as the financial obligations, rest on the individual parties (the AEA and purchasing utilities). Other responsibilities are vested in the group jointly through the PMC.

### **A. Financial Obligations of AEA and Purchasing Utilities**

The Long-Term Power Sales Agreement imposes certain financial responsibilities on both the Alaska Energy Authority, as seller, and the five utility signatories, as buyers.

Generally speaking, the obligations of the utilities are for regular, recurring expenses that are funded through the rates paid by the utilities to buy power from the AEA. The obligations of the AEA, on the other hand, are for the coverage of various contingencies.

#### **1. AEA Financial Obligations**

The agreement requires the AEA to pay for any of the following items:

- a. Any costs associated with damage to or premature failure of any Four Dam Pool equipment that is not covered by insurance (Sections 4(d) and 6(b)(ii));
- b. Any costs associated with substandard performance of any of the Four Dam Pool facilities (Sections 4(d) and 6(b)(ii));
- c. Any costs of necessary renewals or replacements of equipment at any of the Four Dam Pool facilities to the extent there are any unexpended proceeds from the loan used to finance the Initial Project (Section 6(b)(iii)(D));
- d. Any costs of necessary renewals or replacements of equipment at any of the Four Dam Pool facilities that exceed the amounts then available in the Renewals and Replacements Fund (Section 4(d)); and
- e. Any costs associated with the failure of any purchasing utility to make its required payments (Section 4(d)).

**2. *Purchasing Utility Financial Obligations***

The agreement requires the purchasing utilities to pay for the following items:

- a. The total costs of operating the Four Dam Pool facilities, including the costs of insurance (Sections 5(b)(i)(A) and (B)(I));
- b. The specific administrative and general costs of the AEA required for administration of the Four Dam Pool facilities (Section 5(b)(i)(B)(11));
- c. The costs associated with the Project Management Committee (Section 5(b)(i)(B)(III));
- d. The annual contributions to the Renewals and Replacement Fund (Section 5(b)(i)(C)); and
- e. An agreed-upon contribution to the debt service on the loan from the Alaska Department of Commerce that financed construction of the Four Dam Pool facilities (Section 5(b)(ii)).

**B. *Other Duties and Responsibilities***

In addition to financial obligations, the Long-Term Power Sales Agreement imposes duties and responsibilities for the operation and protection of the Initial Project:

**1. *AEA Duties***

- a. To sell power to each Purchasing Utility up to the full capability of each dedicated facility (Section 3(a));
- b. To make power continuously available to each Purchasing Utility and subject to certain rights of interruption (Section 4(a));
- c. To construct, maintain and repair any AEA owned facilities in accordance with Prudent Utility Practice (Section 4(b)); and
- d. To maintain records necessary for purposes of the agreement and of FERC licensing requirements (Section 10).

**2. *Participating Utility Duties***

- a. To purchase and pay for power needed for utility loads in excess of loads served by pre-existing hydro facilities (Sections 3(a), 3(b) and 3(c));
- b. To construct, maintain and repair any utility owned facilities in accordance with Prudent Utility Practice (Section 4(b));
- c. To maintain records necessary for purposes of the agreement and of FERC licensing requirements (Section 10); and
- d. To take actions necessary to maintain the integrity of the agreement (Section 12).

**3. *PMC Duties***

- a. To establish and deposit funds in the Initial Project Revenue Fund (Section 5(e));
- b. To establish, administer and approve expenditures from the R&R Fund (Sections 6(b)(i), 6(b)(iii)(C) and 7(e)(ii));
- c. To disburse funds to pay operating costs and debt service and to make the R&R contribution (Section 5(f));
- d. To meet at least quarterly (Section 7(c));
- e. To adopt rules to govern the Committee's affairs (Sections 7(d) and 7(e)(iv));
- f. To develop annual budgets (Section 7(e)(i));
- g. To arrange for insurance for Initial Project facilities, including determination of coverage limits, choice of insurers and disposition of insurance claim proceeds (Section 7(e)(iii));
- h. To adopt standards and arrange for the annual audit of all power production costs (Sections 7(e)(iv) 7(e)(v) and 7(g));
- i. Develop and adopt technical, operating and maintenance standards for the Initial Project equipment and facilities (Section 7(e)(vi));

- j. Establish an annual rate that is sufficient to pay for all costs under the contract (Sections 7(e)(vii) and 5(f));
- k. Develop load estimates as necessary for the Agreement (Section 7(e)(viii));
- l. Develop standards for capital asset acquisition and accounting (Section 7(e)(ix));
- m. Develop standards for expenditures which acquire unanimous agreement (Sections 7(e)(x) and 1(f));
- n. To adjudicate disputes, or adopt procedures for the adjudication of disputes between parties, prior to litigation (Section 8(a)); and
- o. Various duties relative to rate reopener, the first such duty being to provide a load forecast by 1998 (Section 9(c)).

## **RISK ASSESSMENT OF THE FOUR DAM POOL HYDROELECTRIC PROJECTS**

### **SUMMARY**

Harza Engineering Company has carried out an assessment of the possible costs associated with the continued operation of the hydroelectric projects comprising the "Four Dam Pool." The projects are:

- Swan Lake Project;
- Solomon Gulch Project;
- Terror Lake Project; and
- Tyee Lake Project.

The following were carried out for each project:

1. A condition assessment was performed to identify the needs for project improvements and associated costs.
2. A schedule for replacements due to normal wear and tear was identified, along with associated costs.
3. An assessment of the energy generation potential was made.
4. An analysis of the risks was carried out, probable repair costs and outage duration were identified; the likely range was identified.
5. Operation and maintenance costs were examined.

The costs were summarized to arrive at a composite annual cost in five-year increments over a 35-year future planning horizon (1996 to 2030).

## Condition Assessment

As a result of the Condition Assessment, a number of items were identified at each project that merit attention in the future. In accordance with the Scope of Work, these items are classified as follows:

- **Deficient Design** - defined as a condition that does not meet the minimum generally accepted standards for safety and reliability. Only one item, the Tyee Lake Project transmission line, was determined to be deficient in design.
- **Deferred Maintenance** - defined as a condition where either regularly scheduled maintenance or maintenance to repair a damaged structure or malfunctioning component was not carried out in a timely manner. Only a few items of deferred maintenance were found.
- **Other Project Improvements** - project structures or equipment planned for replacement for reasons including obsolescence, unavailability of spare parts, premature failure, or changing operating conditions, equipment and structural repairs or modifications that have not been deferred, but are now required to correct a malfunction, or to improve functionality or safety. Other project improvements may also involve studies to address operational or design issues. In some cases, the implementation of these items is discretionary in nature.

summary of the condition of each plant is presented below.

### Swan Lake

The Swan Lake Project is considered to be in excellent condition, with only one item of referred maintenance and several needed replacements and project improvement items. A major deferred maintenance item involves the need to paint the transformers at the Bailey substation and replace corroded cooling radiators. The major items of replacement involve The generator excitation system and replacement of the battery system. Present plans and budgets include the replacement of the draft tube bulkhead gates with stainless steel replacements and installation of a new intake gate feeder power supply cable is planned.

A continuing maintenance item is the collection and clearing of trash and debris that accumulates in front of the power intake. The possibility of improving the trash boom and

acquiring a tugboat and log skidder for handling trash and logs should be considered.

A portion of the transmission line is exposed to landslide risk, and is a major potential source of plant outage. A landslide stabilization study should be carried out to identify corrective measures, or alternatively, one to two miles of transmission line could be considered for relocation to eliminate this hazard.

### **Solomon Gulch**

The Solomon Gulch Project is considered to be in good condition. The only major area of concern is corrosion of the penstocks. The rate of corrosion is being monitored. Painting the exterior of the penstocks would be prudent to improve resistance to corrosion and extend the useful life. In general, the penstock is expected to perform satisfactorily for the next 36 years, but there may be a need for repair in local areas where corrosion is advancing at a higher rate.

The penstock valves are reportedly capable of closure against full turbine discharge, but cannot close against the flow that would result in the event of a penstock rupture. In view of the long portion of exposed penstock, and the corrosion problem that is being monitored, it would be prudent to replace the penstock valves to provide protection in the event of penstock rupture. Any deficiencies in the penstock intake bulkheads would need to be corrected to carry out this work.

The major source of plant outage is the 112 mile transmission line. The section between the Meals and P11 substations is particularly susceptible to avalanche outage. Consideration should be given to installation of buried cable in areas susceptible to avalanche outage.

Another source of concern is the settlement of the P11 substation building. Corrective measures should be implemented to prevent interruption of service if the settlement continues.

### **Terror Lake**

The Terror Lake Project is considered to be in generally good condition. However, there are some structural aspects that require maintenance and remedial repair measures. The major aspects that require attention involve the repairing excessive leakage at the intake gate,

performing tunnel repairs, and reinforcing the side channel spillway at the main dam.

The Rolling Rock diversion is believed to be a source of sediment that causes excessive turbine wear. The construction of a sand sluicing system was started, but was not finished because of problems with the contractor. More detailed study should be carried out to determine the most efficient way to resolve the sediment problem. Possible solutions could involve completion of the installation of the sediment discharge system or abandoning Rolling Rock as a diversion, while allowing it to remain in place to function as a surge facility.

The Terror Lake facility was recently affected by a large flood. Some of the project buildings at the powerhouse site are at-risk due to flooding from the Kizhuyak River. Permanent dikes and river training facilities should be designed and constructed.

#### **Tyee Lake**

Except for the transmission line, the Tyee Lake Project is considered to be generally in good condition. Some structural maintenance that is required involves shoring up housing and storage buildings at the site, and reinforcing the exposed rock face that forms the back wall of the powerhouse. An inspection of the unlined power tunnel by use of a remotely operated vehicle to evaluate its condition would be prudent.

The transmission line is the source of many outages. The transmission line is considered to be deficient in design since ground clearance criteria is not met under loading conditions that could have been reasonably foreseen at the time of design. Studies are underway (by others) to address corrective measures.

Electrical controls to the gate house for remote operation would improve operation and safety in the event of an emergency situation. Dredging of the harbor will improve access.

## Energy Generation Potential

Analysis of the energy generation potential results in the following estimates of average annual generation potential:

Swan Lake Project -	70.1 GWh per year
Solomon Gulch Project -	52.9 GWh per year
Terror Lake Project -	117.0 GWh per year
Tyee Lake Project -	109.0 GWh per year
Four Dam Pool Total -	349.1 GWh per year

The output of Tyee Lake is limited by the electrical demand in the areas served by the project. The proposed intertie with the Swan Lake Project would help better utilize the generation potential of the Tyee Project.

The Terror Lake powerhouse was designed to accommodate the addition of a third unit. A preliminary cost analysis indicates that the addition of a third 12.5-MVA generating unit at Terror Lake warrants additional feasibility level investigation. The third unit will not provide additional energy, but will provide additional peaking capacity that is needed in the system.

Additional expansion options at Tyee and Swan Lake projects do not appear warranted at this time. At Tyee, the operating capabilities are not fully utilized because of limited electrical demand. At Swan, increasing the storage or generation capacity appears to be expensive in comparison with other possible generation options that may be available, if the need does indeed exist.

The output of Solomon Gulch is limited by the electrical demand in the areas served by the project. An expansion of the storage capacity is not warranted or economically justified based on a detailed study performed in 1992.

## Risk Related Costs

The analysis described in the accompanying report included an analysis of cost to repair structures and components that might be damaged due to natural events, accidents and internal failures (an unknown failure due to design, construction or material deficiency). The

associated outage duration was also investigated. The expected annual risk related cost, and an estimate of the outage that might be associated with the risk-related events, was estimated. The expected annual cost and outage duration is tabulated below:

	Expected Risk-Related Repair Cost (1995 US\$ per year)	Expected Risk-Related Outage Duration (days per year)
Swan Lake Project	159,529	13.4
Solomon Gulch Project	291,464	22.8
Terror Lake Project	349,308	18.9
Tyce Lake Project	312,387	23.5

Figure 1 presents the cumulative distribution curves that result from the analysis, indicating the range of possible costs and outage duration for each project.

Although the graphs in Figure 1 illustrate the range and expected probabilities associated with the anticipated risk related cost and outage duration, there is a possibility of catastrophic events that will result in very large damage cost and a long outage duration. Financial planning for covering uncertain events must consider this possibility.

### Operation and Maintenance Costs

For this study, operation and maintenance costs are based on an analysis of historical costs, brought to a common 1995 price level, and averaged. Joint costs are allocated to projects by prorating on the basis of at-site costs in proportion to the at-site costs of all four projects. The estimated average annual operation and maintenance cost for all four projects, excluding fixed charges for debt service and equipment replacement fund contributions, is \$6.8 million at the 1995 price level.

### Summary of Expected Costs

Table 1 presents a summary of the expected annual costs, in five year increments, for the 35-year planning horizon considered in this study. All costs are presented in 1995 dollars.

Table 2 presents a summary of the expected costs for various items. Certain items included in Table 2 are based on expenditures to take place in the period 1996 to 2000, and are at 1995 price levels. In addition, Table 2 presents the annual costs on a levelized basis for two separate replacement funds, and the annual risk costs at 1995 price levels.

Table 1

**PROJECTED COSTS**  
(IN US DOLLARS, AT 1985 PRICE LEVELS, FOR FIVE-YEAR PERIODS INDICATED)

Item	Year						
	1986-2000	2001-05	2006-10	2011-15	2016-20	2021-25	2026-30
<b>SWAN LAKE</b>							
Remedial Work for Items of Deficient Design	-	-	-	-	-	-	-
Remedial Work for Items of Deferred Maintenance	20,000	-	-	-	-	-	-
Other Project Improvements	2,047,000	-	-	-	-	-	-
Replacements due to Normal Wear and Tear	-	284,400	2,143,800	2,846,400	2,878,800	4,805,128	308,800
Allowances For Replacements After 2030	358,308	573,252	408,845	644,886	716,826	880,463	1,201,170
Normal Operation and Maintenance Costs	8,643,730	8,643,730	8,643,730	8,643,730	8,643,730	8,643,730	8,643,730
Risk Costs	787,846	787,846	787,846	787,846	787,846	787,846	787,846
<b>TOTAL - SWAN LAKE</b>	<b>8,887,804</b>	<b>8,099,027</b>	<b>8,883,620</b>	<b>10,832,870</b>	<b>10,734,801</b>	<b>13,338,968</b>	<b>9,129,143</b>
<b>SOLOMON GULCH</b>							
Remedial Work for Items of Deficient Design	-	-	-	-	-	-	-
Remedial Work for Items of Deferred Maintenance	-	-	-	-	-	-	-
Other Project Improvements	2,047,700	-	-	-	-	-	-
Replacements due to Normal Wear and Tear	87,800	206,000	2,481,000	3,159,000	4,371,850	13,075,000	87,800
Allowances For Replacements After 2030	619,087	500,047	888,205	821,849	1,170,715	1,824,810	2,107,808
Normal Operation and Maintenance Costs	8,815,730	8,815,030	8,815,030	8,815,030	8,815,030	8,815,030	8,815,030
Risk Costs	1,457,320	1,457,320	1,457,320	1,457,320	1,457,320	1,457,320	1,457,320
<b>TOTAL - SOLOMON GULCH</b>	<b>10,907,137</b>	<b>8,977,437</b>	<b>11,442,566</b>	<b>12,353,196</b>	<b>13,816,016</b>	<b>23,172,180</b>	<b>10,467,198</b>
<b>TERROR LAKE</b>							
Remedial Work for Items of Deficient Design	-	-	-	-	-	-	-
Remedial Work for Items of Deferred Maintenance	-	-	-	-	-	-	-
Other Project Improvements	9,207,000	-	-	-	-	-	-
Replacements due to Normal Wear and Tear	783,000	885,000	3,253,000	9,702,438	2,471,000	1,814,000	1,185,000
Allowances For Replacements After 2030	245,858	245,858	287,068	622,586	1,045,822	1,383,630	1,708,867
Normal Operation and Maintenance Costs	11,911,380	11,911,380	11,911,380	11,911,380	11,911,380	11,911,380	11,911,380
Risk Costs	1,748,540	1,748,540	1,748,540	1,748,540	1,748,540	1,748,540	1,748,540
<b>TOTAL - TERROR LAKE</b>	<b>18,894,879</b>	<b>14,868,879</b>	<b>17,207,978</b>	<b>20,982,914</b>	<b>17,214,842</b>	<b>18,935,450</b>	<b>18,558,577</b>
<b>TYEE LAKE</b>							
Remedial Work for Items of Deficient Design	17,000,000	-	-	-	-	-	-
Remedial Work for Items of Deferred Maintenance	585,000	-	-	-	-	-	-
Other Project Improvements	1,885,500	-	-	-	-	-	-
Replacements due to Normal Wear and Tear	880,000	820,000	2,839,000	4,840,000	20,574,344	7,838,408	807,500
Allowances For Replacements After 2030	408,580	408,582	508,318	780,337	1,536,548	2,785,828	3,183,308
Normal Operation and Maintenance Costs	8,780,110	8,780,110	8,780,110	8,780,110	8,780,110	8,780,110	8,780,110
Risk Costs	1,563,440	1,563,440	1,563,440	1,563,440	1,563,440	1,563,440	1,563,440
<b>TOTAL - TYEE LAKE</b>	<b>30,863,137</b>	<b>11,647,637</b>	<b>13,889,961</b>	<b>16,052,362</b>	<b>32,431,837</b>	<b>20,144,379</b>	<b>14,312,853</b>
<b>ALL FOUR PROJECTS</b>							
Remedial Work for Items of Deficient Design	17,000,000	-	-	-	-	-	-
Remedial Work for Items of Deferred Maintenance	585,000	-	-	-	-	-	-
Other Project Improvements	11,007,200	-	-	-	-	-	-
Replacements due to Normal Wear and Tear	1,732,000	2,384,400	10,716,800	17,647,838	29,893,894	27,896,638	2,448,100
Allowances For Replacements After 2030	1,510,848	1,524,880	1,903,222	2,879,835	4,908,110	8,914,720	8,287,941
Normal Operation and Maintenance Costs	34,130,250	34,130,250	34,130,250	34,130,250	34,130,250	34,130,250	34,130,250
Risk Costs	5,563,440	5,563,440	5,563,440	5,563,440	5,563,440	5,563,440	5,563,440
<b>TOTAL - ALL FOUR PROJECTS</b>	<b>71,548,838</b>	<b>43,617,840</b>	<b>52,313,917</b>	<b>60,221,163</b>	<b>74,188,884</b>	<b>74,188,884</b>	<b>60,447,731</b>

Table 2

**SUMMARY OF EXPECTED COSTS  
(IN US DOLLARS, AT 1995 PRICE LEVELS)**

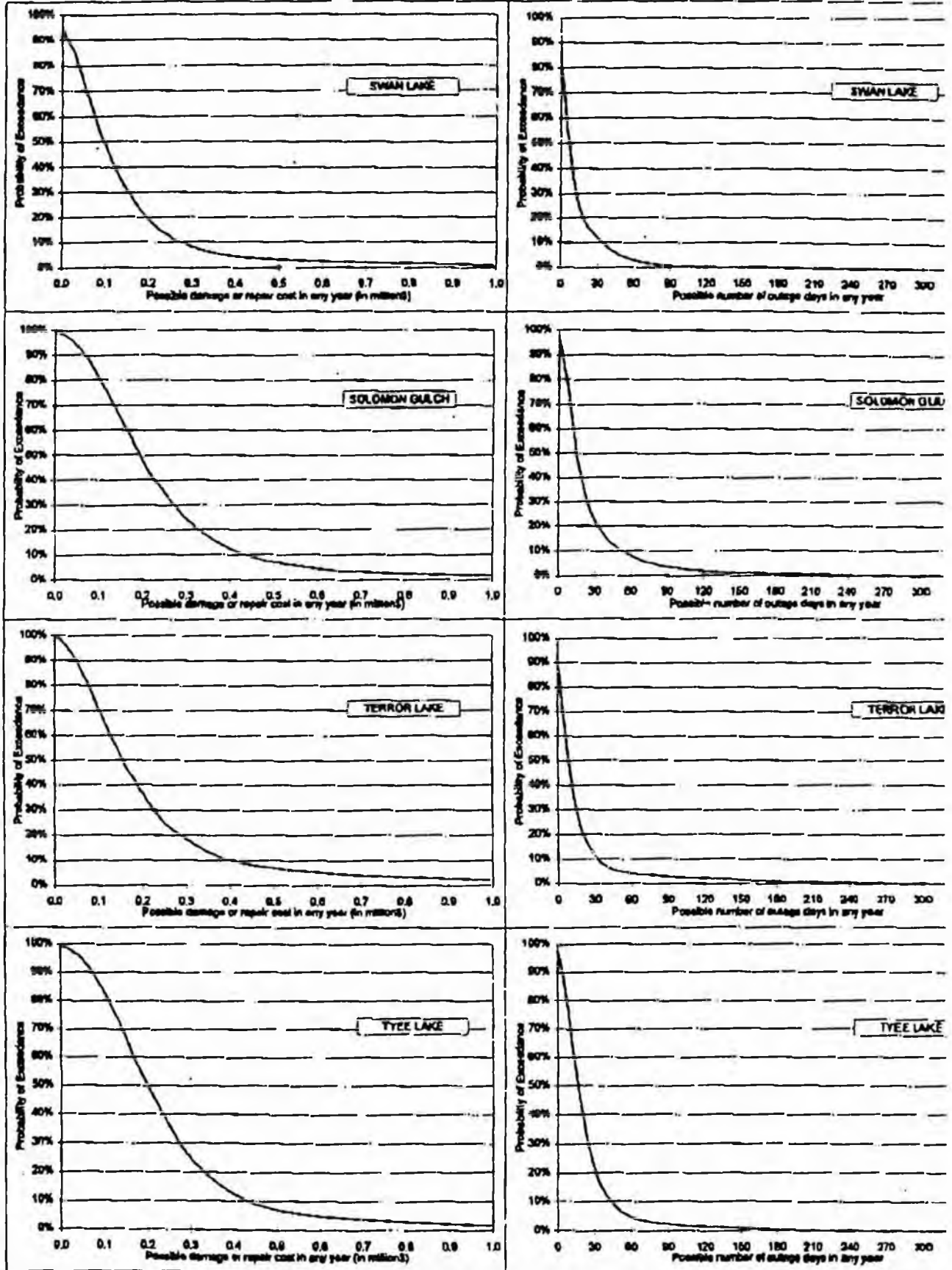
Item	Project				Total Per Item
	Swan Lake	Soloman Gulch	Terror Lake	Tyeo Lake	
<b>Period 1996-2000 (Total Cost)</b>					
Remedial Work for Items of Deficient Design (1)	-	-	-	17,000,000	17,000,000
Remedial Work for Items of Deferred Maintenance (1)	20,000	-	-	565,000	585,000
Other Project Improvements (1)	<u>2,087,000</u>	<u>2,047,700</u>	<u>5,207,000</u>	<u>1,685,500</u>	<u>11,007,200</u>
Subtotal	2,087,000	2,047,700	5,207,000	18,250,500	28,592,200
<b>Period 1996-2030 (Annual Cost)</b>					
Replacements due to Normal Wear and Tear (2)	400,687	665,113	606,114	1,175,440	2,847,354
Allowances For Replacements After 2030 (2)	<u>144,524</u>	<u>233,408</u>	<u>156,839</u>	<u>263,024</u>	<u>797,897</u>
Subtotal	545,192	898,522	763,053	1,438,464	3,645,231
<b>Period 1996-2030 (Annual Cost, not escalated)</b>					
Risk Costs (3)	159,529	291,464	340,308	312,387	1,112,688

- (1) Based on several expenditures to take place in the period 1996-2000, at 1995 price levels
- (2) Annual levelized cost (actual cost remains constant throughout the entire 35-year planning horizon)
- (3) Annual cost at a 1995 price level

Figure 1 - Range of Expected Annual Costs and Outage Days

Range of Expected Annual Costs

Range of Expected Number of Outage Day



**PMC RESOLUTION TO RESUME DIVESTITURE NEGOTIATIONS WITH AEA**

**RESOLUTION 99-51**

**WHEREAS**, the State of Alaska, through the Alaska Energy Authority (AEA) is the owner of four hydroelectric facilities commonly known as the Four Dam Pool (Lake Tyee, Swan Lake, Solomon Gulch and Terror Lake); and

**WHEREAS**, in 1985 the AEA and Kodiak Electric Association, Copper Valley Electric Association, and the municipal utilities in Wrangell, Petersburg and Ketchikan ("Purchasing Utilities") entered into the Long-Term Power Sales Agreement (PSA) providing for the sale of energy from the projects to the Purchasing Utilities; and

**WHEREAS**, the PSA identifies each of the projects as a "Dedicated Facility" for the respective utility or utilities taking delivery of energy from such project; and

**WHEREAS**, each of the projects is the principle source of electricity for each of the Purchasing Utilities and has a substantial impact on the economic welfare of each community; and

**WHEREAS**, the Purchasing Utilities and AEA have devoted substantial resources to the negotiation of transfer of project ownership from AEA to the Purchasing Utilities; and

**WHEREAS**, to assist in developing ownership transfer terms, the Purchasing Utilities and AEA jointly funded a detailed study of project conditions and risks; and

**WHEREAS**, in July 1997, the Purchasing Utilities presented to AEA a proposal for the purchase of the facilities; and

**WHEREAS**, AEA ended transfer negotiations in December 1997 and no negotiations have occurred since that time; and

**WHEREAS**, the Purchasing Utilities have been and remain willing to resume good faith negotiations of an ownership transfer;

**NOW, THEREFORE BE IT RESOLVED:**

The Purchasing Utilities of the Four Dam Pool desire to resume negotiations with AEA for the transfer of ownership of the Four Dam Pool projects to the Purchasing Utilities.

DATED this 5<sup>th</sup> day of APRIL, 1999.

PROJECT MANAGEMENT COMMITTEE

By: *[Signature]*

Chairman

Approved at the PMC meeting held March 31, 1999.

## FINANCIAL STATUS SWAN-TYEE TRANSMISSION LINE INTERTIE

Engineer's Estimate:	\$74,000,000 (1)
State of Alaska FY 1994 grant	- \$ 4,664,262
State of Alaska FY 1995 grant	- \$ 4,000,000
State of Alaska FY 1996 grant	- \$ 2,560,000
US Department of Energy grant	- \$ 9,900,000
State of Alaska FY 2000 grant	- <u>\$ 4,443,587</u> (2)
Remaining Cost:	\$48,432,151

### Proposed Funding for Remaining Costs:

Federal grant	\$20,000,000
State funding (Four Dam Pool)	\$28,432,151

**Notes:**

(1) Raytheon January 1998 estimate for total project including permitting, engineering, construction, owner's costs and 15% contingency. Assumes domestic timber sale credit. Escalated from 1997\$ to 1998\$ at 3%.

(2) Legislation Introduced, not yet appropriated.

K4867

0110

CC: KA

## PROJECT STATUS

### SWAN-TYEE TRANSMISSION LINE INTERTIE

#### DESCRIPTION:

Until recently, Ketchikan has mitigated its high cost of living through hydroelectric power. In recent years, normal growth has caused a shortage of hydroelectricity forcing our reliance on expensive diesel generation. Increased diesel dependence combined with the recent closure of our largest single employer, the Ketchikan Pulp Mill, handicaps our ability to attract replacement industry. But only 60 miles to the north, two-thirds of the hydroelectric potential at the Lake Tyee project is wasted. The Swan-Tyee Intertie would allow Ketchikan to purchase surplus energy and cease its dependence on diesel until beyond the year 2015. In addition, this project will create a Southeast Alaska grid improving the reliability of electrical power throughout the communities of Ketchikan, Wrangell and Petersburg.

#### HISTORY:

- 1980 Tyee-Swan-Ketchikan transmission line proposed as alternative to Swan Lake project.
- 1984 Swan Lake hydroelectric project commissioned.
- 1987 Swan-Tyee Intertie identified as promising in SE Alaska Transmission Intertie Study.
- 1991 Swan-Tyee preliminary market and financial assessment performed by AEA.
- 1992 Swan-Tyee feasibility study performed by AEA.
- 1993 State of Alaska legislature approves combination of grants, loans and bonding.
- 1994 KPU begins engineering and permitting.
- 1997 Federal government appropriates \$10 million grant.
- 1997 Engineering complete, Final EIS Record of Decision signed and upheld after appeal.
- 1998 Ketchikan completes \$12 million bond funded diesel project - required back up to Intertie.

#### SUPPORT:

The Swan-Tyee Intertie has enjoyed popular support consistently throughout its history and throughout the region. A variety of local organizations including the City, Borough, Chamber of Commerce, School District and others have approved this project as a regional priority in our annual legislative requests since the late 1980's. In addition to Ketchikan, sale of energy from Tyee benefits the Four Dam Pool communities of Kodiak, Copper Valley, Petersburg and Wrangell. Finally, Southeast Conference and the Mayors throughout Southeast Alaska have expressed unified support for this intertie as the first leg in a Southeast Alaska electrical grid.

#### BUDGET:

Project cost is \$74 million assuming credit from a domestic timber sale. \$25.6 million has been grant funded to date of which KPU has encumbered \$8.7 million for engineering and preparation of the EIS to position the project for construction. KPU is proposing the 40% Four Dam Pool allocation be used for bond funding which would meet most of the remaining shortfall.

#### STATUS:

Final design of this project is complete. The Final EIS is complete. Construction permit applications have been filed. In summary, this project is ready for construction.

## KETCHIKAN ELECTRICAL DEMAND

Following the closure of the Ketchikan Pulp Mill, the City of Ketchikan contracted with the University of Alaska's Institute of Social and Economic Research (ISER) to conduct an Electric Load Growth Study. This study predicted a few years of decreased demand followed by a return to normal but conservative growth.

In spite of this prediction, actual demand is at a record high with the 1998 generation exceeding the ISER high forecast for the year 2002.

Electrical Generation (million's kWh)			
Year	ISER Base Forecast	ISER High Forecast	Actual
1995	-	-	160
1996	-	-	160
1997	146	146	150
1998	146	148	164
1999	146	149	*
2000	147	153	-
2001	149	158	-
2002	152	163	-

\* While it is too early to predict total 1999 generation, the first quarter 1999 is at a record high.

**HCR**

**22**

**HFIN**

**FILE**

(11)

HOUSE COMMITTEE REPORT

Date Referred to Committee: March 27, 2000

FURTHER REFERRALS:

Date of Committee Action: 4/7/00

The FINANCE Committee considered:

HCR 22

HOUSE CONCURRENT RESOLUTION NO. 22

JOINT COMMITTEE ON STATE FINANCES

Establishing the Joint Special Committee on Ways and Means as a joint committee of the legislature.

recommends it be replaced with the following committee substitute CS HCR 22 (FIN) [ ] the same title [ ] a new title

[ ] additional referral to Committee [ ] attached amendment(s)

ADOPTS: Letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept) APPROVES PREVIOUS: (Dept/Date)

[ ] fiscal note(s) [ ] fiscal note(s)

[x] zero fiscal note(s) LFA [ ] zero fiscal note(s)

Table with columns: SIGNING WITH RECOMMENDATIONS, DP, DNP, NR, AM. Rows include names like Therriault, Mulder, Bunde, Austermark, Grussendorf, DAVIS, Phillips, Williams, and Foster.

CHAIR'S SIGNATURE

Handwritten signatures of the chair and another member.

# FISCAL NOTE

STATE OF ALASKA  
2000 LEGISLATIVE SESSION

NO. \_\_\_\_\_  
BILL VERSION: HCR 22  
PUBLISH DATE: \_\_\_\_\_

Revision Date: \_\_\_\_\_  
Title: "Establishing the Joint Special  
Committee on Ways and Means as a joint..."  
Sponsor: House Rules Committee  
Requestor: House Finance Committee

Department Affected: Legislative Affairs Agency  
BRU: Legislative Operating Budget  
Component: Legislative Operating Budget

COMPONENT SERIAL NO:

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06
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
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE FUND SOURCE	0	0	0	0	0	0
---------------------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER FUND SOURCE						
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

POSITIONS:

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

Estimate of current year impact: \_\_\_\_\_

ANALYSIS: (Attach a separate page if necessary)

Expenses for the Joint Special Committee on Ways and Means will be absorbed within the Legislative Operating budget.

Prepared By: Karla Schofield, Deputy Director  
Division: Administrative Services

Phone: 465-3852  
Date: 3/27/00

Approved By: Pamela A. Varni, Executive Director  
Agency: Legislative Affairs Agency

Date: 3/27/00

Distribution (by preparer): Leg. Finance, Legislative Sponsor, Requestor, OMB, Gov. , & Impacted Agency(ies).



# ALASKA STATE LEGISLATURE

SPEAKER OF THE HOUSE BRIAN PORTER

## SPONSOR STATEMENT COMMITTEE SUBSTITUTE FOR HOUSE CONCURRENT RESOLUTION 22 ( ) *1-LS1515K*

One of the steps in adopting a sound fiscal plan is to ensure that an adequate amount of information is available to legislators and the public. Existing revenues and new revenue sources have to be considered when developing a plan. One of the methods to accumulate, evaluate and disseminate revenue information is to give direction to a committee to specifically focus on state revenue issues. This can be accomplished through the Legislative Budget and Audit Committee.

Results-based budgeting to evaluate the value of state dollars being spent is one of the tools that assist the legislature in making informed budget decisions. Identifying and implementing sources of state revenue to support an appropriate level of state government is another tool the legislature will need to use for future budget decisions. Directing Legislative Budget and Audit to examine revenue policies will help provide a comprehensive picture toward the long-range goals that meet the needs of the people of Alaska now and well into the future.

As stated in the resolution, LB&A will focus on current and potential revenues and their economic effect. Some of the policy issues that should be studied are:

- investment goals and standards for the state's financial assets and current management policies;
- the return on investment from all of the state's financial assets;
- analysis of potential revenue-generating options and an estimate of specific revenues that would be generated to include the effect of implementing these options; and
- analysis of the results of continued reliance of deficit spending.

HCR 22 resolves that the Legislative Budget and Audit Committee provide its findings and recommendations in a report to the legislature by January 5, 2001.



# ALASKA STATE LEGISLATURE

SPEAKER OF THE HOUSE BRIAN PORTER

## SPONSOR STATEMENT HOUSE CONCURRENT RESOLUTION 22

One of the steps in adopting a sound fiscal plan is to ensure that an adequate amount of information is available to legislators and the public. Existing revenues and new revenue sources have to be considered when developing a plan. One of the methods to accumulate, evaluate and disseminate revenue information is to establish a committee that will specifically focus on state revenue issues. This can be accomplished through the establishment of a Joint Special Committee on Ways and Means.

As stated in the resolution, this special committee will focus on current and potential revenues and their economic effect. Some of the policy issues that should be studied are:

- investment goals and standards for the state's financial assets and current management policies;
- the return on investment from all of the state's financial assets;
- analysis of potential revenue-generating options and the effect of implementing these options; and
- policies regarding distribution of state revenue.

The committee is to be comprised of four members of each legislative body. The presiding officers of each body will determine the co-chairs. The committee will meet during this interim and will provide its findings and recommendations in a report to the legislature by January 5, 2001.

Results-based budgeting to evaluate the value of state dollars being spent is one of the tools that assist the legislature in making informed budget decisions. Identifying and implementing sources of state revenue to support an appropriate level of state government is another tool the legislature will need to use for future budget decisions. The establishment of a Joint Special Committee on Ways and Means to examine revenue policies will help provide a comprehensive picture toward the long-range goals that meet the needs of the people of Alaska now and well into the future.

**HCR**

**22**

**SFIN**

**FILE**

# SENATE FINANCE COMMITTEE REPORT

DATE: 4/11/00

REPORTED OUT OF  
SFC 4/18/00

FURTHER:

DATE TURNED  
IN TO OFFICE: 18 April 00

Finance Committee considered CS FOR HOUSE CONCURRENT RESOLUTION NO. 22(FIN)

Directing the Legislative Budget and Audit Committee to study fiscal and other public policy issues relating to state revenue.

and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to the \_\_\_\_\_ Committee

- Senate Bill:**
- same title
  - new title
- House Bill:**
- same title
  - technical title
  - new: SCR# \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Gary Heller</i>	✓	<i>1000 &amp; 1001</i>		✓	
		<i>John Miller</i>	✓		
		<i>Neil Kelly</i>		✓	
		<i>Ge. Celano</i>	x		
		<i>Steven D. Leman</i>	✓		
		<i>De. [Signature]</i>	✓		
Co-Chair: <i>[Signature]</i>	✓	Co-Chair:			
Co-Chair:		Co-Chair:			

**NEW FISCAL NOTE(S):**

Department                      Date      Zero      Fiscal


**PREVIOUS FISCAL NOTE(S):\***

Department                      Date      Zero      Fiscal

LAA	3/27/00	✓	

APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill

# FISCAL NOT

No: 1

STATE OF ALASKA  
2000 LEGISLATIVE SESSION

**REPORTED OUT OF**  
**SFC 4/18/00**

Bill Version: CSHCR 22 (FIN)

(H) Publish Date: 4/8/00

Revision Date: \_\_\_\_\_  
Title: "Establishing the Joint Special  
Committee on Ways and Means as a joint..."  
Sponsor: House Rules Committee  
Requestor: House Finance Committee

Department Affected: Legislative Affairs Agency  
BRU: Legislative Operating Budget  
Component: Legislative Operating Budget

COMPONENT SERIAL NO:

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06
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
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE FUND SOURCE	0	0	0	0	0	0
---------------------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER FUND SOURCE						
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

POSITIONS:

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

Estimate of current year impact: \_\_\_\_\_

ANALYSIS: (Attach a separate page if necessary)

Expenses for the Joint Special Committee on Ways and Means will be absorbed within the Legislative Operating budget.

Prepared By: Karla Schofield, Deputy Director  
Division: Administrative Services

*Karla Schofield*

Phone: 465-3852

Date: 3/27/00

Approved By: Pamela A. Varni, Executive Director  
Agency: Legislative Affairs Agency

*Pamela A. Varni*

Date: 3/27/00

Distribution (by preparer): Leg. Finance, Legislative Sponsor, Requestor, OMB, Gov. , & Impacted Agency(ies).

**COMMITTEE COPY**

Page 1 of 1

Leman COMMITTEE  
2000 COMMITTEE ACTION

Bill Number	HCR 22		
Amendment			
Motion	move from Committee		
<u>Motion by</u>	K		
<u>Objection by</u>	Ph		
Removed			
<b>Second Objection by</b>			
<u>Committee Member</u>	Y	<u>Vote</u>	N
Senator Loren Leman	✓		
Senator Al Adams	✓		
Senator Gary Wilken	✓		
Senator Pete Kelly	✓		
Senator Lyda Green	✓		
Senator Randy Phillips			✓
Senator Dave Donley	✓		
Co-Chair Sean Parnell		—	
Co-Chair John Torgerson	✓		
<b><u>Tally</u></b>			
Yea	7		
Nay	1		
Absent			
<b><u>MOTION</u> Pass</b>			



# ALASKA STATE LEGISLATURE

SPEAKER OF THE HOUSE BRIAN PORTER

## SPONSOR STATEMENT COMMITTEE SUBSTITUTE FOR HOUSE CONCURRENT RESOLUTION 22 (FIN)

One of the steps in adopting a sound fiscal plan is to ensure that an adequate amount of information is available to legislators and the public. Existing revenues and new revenue sources have to be considered when developing a plan. One of the methods to accumulate, evaluate and disseminate revenue information is to give direction to a committee to specifically focus on state revenue issues. This can be accomplished through the Legislative Budget and Audit Committee.

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- the return on investment from all of the state's financial assets;
- analysis of potential revenue-generating options and an estimate of specific revenues that would be generated to include the effect of implementing these options; and
- analysis of the results of continued reliance of deficit spending.

HCR 22 resolves that the Legislative Budget and Audit Committee provide its findings and recommendations in a report to the legislature by January 5, 2001.



# Teleconference Participants

TCN: 10803

## Participant Lists

View List for

ALL Testifiers Go >>>

Close Window

## Participants

Unidentified Testifiers: 0

Unidentified Observers: 0

### ANCHORAGE (ANC)

1	Name:Mr. Richard Thomas Ans ?s	Phone:
	Address:	Affiliation: Natl Guard
	City /St /Zip:	Type: Testifier
	Bill: HB 331: AK NATL GUARD/NAVAL MILITIA/DEFENSE FORCE	

2	Name:Ms. Cheryl Frasca Ans ?s	Phone:
	Address:	Affiliation:
	City /St /Zip:	Type: Testifier
	Bill: HCR 22: LB&A STUDY OF FISCAL & REVENUE POLICIES	

### MATSU (MAT)

1	Name:Gen Thomas Weststall	Phone:
	Address:	Affiliation:
	City /St /Zip:	Type: Testifier
	Bill: HB 331: AK NATL GUARD/NAVAL MILITIA/DEFENSE FORCE	



# Teleconference Update Summary

TCN: 10804

- Participants
- Announcements
- Notes
- Billing Information
- Final Statistics
- Summary
- Main Menu
- Search

## Summary Data

TC Date: April 18, 2000	Moderator:
Time: 6:00 PM TO 8:00 PM	Toll Free Number: 800 368 8772
Status: In-Progress	Dial-up Number:
Sponsor: SFIN: FINANCE	Personal Number: 907 258 8772
Chairs: Pameli	Testimony Allowed: Yes
Torgerson	Time Limit: 5 minutes
Purpose: PUB	Backup Material: No
Contact: Darwin 4652138	Meeting ID: 73462
Public Remarks:	
Internal Comments: Other sites may add	

## Agenda

Bill Number	Bill Subject
HB 58	OIL & GAS AUDITS
HB 116	BOARD OF AGRICULTURE AND CONSERVATION
HB 339	CFAB LOANS FOR TOURISM & NAT RESOURCES
HB 317	STATE EMPLOYEE HIRE AND PROMOTION

## LIO Sites

Chair	Name	Room
<i>on line</i>	ANCHORAGE	
<i>on line</i>	FAIRBANKS	<i>1 person observing only</i>
<i>x</i>	JUNEAU	CAP532
<i>on line</i>	MATSU	<i>- 1 person HB116 - <del>observing</del> observing</i>

## VTS Sites

Chair	Code	Name	Location	LIO
<i>on line</i>	GAK	GAKONA	JUNCTION VILLAGE -	GLN HB339

## Off-net Sites

Chair	Code	Name	Location	Phone
<i>online</i>	OF1	Elizabeth Hickerson	<i>on line</i>	907 269-5208 <i>HB116</i>
	OF2	Susan Springer		907 234-7410
<i>online</i>	OF3	Cheryl Frasca	<i>- listening</i>	<i>Anc available for questions - HCR 22</i>

## Participants

Name	Type	Bill
------	------	------

*yes*

HCR 22

Cheryl Frasca

on line for questions  
only

**HJR**

**2**

**HFIN**

**FILE**

# HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: January 26, 2000

FURTHER REFERRALS:

Date of Committee Action: 3/23/00

The FINANCE Committee considered:

HJR 2

HOUSE JOINT RESOLUTION NO. 2

BIENNIAL STATE BUDGET

Proposing amendments to the Constitution of the State of Alaska relating to a biennial state budget, to the appropriation limit, and to appropriations from the budget reserve fund.

recommends it be replaced with the following committee substitute CS HJR 2 (JUD)  the same title  a new title

additional referral to \_\_\_\_\_ Committee  
 attached amendment(s)

ADOPTS: \_\_\_\_\_ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) \_\_\_\_\_  
 fiscal note(s) \_\_\_\_\_

APPROVES PREVIOUS: (Dept/Date) \_\_\_\_\_  
 fiscal note(s) of of Lt gov 1/26/00

zero fiscal note(s) \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Gene Therriault</i>	Therriault			X	
<i>Elden Mulder</i>	Mulder	X			
<i>Paul Bunde</i>	Bunde			✓	
<i>James Gnessardot</i>	Gnessardot		X		
<i>J. Davis</i>	J. Davis		X		
<i>Moses</i>	Moses			✓	
<i>a. Davis</i>	a. Davis			✓	
<i>Phillips</i>	Phillips	✓			
<i>Foster</i>	Foster	X			
<i>Williams</i>	Williams	X			

CHAIR'S SIGNATURE *Gene Therriault* *Elden Mulder*  
 Therriault Mulder

# FISCAL NOTE

No: 1

Bill Version: CSHJR 2 (JUD)

(H) Publish Date: 1/26/00

**STATE OF ALASKA  
2000 LEGISLATIVE SESSION**

Revision Date/Time (Note if correction) _____	Dept. Affected <u>Office of the Governor</u>
Title <u>Constitutional Amendment: Relating to a</u>	BRU <u>Elective Operations</u>
<u>biennial state budget</u>	Component <u>Elections</u>
Sponsor <u>Representative Phillips</u>	
Requester <u>House Judiciary Committee</u>	Component No. <u>21</u>

**Expenditures/Revenues (Thousands of Dollars)**

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services						
Travel						
Contractual	1.5					
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>1.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ( )						
------------------------	--	--	--	--	--	--

**FUND SOURCE (Thousands of Dollars)**

FUND SOURCE	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
1002 Federal Receipts						
1003 GF Match						
1004 GF	1.5					
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>1.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2000) cost: 0.0

**POSITIONS**

POSITIONS	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Full-time						
Part-time						
Temporary						

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

This figure includes the cost of providing information about this issue in the Official Election Pamphlet, as required by AS 15.58. However, only six measures can be printed on an 8-1/2 by 14 inch ballot. If this measure requires printing an 8-1/2 by 18 inch ballot, the cost will increase by \$22.0.

Prepared by: <u>Gail Fenumai</u> <i>Gail Fenumai</i>	Phone <u>465-3935</u>
Division <u>Division of Elections</u>	Date/Time <u>1/13/00 3:20 PM</u>
Approved by: <u>Lt. Governor Fran Ulmer</u> <i>Fran Ulmer</i>	Date <u>01/13/2000</u>
Agency <u>Office of the Lieutenant Governor</u>	

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# ALASKA STATE LEGISLATURE

## LEGISLATIVE BUDGET AND AUDIT COMMITTEE



### Division of Legislative Finance

P.O. Box 113200  
Juneau, AK 99811-3200  
(907) 465-3795  
FAX (907) 465-1327

### MEMORANDUM

**DATE:** January 25, 2000

**TO:** Representative Gail Phillips

**FROM:** <sup>VSB</sup> Ginger Blaisdell and <sup>Tr</sup> Traci Carpenter  
Fiscal Analysts

**SUBJ:** Biennial Budgeting Request

You requested that Legislative Finance conduct a financial analysis to determine cost savings associated with HJR 2, the biennial budgeting resolution. Our office contacted the Office of Management and Budget (OMB) and requested that they also provide a cost savings analysis based on a biennial budget cycle. OMB should provide their analysis to our office on or before January 31, 2000.

Legislative Finance is conducting two kinds of analysis; quantitative (numbers of positions and costs associated with time involved with budget preparation and presentation) and qualitative (researching other states' successes and failures with biennial budgeting). The quantitative analysis is nearly complete, however, we would prefer to release our estimates after receiving the same information from OMB to insure that our assumptions are substantiated with the outcome of their analysis.

I encourage you to read the opinion sections of the other states' fiscal analyst conversations (tab 3) for a complete perspective. In summarizing the qualitative analysis, four key factors are apparent between each of the five states selected:

1. No fiscal note was introduced with legislation that showed either a cost savings or increase by changing systems from annual to biennial budgeting. None of the fiscal analysts interviewed believed that savings would be achieved because the focus of much of their work changed from technical budget preparation to cost benefit analysis and performance reviews. Similarly, no real savings in the executive branch would be realized as staff would be freed to focus on quality program delivery and performance analysis.
2. One benefit recognized by four of the five states interviewed, was that the "off" budget year seemed to be much less frenzied than a full budget year. Uncompensated overtime was reduced and the general analysis work seemed to be of a higher quality. The "off" budget year also provided time for legislative training and more focus on issues rather than budget.

3. In each of the states that have an annual legislature, the "off" budget year is a shorter session. Cost savings can be assumed due to the reduced length of time paying temporary legislative employees and reduced legislative per diem.
4. Each state was very positive about keeping a biennial budget cycle, with no recent (10 years) legislation introduced to change those states to an annual budget cycle. When speaking with staff at the National Council on State Legislatures (NCSL), no states within the past 10-20 years have gone from a biennial to an annual budget cycle. Historically, states began with a biennial budget cycle (due to the citizen farmer legislature) and in the 1950's and 60's many turned to an annual budget. The trend toward annual budgeting was initiated because of the growing complexity of state budgets and the desire for legislatures to gain more control over state spending.

The state of Arizona is the most recent state to change to a biennial budgeting cycle. Arizona completed this task with a phased approach with FY00-01 being the first complete state biennial budget. When discussing the advantages and disadvantages with the Arizona fiscal analyst, it became apparent that Alaska's leadership is focusing on similar outcomes as was Arizona's when it moved to a biennial cycle.

The following legislation seems to contain similar elements that are consistent with other states with biennial budgets:

1. HJR 2 introduces biennial budgeting with a spending cap
  - Biennial budgeting would free up legislative and executive branch time in budget preparation and presentation.
  - The fear of losing legislative control over state spending would be reduced if strict criteria were established regarding the submission of the Governor's adjusted (supplemental) request during the "off" budget year.
  - The Legislature could pass two one-year budgets rather than a true biennial budget to keep spending on an annual basis. If a true biennial budget were to be implemented, a paradigm shift in responsible management would be required to ensure the funding would last the full two years.
2. SJR 29 introduces a shortened legislative session
  - A shortened legislative session would be more plausible if the budget preparation were less time consuming thereby creating legislative cost savings.
3. Mission and measures legislation for the past two years and anticipated into the future
  - The focus on performance measures would be heightened during the "off" budget year.
  - The Legislature could identify areas of concern where performance and cost-benefit analysis could be completed for a better understanding of the program and its costs.
4. HB 312/313 and SB 217/218 instituted a greater level of legislative control over state budget considerations by both houses introducing a base budget rather than starting from the Governor's budget request.
  - In the Arizona legislature, strict criteria were established by the legislature as to what kinds of budget requests would be considered in the Governor's adjusted budget. After the non-partisan "Legislative Finance" staff reviewed the transactions, both houses introduced their own version of the Governor's request. The adjusted appropriations bill was introduced the first week of January and is anticipated to pass final reading in both houses by the end of this week. The Governor then must attach any new policy or programs to new legislation as fiscal notes.

Included is a notebook of information gathered from other states on biennial budgeting.

## ARIZONA

Richard Stavnek / Chris Earnest

<b>Budget</b>	<b>Legislature</b>
<b>Biennial</b>	<b>Annual</b>

### INTRODUCTION

The Arizona Legislature meets annually with a budget year session lasting approximately 120 days and an "off" budget year lasting approximately 75 days. Arizona's budget is strongly legislatively driven where the legislature introduces its own appropriations bill – the Governor also introduces an appropriations bill along with detailed agency budget information.

The Arizona Legislature adopts two one-year budgets. When biennial budgeting was introduced, the legislature did not want to adopt a "true" biennial budget because it would appear to give up too much legislative oversight of agency operations. Two one-year budgets maintain legislative control. Arizona transitioned to a biennial budget cycle in three phases. The first phase transitioned the smallest agencies, then larger/less complex agency budgets, and the 00-01 budget incorporated all agencies into the biennial budget cycle.

### LEGISLATIVE FINANCE SUB-COMMITTEE ORGANIZATION

The primary powers and duties of the JLBC (Joint Legislative Budget Committee) relate to ascertaining facts and making recommendations to the Legislature regarding all facets of the state budget, state revenues and expenditures, future fiscal needs, and the organization and functions of state government. The JLBC has taken an active role in making the budget process in the State of Arizona run more efficiently. Through the use of biennial budgeting, strategic planning, performance measures, and Strategic Program Area Reviews, the State of Arizona is increasingly managing for results. Arizona also has a JCCR (Joint Committee on Capital Review) that reviews capital outlay costs to the state. The JCCR is also staffed by the JLBC staff.

### LEGISLATIVE FISCAL NON-PARTISAN STAFF

The JLBC appoints a Director who is responsible for providing staff support and sound technical analysis to the Committee. The JLBC Staff mission is as follows:

To provide the Arizona Legislature with sound research, analysis, forecasts and recommendations on government finances and public policies; and to provide the members with high quality work that is factual and delivered in a timely and professional manner, enabling the members to make informal public policy decisions that are in the best interests of the citizens of Arizona.

In achieving this mission, the objectives and major products of the staff of the JLBC are as follows:

- Analysis and recommendations for the annual state budget, which are presented in January of each year;
- Technical, analytical, and preparatory support in the development of appropriations bills considered by the Legislature;
- Periodic economic and state revenue forecasts;
- Periodic analysis of economic activity, state budget conditions, and the relationship of one to the other;
- Preparation of fiscal notes on the bills considered by the Legislature that have a fiscal impact on the state or any of its political subdivisions;
- An annual Appropriations Report, which is published shortly after the budget is completed and provides detail on the budget along with an explanation of legislative intent;
- Management and fiscal research reports related to state programs and state agency operations;
- Support to the JLBC with respect to recommendations on business items placed on the committee's agenda such as transfers of appropriations pursuant to A.R.S. § 35-173;
- Support to the Joint Committee on Capital Review (JCCR) with respect to all capital outlay issues including land acquisition, new construction, and building renewal projects;
- Support to the Joint Legislative Tax Committee (JLTC) as directed in fulfilling the requirements of A.R.S. § 41-1322(D).

## Summary of Conversation with Oregon's legislative fiscal analyst

### LEGISLATIVE FISCAL OFFICE'S ROLE IN THE BUDGET PROCESS

The JLBC staff review budget proposals, conduct general performance reviews and complete strategic area program reviews (performance audits) as assigned by the JLBC. The strategic area program reviews typically are for programs that may cross agency lines such as "Ports of Entry" that include services provided by the departments of transportation, public safety, and agriculture

The JLBC staff are non-partisan and serve both houses of the legislature. In addition to budget review, staff assist the chairs of sub-committees with committee work such as agenda setting and meeting preparation.

### ARIZONA FISCAL ANALYST'S OPINION ON BIENNIAL BUDGETING

1. There is significantly less drain on JLBC staff and agency resources on the "off" budget year. This was the first year of the "off budget" cycle.
2. Definitely less stress on the Legislature. The legislature allowed the "off-year" budget bill to contain only adjustments for the following areas:
  - Technical corrections
  - Non-General Fund increments
  - Caseload driven changes
3. The Governor's adjusted budget was introduced with 80 new initiatives or policy change driven budget changes. The JLBC staff review the Governor's request and determine which of the recommended changes fit the three criteria described above. Any adjustment that does not fit one of the three criteria is not included in the Legislature's adjusted bill. The Governor then tries to include his/her adjustments to a bill in the form of a fiscal note.
4. The legislature's adjusted bill took only three weeks from introduction to passage because the changes were based on the specified criteria.
5. Performance measures are presented in the "off" year. The Governor's office publishes a book on agency goals and successes.
6. There have been no complaints on the move to a biennial budget.
7. There are difficulties in describing budget growth to the legislature because it assumes two years' growth.
8. No real budget savings because the process was transitioned into being. Staff are less stressed and are able to concentrate on more in-depth analysis.

## CONNECTICUT

Robert Harris

**Budget**                      **Legislature**  
**Biennial**                    **Annual**

### INTRODUCTION

The executive power of the state is vested in the Governor who is elected to serve a four-year term. The ultimate "power of the purse", the authority to spend public funds and tax the public, is vested in the legislative branch of government. In certain selective instances, however, some of this power is delegated by the legislature to the Governor.

The main responsibility of the Governor is to recommend the budget to the legislature and execute the budget passed by the legislature by carrying out the program mandates through the agencies of the executive branch. Prior to the 1971-72 fiscal year, the state operated with both a biennial budget and a biennial legislature. Over the last two decades, the state has been operating with an annual budget, and a legislature which meets annually, with the fiscal year commencing on July 1st and continuing until the following June 30th. Beginning with the 1993-94 fiscal year, the State again operates with a biennial budget and implements numerous reforms instituted by the legislature during the 1991 Session. The following paragraphs more fully discuss the budget cycle, politics of the process and budget reforms in Connecticut.

### LEGISLATIVE FINANCE SUB-COMMITTEE ORGANIZATION

Mr. Harris did not mention an interim sub-committee of the legislature (similar to LB&A) to review emergency appropriation proposals from the executive branch. It appeared that no changes were made to the appropriations bill until the following short session when the Governor can submit adjustments to the enacted appropriation(s).

The legislature appropriates funds to the agencies for the biennium beginning the following July 1 in its odd-numbered-year session, primarily in one bill. In even-numbered years, at least one bill that adjusts expenditures for the ensuing fiscal year must be reported. The bill is required to contain legislative revenue estimates. By law (both constitutional and statutory), the level of appropriation cannot exceed revenue estimates. Bonds are authorized for state facilities through a main bond bill. Two other significant bond bills are passed: one for various continuing statutory programs such as school construction, housing and pollution control grants, and one for transportation purposes. In addition to the Appropriations Act, there may be other individual bills authorizing the expenditure of funds (although these are not usually significant), as well as several bills relating to revenue measures (tax changes as well as various fees and fines).

#### Summary of Conversation with Oregon's legislative fiscal analyst

### LEGISLATIVE FISCAL OFFICE'S ROLE IN THE BUDGET PROCESS

Office of Fiscal Analysis (OFA) is the equivalent to the Legislative Finance Division. The Finance Committee and its sub-committees review the revenue and capital projects portions of the budget. The sub-committees, with the assistance of OFA staff, develop recommendations for presentation to the Committee through its chairpersons. These recommendations are refined and reviewed with leadership. The committees prepare drafts and report final bills for floor action (February-April). OFA prepares a committee budget report containing legislative intent for all changes made by the Appropriations Committee to agency budgets.

The OFA has not been able to spend as much time on performance measures due to the significant changes made in the Governor's adjusted budget. Standard analysis of the budget bill and the adjusted bill has not decreased for the OFA. When/if time allows, performance measures will be conducted by the OFA.

## CONNECTICUT FISCAL ANALYST'S OPINION ON BIENNIAL BUDGETING

1. When Connecticut began its budget reform (1991), the state was operating on a 20% deficit of \$961 million. The state's budget reform bill included an income tax proposal, multi-year budgeting and a spending cap.
2. The budget reform required a two-year budget proposed by the Governor with the option for the Legislature to adopt one or both years. The Governor also was required to provide a three year projection of revenues beyond the biennium. This is very helpful; the out-year projections give a blueprint for future year revenues.
3. Odd years are the budget years with a longer session – January through June.  
Even years are the adjusted budget with a shorter session – February through May.
4. Although the adjusted budget was not supposed to include any new initiatives, the Governor has typically introduced new policy and initiatives.
5. The "off" budget year was supposed to be a focus on performance measures. This hasn't happened because the Governor has such significant changes in his adjusted budget and due to a general lack of desire on the part of the executive branch and the legislative leadership.
6. When the budget reform bill was introduced, only minor savings were recognized and no fiscal note was passed.
7. There seems to be less frenzy in the off year budget preparation on the part of the agencies.
8. The Governor's proposed adjustments can cause lots of discussion because some of the adjustments are significant issues (e.g. Medicaid, school funding, and transportation).
9. The virtues of the biennial budget have not yet been achieved.
10. Alaska may want to include a restriction on the types of adjustments in proposed legislation for the "off" budget year. Alaska may also want to consider a requirement in law for performance reporting.
11. There is minor discussion this year in the Connecticut legislature about "What if we don't adopt any of the Governor's adjustments?"
12. The budget decision process can undergo great strains during an election year when there is a greater perceived need to reduce the burden on the taxpayers (individuals and businesses) and at the same time, meet demands for more services and grants to local governments, and the requests of other special interest groups.

## OREGON

Mike Stinson

**Budget**                      **Legislature**  
**Biennial**                    **Biennial**

### INTRODUCTION

Oregon's legislature meets every odd numbered year (beginning in January and lasting approximately six months with no time limit) with elections being every even numbered year (in November). Oregon also has term limits for an individual not to exceed 12 years between House and Senate.

Legislation has been introduced to change the election year to be the same as the session year. Moving their election to the November following the close of a legislative session would provide nearly one year's time for newly elected legislators to learn about the issues before they were required to act on them. When the session follows the election by approximately two months, new legislators are not as well informed as those who have completed a legislative term. Oregon's appropriation measures are passed as individual department bills rather than one comprehensive "omnibus" bill.

Legislation has been introduced in Oregon for the Legislature to meet annually but not to annualize their budget process.

### LEGISLATIVE FINANCE SUB-COMMITTEE ORGANIZATION

Oregon has an equivalent legislative sub-committee to Alaska's Legislative Budget and Audit Committee. Its role is to oversee a function similar to the Legislative Audit Division. Oregon also has an Emergency Board that is sub-delegated full appropriation powers of the legislature and that meets during the interim. The Oregon Emergency Board meets at regularly scheduled meetings, usually 9 to 12 weeks apart during the length of the interim.

291.326 Powers of the boards concerning expenditures by state agencies. (1) The Emergency Board, during the interim between sessions of the Legislative Assembly, may exercise the following powers:

- (a) Where an emergency exists, to allocate out of any emergency fund that may be appropriated to the Emergency Board for that purpose, additional funds beyond the amount appropriated to the agency by the Legislative Assembly, or funds to carry on an activity required by law for which an appropriation was not made.
- (b) Where an emergency exists, to authorize any state agency to expend, from funds dedicated or continuously appropriated for the uses and purposes of the agency, sums in excess of the amount of the budget of the agency as approved in accordance with law.
- (c) In the case of a new activity coming into existence as such a time as to preclude the possibility of submitting a budget to the Legislative Assembly for approval, to approve, or revise and approve, a budget of the money appropriated for such new activity.
- (d) Where an emergency exists, to revise or amend the budgets of state agencies to the extent of authorizing transfers between expenditure classifications with the budget of an agency.

### LEGISLATIVE FISCAL NON-PARTISAN STAFF

Oregon has a non-partisan legislative fiscal office that has 17 full-time staff; 2 administrative support, 3 fiscal impact staff, and 12 budget analysts.

- The three fiscal impact staff provide financial analysis of proposed legislation during the session and provide staff support to LB&A during the interim by conducting agency review and performance evaluations.
- The twelve budget analysts provide staff support to the Emergency Board and support the three fiscal impact staff on agency reviews and performance evaluations.

## Summary of Conversation with Oregon's legislative fiscal analyst

### LEGISLATIVE FISCAL OFFICE'S ROLE IN THE BUDGET PROCESS

The legislative fiscal office provides budget instructions to the Governor. These instructions include inflation factors to use when developing the budget. A typical timeline might be:

- The budget instructions are provided to the Governor in April
- Agencies develop their budget requests from April until August
- The Governor reviews the budget from September until December 1
- All materials are provided to the Legislature December 1 until January, with start of the session
- Legislative budget review takes the full six months of the session
  - ✓ Agency budget review is by joint committee
  - ✓ One bill is processed but each house passes its separate version
  - ✓ Conference committee resolves differences between versions
- Appropriation bill passes in June for start of the state fiscal year July 1
- Agencies have 7-8 months to implement the current budget before they begin the next cycle's budget process again in April

The legislative fiscal office staffs the finance sub-committees, therefore creating continuity to experienced budget staff rather than the high turnover of personal legislative aides. Sub-committee chairs have less personal staff but the caucus staff have grown to be able to provide the political view on the non-partisan information provided to legislators.

### OREGON FISCAL ANALYST'S OPINION ON BIENNIAL BUDGETING

1. Generally, a biennial cycle tends to give one a longer planning and budgeting viewpoint. Most agencies and legislators have to create a long-range plan in order to adequately prepare a short-term budget.
2. A biennial budget tends to be slightly more conservative if the budget is limited to the revenue forecast. In the event the revenues drop lower than the forecast, a special session is called to deal with the shortfall. If revenues increase, the budgets are "locked-in" and savings can be realized.
3. A biennial budget is not immediately responsive to changes in program changes. Significant changes that have supported this comment include:
  - Employee salaries where 2 to 4 increases can be staggered through the biennium. On the other hand, if no employee salary increases are approved, salaries are "frozen" for a two-year period. Estimating salaries two years out can artificially inflate costs – no one wants to admit that a long term employee may leave and be replaced with a lower salaried employee, therefore the cost estimate is inflated.
  - New facility openings during the middle of a biennium. No immediate oversight is involved at the opening and staffing of a newly constructed facility.
4. Significant modifications to the budget can occur during the interim.
5. Larger growth is portrayed when comparing budgets from one biennium to the next. That growth may not be in relation to standard inflation and may be hard to relate to legislators and citizens.
6. Because it is developed on a 2-year cycle, a biennial budget is fairly constant.
  - Agency budgets are developed over an 18 month period.
  - The Governor has more time to review the agency requests.
  - Complete budget information is provided one month prior to the start of the legislative session.
7. More staff who are dedicated to budget preparation are required for an annual budget cycle. In a biennial cycle, the project managers prepare their budgets as well as administer the program.
8. Oregon's long interim can be a "lame duck" interim because many members of the legislature are on their way out and do not dedicate the time during the interim for training and studying issues.
9. There can be jealousy between legislators because the Emergency Board has significant authority to allocate and adjust funds during the interim.

## TEXAS

John Barton

**Budget**                      **Legislature**  
**Biennial**                      **Biennial**

### INTRODUCTION

The Texas legislature meets once every two years for 140 days. The legislature traditionally adopts a two-year state budget, usually written during the regular session but has spilled over into special sessions. The two-year budget may be revised subsequently through budget execution authority or in a special session called by the Governor for that purpose. The Texas Legislature has adopted one-year budgets, however the Governor at that time vetoed the one-year budget and called a special session for the Legislature to adopt a two-year budget. In another instance, the Legislature adopted a two-year budget and the Governor at that time vetoed the second year of the budget, requiring the Legislature to meet in special session to adopt a second-year budget.

The impact of oil volatility on Texas' revenues has diminished greatly in the past 10-20 years. Texas' budget depends on oil for 10% of its total revenue. Sales tax is now the largest revenue source making up 55% of the general fund and has stabilized their revenue stream in recent years. The legislative fiscal analyst stated that the most positive effect on having sales tax as the primary revenue source is that, as population grows, so does the general fund and the "formula-based programs do not impact the general fund as heavily.

John Keel, Director of the Texas Legislative Budget Board, was invited and testified to a congressional committee that entertained the idea of Congress adopting a biennial budget. Most of the comments for Texas' review are excerpts from his presentation in Washington D.C.

### LEGISLATIVE FINANCE SUB-COMMITTEE ORGANIZATION

The full legislature is called into special session by the Governor to resolve budget issues during the interim.

### LEGISLATIVE FISCAL NON-PARTISAN STAFF

The LBB has a wide range of responsibilities that are intended to serve the fiscal policy and analysis needs of the Texas Legislature. These responsibilities incorporate those mandated by general law, those directed by the General Appropriations Act, and those that have been designated by the board and its staff.

#### Statutory Responsibilities

The following is a summary of significant responsibilities assigned by statute to the LBB:

##### Statutory Provision

1. Adopt a constitutional spending limit
2. Prepare a general appropriations bill draft
3. Prepare a budget estimates document
4. Prepare a performance report
5. Guide, review, and finalize agency strategic plans
6. Prepare fiscal notes, impact statements
7. Take necessary budget execution actions

#### Other Responsibilities

The LBB provides a wide range of services and informative documents not required under general law, including the Fiscal Size-Up, agency performance assessments, and on-line computer access to performance and budget information. In terms of services, the LBB maintains a bulletin board service that provides information on the LBB and LBB-required documents, copies of key documents (e.g. the General Appropriations Act), and new on-line features accessible to state agencies. The mainframe-based budget and performance data-base (ABEST II) is available to members of the legislature and their staff, as is the

budget information system (TXIS) that displays current appropriation and expenditure data in a more readable format.

During the interim, the LBB provides assistance to standing and special committees, as requested. In addition, several reports serve to keep the legislature informed about significant budget and performance developments among state agencies. The Fiscal Size-Up summarizes important fiscal actions of the prior legislative session and describes the purpose and services of state agencies, as well as providing comparative information on Texas state government. During the interim, the LBB provides semi-annual and annual assessments of state agency performance. LBB staff review agency performance reports submitted through the ABEST system, as well as other documents, to prepare these assessments.

During the legislative session, the LBB supports the legislative appropriations process by providing staff resources for the House Appropriations Committee and Senate Finance Committee, and the conference committee on appropriations. To a great extent, staff support takes the form of tracking committee decisions, answering inquiries from committee members, and performing analyses. The LBB staff record committee-funding decisions in order to produce bill texts and summaries for each step of the appropriations process. In addition to committee support services, LBB staff prepare fiscal notes and impact statements on proposed legislation.

#### **Summary of Conversation with Texas' legislative fiscal analyst**

##### **LEGISLATIVE FISCAL NON-PARTISAN ROLE IN THE BUDGET PROCESS**

None discussed.

##### **TEXAS FISCAL ANALYST'S OPINION ON BIENNIAL BUDGETING**

Mr. Barton's general impression is that a biennial budget is accepted positively overall.

Two of the most significant questions to consider in biennial budgeting:

How do you estimate future needs 3 ½ years from the time of budget preparation to implementation?

Are there provisions where the legislature can meet in times of crisis?

Mr. Barton then provided four reports on biennial budget testimony that was given in hearings when Congress considered a biennial budget at the federal level (1996).

Excerpts from the Texas House Research Organization's review of annual versus biennial sessions for the Texas legislature follow because most of the concerns relate to state budget issues.

### ANNUAL VERSUS BIENNIAL SESSIONS: THE DEBATE

The legislative debate on annual versus biennial sessions in Texas has focused on certain questions: Is it more efficient for the governor to call special sessions whenever needed or to have regularly scheduled annual sessions? Could the state more efficiently allocate spending with one-year budgets? This section presents some arguments made by supporters and opponents of annual sessions.

#### Annual Session Supporters Say

1. Texas, as one of the largest and most complex states in the Union, no longer can afford to pretend that its Legislature can conduct all of the state government's important business in only four-and-a-half months every two years. During a 140-day biennial regular session, Texas legislators are expected to determine spending priorities in a multi-billion dollar, two year budget... When an unanticipated problem arises, either the Legislature is called back to solve it in the crisis atmosphere of a special session or the problem is allowed to fester until the next biennial regular session.
2. The assertion that election-year politics would somehow taint legislative actions in even-numbered years unjustifiably assumes lack of responsibility on the part of the Legislature and contradicts recent history. Some of the toughest legislative decisions made in recent year – public education reform in 1984, budget cuts and tax hikes to reduce a budget shortfall in 1986, school finance changes and a tax hike in 1990 – were made in special sessions in the midst of election campaigns.
3. A principal reason for regular annual sessions would be adopt a one-year state budget. The two-year budget system is a relic from the 19<sup>th</sup> century when Texas was a sparsely populated, largely rural state providing relatively few government services.
4. By the end of a two-year budget period, the state is working under a spending plan that was developed using projections of funding needs and revenue that are then three years out of date. For example, current spending plans intended to be used by state agencies until August 31, 1993, initially were developed in mid-1990. The state's spending and revenue needs cannot be estimated precisely so far in advance. Not only is it impractical to try to predict school enrollment, prison population and economic trends three years in advance, a cloudy crystal ball also can mean large funding shortfalls for essential state needs, while lower priority programs may end up with more than they can spend efficiently.
5. Last year the Legislature launched a new budget process based on long-term strategic planning and requiring performance-based budgets measured by specific outcomes. The specific benchmarks measuring spending efficiency will facilitate legislative oversight of state agency spending by allowing state lawmakers to better determine if agencies are meeting their performance goals. Annual sessions and one-year budgets in tandem with the new budget evaluation tools would allow closer legislative oversight of agency spending while avoiding undue interference with day-to-day management and long-range goals.
6. Emergency situations that require any major retooling of the budget should be handled by the entire Legislature...
7. Annual sessions would allow Texas to respond more quickly and effectively to federal mandates and changes in federal funding. If the federal government decreases matching funds for a specific program, the Legislature would have yearly opportunities to adjust the budget to account for any shortfall.

### Biennial Session Supporters Say

1. ... With biennial sessions (budget), interim committees have more time to study complex issues and formulate long-term solutions rather than quick fixes.
2. Annual sessions almost inevitably would lead to one-year state budgets. Yet two-year budgets allow more time for long-range planning and greater concentration on legislative oversight and review.
3. Two-year budgets require the comptroller to make two-year revenue projections that tend to be conservative, which in turn helps limit expenditures. During the longer interim between biennial regular sessions, programs can be thoroughly evaluated rather than simply carried forward year-to-year. Even-numbered years are now reserved for budget formulation by the agencies and scrutiny by the LBB (Legislative Budget Board) and the Governor's Office, while odd-numbered years are used for justifying spending programs to the Legislature. Squeezing the two annual processes into a single year would undermine the effectiveness of both.
4. Two-year budgets force agencies to plan and prioritize for the long term. Annual budgeting can produce fiscal myopia that prevents a clear view of the long-range implications of programs and policies, shifting the focus to quick fixes. One-year budgets adopted in annual sessions would force agencies to start preparing the next year's budget request even before the previous request was approved, requiring greater staff resources and more expense. In fact sentiment now is moving away from one-year budgets as being too inflexible. A movement in growing in Congress to abandon the one-year budget system and call for two-year federal budgets. (This has not yet occurred.)
5. The new outcome-based budgetary process will place even greater emphasis on long-range planning by state agencies and discourage the tinkering and micro-management that a one-year budget more likely would produce. The measures of spending efficiency will enhance the ability of the legislature to exercise its biennial oversight function and to determine how well agencies are producing acceptable outcomes and meeting their long-range goals. A two-year budget gives agencies the flexibility to concentrate on how best to produce results rather than on how to justify spending needs before the Legislature each year.
6. Budget execution authority now gives the governor and the LBB the flexibility to solve most interim budget problems based on the state spending priorities adopted by the Legislature. Budget execution authority provides a means of responding to fiscal circumstances that may change when the Legislature no longer is in session, and state leaders have used this delegated authority judiciously and with restraint. Should budget assumptions change drastically between sessions, the Legislature can be called into special session to approve any major revisions.
7. Annual sessions are not needed to meet federal mandates. When fast action is necessary to act quickly to meet a federal mandate, the governor easily can call a special session. There is no guarantee that any deadline to meet a new federal mandate will happen to fall when the Legislature is meeting in annual session.
8. Election-year politics inevitably would creep into an annual session held during even-numbered years. The temptation would be particularly strong during annual sessions held during election years to push for superficially popular legislation purely for political advantage. Legislators also might be less inclined to make difficult choices concerning controversial issues if they did not have sufficient time to explain their actions in the midst of a heated election campaign.

## WASHINGTON STATE

Randy Hodgins

<b>Budget</b>	<b>Legislature</b>
<b>Biennial</b>	<b>Annual</b>

### INTRODUCTION

The Washington state legislature meets each year. Because of biennial budgeting, the first session is 105 days and the second session lasts 60 days. I bring this note to your attention because of the potential compliment to SJR 29, the duration of the regular legislative session introduced by Senator Parnell.

Mr. Hodgins worked in the California legislative fiscal office and, since 1984, has worked in the Washington State legislative fiscal office. His viewpoint includes both an annual budget cycle and a biennial cycle, with personal preference to the biennial cycle.

Washington State has a spending limit to its budget. If unanticipated revenue loss or the population increases unexpectedly during the biennial cycle, no discretionary money will remain for new program consideration.

No recent legislation has been introduced to move Washington State from a biennial to an annual budget.

### Summary of Conversation with Washington State's legislative fiscal analyst

My conversation with Mr. Hodgins was fairly brief.

#### WASHINGTON FISCAL ANALYST'S OPINION ON BIENNIAL BUDGETING

1. Time savings within an agency allows that agency to focus on the issues at hand rather than budget preparation.
2. Further outlook for budgeting because budgets will continue up to 3 ½ years from the time of preparation.
3. In an annual budget cycle, there is no time to assess programs. During the interim the legislative fiscal office staff reviews for program effectiveness and performs cost benefit analyses.
4. The pace seems to be less frantic on the "off budget" year.
5. Downside of biennial budgeting is that the cost of starting new programs is more tempting. If a new program is presented to the legislature and they agree to fund it for the second of the two year cycle, the following budget will require an increment to full-fund the program for a complete two year cycle.
6. "OMB" has to be more diligent about planned spending in a two-year process.
7. Suggested to try a biennial budget with a few agencies before moving the entire state to a biennial cycle.
  - True biennial budgeting is one budget that funds two fiscal years
  - Quasi biennial budgeting is one biennial appropriation of two one-year budgets

# Legislative Research Services

Alaska State Legislature  
Legislative Affairs Agency  
Division of Legal & Research Services



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November 7, 1997

## MEMORANDUM

TO: Representative Gail Phillips  
FROM: Paula d. Scavera and Gina Spartz  
Legislative Analysts  
RE: **Statutory and Constitutional Reference to Biennial Budgeting in Selected States**  
Research Request 98.009

You asked which states legislatures meet annually but pass biennial budgets. You asked for examples of statutory or constitutional language enabling biennial budgeting.

According to the *Book of the States*, of the 40 states with annual legislative cycles, 13 have statutory or constitutional language enabling biennial budgets. Connecticut, Hawaii, Indiana, Minnesota, Nebraska, New Hampshire, Ohio, Virginia, Washington, and Wyoming, meet annually but pass a budget biennially.<sup>1</sup> Arizona and Kansas also meet annually but pass budgets biennially for specific state agencies which have budgets under certain dollar amounts. Missouri meets annually but passes its capital budget biennially.<sup>2</sup>

We found statutory reference to biennial budgeting in all the states we surveyed except Indiana. Although the Indiana legislature passes a state budget biennially, state officials informed us there is no statutory or constitutional reference governing the practice. In addition to the statutes, we found specific constitutional reference to biennial budgeting in three states, Hawaii, Missouri and Wyoming. Hawaii's constitution states that the governor shall submit the budget to the legislature in odd-numbered years. Wyoming's constitution states that the legislature shall meet for "budget session" in even-numbered years. Missouri's constitution authorizes the legislature to make appropriations for one or two fiscal years.

The pertinent statutory and constitutional language can be found in the following pages. Indented text is directly quoted from the statute or constitution. Copies of the full statutes and constitutional text are Attachment B. Also attached is a survey examining biennial budgeting in selected states. The survey discusses the advantages, disadvantages and impact of biennial budgeting on states.<sup>3</sup>

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<sup>1</sup>Council of State Governments, *Book of the States, 1996-97*, p. 227 (Attachment A).

<sup>2</sup>Vermont's constitution prescribes a biennial legislature, but in practice the legislature meets and passes a budget annually. We attach Vermont's constitutional provision regarding the legislative session since you specifically asked about this state.

<sup>3</sup>"Biennial Budgeting Survey," New Jersey Office of Management and Budget,

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## Arizona

State agencies in Arizona are divided into *major* budget units and *other* budget units. According to Richard Stravnick of the Arizona Legislative Budget Office, *major* budget units are state agencies with an annual budget of \$50 million or more and are funded annually. Those agencies with less than \$50 million are considered *other* budget units and are funded on a biennial basis. Mr. Stravnick informed us that starting in FY2000, Arizona will use a biennial budget cycle for all state agencies.

### **Arizona Statutes § 35-121. Format of Appropriations**

The format of the appropriations for the support and maintenance of state departments and institutions shall be as follows:

1. Each year the legislature shall appropriate monies to the major budget units for one fiscal year.
2. Every other year the legislature shall appropriate monies to other budget units for two fiscal years, itemized separately for each fiscal year.

## Connecticut

### **Connecticut Statutes § 4-71. Transmission to General Assembly of budget document in odd-numbered year and status report in even-numbered year.**

Not later than the first session day following the third day of February in each odd-numbered year, the Governor shall transmit to the General Assembly a budget document setting forth his financial program for the ensuing biennium with a separate budget for each of the two fiscal years and . . . a report which sets forth estimated revenues and expenditures for the three fiscal years next ensuing the biennium to which the budget document relates.

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## **Hawaii**

### **Hawaii Constitution Art. VII-Sec. 8. The Budget.**

Within such time prior to the opening of each regular session in an odd-numbered year as may be provided by law, the governor shall submit to the legislature a budget in a form provided by law setting forth a complete plan of proposed expenditures of the executive branch, estimates as provided by law of the aggregate expenditures of the judicial and legislative branches, and anticipated receipts of the State for the ensuing fiscal biennium, together with such other information as the legislature may require.

### **Hawaii Statutes § 37-71. The Budget.**

(a) Not fewer than thirty days before the legislature convenes in every odd-numbered year, the governor shall submit to the legislature and to each member thereof a budget that shall contain the program and budget recommendations of the governor of the succeeding two fiscal years.

## **Kansas**

The Kansas legislature passes an annual budget for all large state agencies. Some state agencies, however, are on a biennial budget cycle. According to the Kansas Legislative Budget office, these agencies are regulatory, fee-funded boards and commissions with a budget of less than \$100,000.

### **Kansas Statutes § 75-3717. Budget estimates of state agencies; biennial basis for certain agencies.**

(a) As provided in this section, each state agency, not later than October 1 of each year, shall file with the division of the budget its budget estimates for the next fiscal year...except that in lieu of such annual filing, each agency listed in subsection (f) not later than October 1, 1994, and every two years thereafter shall file budget estimates for the next fiscal year and for the ensuing fiscal year thereafter.

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## **Minnesota**

### **Minnesota Statutes § 16A.11. Budget to Legislature.**

Subdivision 1. **When.** The governor shall submit a four-part budget to the legislature. Parts one and two, the budget message and detailed operating budget, must be submitted by the fourth Tuesday in January in each odd-numbered year. Part three, the detailed recommendations as to capital expenditure, must be submitted . . . by June 15 of each odd-numbered year; . . .

## **Missouri**

According to the *Book of the States*, the Missouri legislature has constitutional authority to pass an annual or a biennial budget. Since FY94 the legislature has passed an annual operating budget and a biennial capital budget.

### **Missouri Constitution § 23. Fiscal year--limitations on appropriations--specification of amount and purpose.**

The general assembly shall make appropriations for one or two fiscal years, . . .

### **Missouri Statutes § 33.270. Budget to legislature in printed form -- contents.**

The budget shall be submitted to the general assembly in printed form. Such budget shall be in two parts:

(1) A budget message outlining the fiscal policy of the state for the biennium . . .

(2) The detailed budget estimates of revenues and expenditures for each fund as provided for in this act showing the recommendations of the governor on each, compared with the figures for each of the fiscal years of the preceding biennium, and giving and explanation of each major change in the recommendations from the revenues and expenditures in the previous biennium.

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## Nebraska

### **Nebraska Statutes § 81-125. State budget; submission to Legislature by Governor; when; contents.**

The Governor shall on or before January 15 of each odd-numbered year present to the Legislature a complete budget for all the activities of the state receiving appropriations or requesting appropriations, except that the Governor during his or her first year in office shall present such budget to the Legislature on or before February 1.

## New Hampshire

### **New Hampshire Statutes § 9:8. Formulation of the Budget.**

Following his inauguration, the governor shall proceed in the formulation of the budget provided for by RSA 9:2 and 3. In doing so he shall give such weight to the estimates of income as prepared by the commissioner of administrative services and to the estimates of expenditure requirements as submitted by the departments and to the testimony elicited at the hearings thereon as he deems proper, but the proposals contained in the budget shall represent his judgment and recommendations in respect to the provision to be made for meeting the revenue and expenditure needs of the state for each of the fiscal years of the ensuing biennium.

## Ohio

### **Ohio Statutes § 107.03. Governor shall submit budget and estimate of income.**

The governor shall submit to the general assembly, not later than four weeks after its organization, a state budget containing a complete financial plan for the ensuing fiscal biennium, except that, in years of a new governor's inauguration, the budget shall be submitted not later than the fifteenth day of March.

Representative Gail Phillips  
November 7, 1997  
Page 6

### **Vermont**

The Vermont constitution provides for *biennial sessions* of the state legislature. According to officials with the Vermont State Legislature's Joint Fiscal Committee, in practice the legislature meets and passes a budget annually.

#### **Vermont Constitution § 7. [Biennial sessions]**

The General Assembly shall meet biennially on the first Wednesday next after the first Monday of January . . . .

### **Virginia**

#### **Virginia Statutes § 2.1-398. Submission of budget to General Assembly.**

On or before December 20 in the year immediately prior to the beginning of each regular session held in an even-numbered year of the General Assembly, the Governor shall submit to the presiding officer of each house printed copies of a budget, based on his own conclusions and judgement . . . .

#### **Virginia Statutes § 2.1-399.1. Capital projects.**

On or before December 20 of the year immediately prior to the beginning of each regular session held in an even-numbered year of the General Assembly, the Governor shall submit to the presiding officer of each house of the General Assembly copies of any tentative bill or bills involving proposed capital appropriations for each year in the ensuing biennial appropriation period.

Representative Gail Phillips

November 7, 1997

Page 7

### **Washington**

#### **Washington Statutes § 43.88.060. Legislative review of budget document and budget bill or bills—Time for submission**

The governor shall submit the budget document for the 1975-77 biennium and each succeeding biennium to the legislature no later than the twentieth day of December in the year preceding the session during which the budget is to be considered.

#### **Washington Statutes § 1.16.020. "Fiscal biennium"**

The fiscal biennium of the state shall commence on the first day of July in each odd-numbered year and end on the thirtieth day of June the next succeeding odd-numbered year.

### **Wyoming**

#### **Wyoming Constitution § 7. Time and place of sessions.**

The legislature shall meet at the seat of government, . . . on the second Tuesday of January of the odd-numbered years for general and budget session . . .

#### **Wyoming Statutes § 9-2-1013. State budget; distribution of copies to legislators; items to be included; copies and reports of authorizations.**

(a) On or before December 1 of the year preceding the year the legislature convenes in budget session, the governor shall distribute to each legislator printed copies of the state budget, covering the next biennial budget period beginning on July 1 of the ensuing year, containing the itemized requests of the agencies for appropriations of other funds, estimated revenues and receipts to the state, and his recommendations and conclusions.

Representative Gail Phillips  
November 7, 1997  
Page 8

**Wyoming Statutes § 9-2-1010. Duties of budget division;  
biennial budgets and appropriations.**

(b) At each budget session budgets shall be prepared and appropriations made for the operation of state government on a biennial basis.

\*\*\*\*\*

We hope this information is useful for your purposes. If you have any further questions please don't hesitate to call this office.

Attachments

# Alaska State Legislature



Official Business  
Phone: (907)465-2689  
Fax: (907)465-3472

State Capitol  
Room 411  
Juneau, Alaska 99801-1182

## Representative Gail Phillips

### SPONSOR STATEMENT HJR 2, Biennial State Budget

HJR.2 proposes an amendment to Alaska's Constitution to allow for biennial budgeting, and authorizes the governor to present the legislature with a budget encompassing two fiscal years. As written, the first session of the Legislature would be dedicated to writing a two-year budget. Supplemental budgets could address necessary adjustments, when needed.

Alaska's annual budget cycle is an arduous process, taking up most of the year. Every year hundreds of people from State agencies spend countless hours preparing for budget presentations to the Legislature through hearings, debates and closeouts. There is no doubt that the budget is the single most important piece of legislation that legislators produce for the people of Alaska.

Changing this process to a biennial budget cycle would be very beneficial to our State. Significant cost savings for the Legislature, Administration and the agencies could be achieved as well as far greater efficiencies and productivity by all. Savings are measured in actual dollars and employee productivity. Costs savings are realized in travel and per diem dollars. Significant productivity savings will be achieved in time that can be utilized for programs rather than budget preparation.

Currently a great deal of budget preparation and presentation work occurs during uncompensated overtime hours by exempt employees who are not eligible for overtime pay. The "off budget" year would be far less frenzied than the full budget year and the general analysis work would be of a higher quality. This off year would also allow for more training time and more focus on issues rather than the budget.

A biennial state budget system would allow us to address the budget in the first year of session and focus primarily on legislation in the second year. A biennial state budget process would also work hand-in-hand with the results-based budget concept pursued by the legislature. State agencies would have a chance to initiate advance-planning efforts - something which is very difficult under the present annual state budget system. Alaska would not be unique in adopting a biennial legislative budget cycle.

Research demonstrates that twenty other states operate under a Biennial State Budget system. However, the biennial state budget concept is new to Alaska. Issues for

consideration may include preparation time for the "on year" and funding concerns brought to light in the "off year." Resource planning becomes more critical during the initial biennial state budget implementation phase, which should bring greater efficiency to management systems in all agencies. "Off years" would be a great time to deal with things that the Departments do not have time for during the regular year, especially interagency programs and large issues such as welfare reform.

Details such as budget detail formats, funds disbursement in the off year, seasonal adjustments, determining amounts needed for two years and controlling budget policy and decisions through shortened years are basically mechanical and could be worked out through appropriate legislative vehicles. For example, joint special or standing committees and appointments could oversee specific agency activity in the off year. Schedules could be set for agency progress reports rather than lengthy overview presentations year after year. Legislative changes or directives set forth in the off years could establish better and more timely review periods.

A core legislator advisory group could assist and advise agencies through a transition period to determine and ensure that program evaluation and program authorization reviews are accurate or may need to be modified by legislation. Many possible legislative vehicles are available to work through adjustments and revisions in a biennial state budget system. Other states' biennial budget models also exist as viable guides for implementing a transition plan and facilitating our state into a biennial state budget system. **The Legislature loses no control over the budget process by changing to a biennial budget cycle.**

Above all, sound public policy is paramount to a smooth transition into a new state budget system. Legislative control over the process is mandatory in a biennial state budget system. This may suggest a legislative transition team composed of joint member legislators, and the Administration.

In my opinion and as proven in other states where the biennial cycle is already in place, the greatest benefit of a biennial budget process is the increased efficiency and productivity that can be achieved by State agencies. Alaskans statewide constantly implore us to become more efficient and increase our productivity. **Besides achieving these goals, and the actual costs savings of approximately \$2.5 million, associate with a shortened session in the second year,** the proposed biennial budget system is a win-win concept for Alaska.

# FISCAL NOTE

No: 1

Bill Version: CSHJR 2 (JUD)

(H) Publish Date: 1/26/00

**STATE OF ALASKA  
2000 LEGISLATIVE SESSION**

Revision Date/Time (Note if correction) _____	Dept Affected _____	Office of the Governor _____
Title <u>Constitutional Amendment: Relating to a</u>	BRU _____	Elective Operations _____
<u>biennial state budget</u>	Component _____	Elections _____
Sponsor <u>Representative Phillips</u>	_____	
Requester <u>House Judiciary Committee</u>	Component No. _____	<u>21</u>

**Expenditures/Revenues (Thousands of Dollars)**

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services						
Travel						
Contractual	1.5					
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>1.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ( )						
------------------------	--	--	--	--	--	--

**FUND SOURCE (Thousands of Dollars)**

FUND SOURCE	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
1002 Federal Receipts						
1003 GF Match						
1004 GF	1.5					
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>1.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2000) cost: 0.0

**POSITIONS**

Full-time						
Part-time						
Temporary						

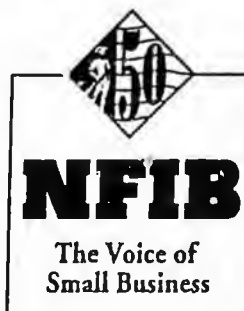
**ANALYSIS:** (Attach a separate page if necessary)

This figure includes the cost of providing information about this issue in the Official Election Pamphlet, as required by AS 15.58. However, only six measures can be printed on an 8-1/2 by 14 inch ballot. If this measure requires printing an 8-1/2 by 18 inch ballot, the cost will increase by \$22.0.

Prepared by: <u>Gail Fenumia</u> <i>Gail Fenumia</i>	Phone <u>465-3935</u>
Division <u>Division of Elections</u>	Date/Time <u>1/13/00 3:20 PM</u>
Approved by: <u>Lt. Governor Fran Ulmer</u> <i>Fran Ulmer</i>	Date <u>01/13/2000</u>
Agency <u>Office of the Lieutenant Governor</u>	

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NFIB Alaska



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**National Federation of Independent Business**

**Statement of Support**

**of HJR2**

**A resolution calling for a constitutional amendment to allow the legislature to implement the State budget for a two-year period.**

**March 19, 2000**

The Alaska Chapter of the National Federation of Independent Business has 3,000 members, making it the largest small-business advocacy group in the state.

Each year, the state administration spends many months prior to the legislative session preparing an annual budget for presentation to the Legislature. The Legislature begins reviewing the budget in January each year and completes the process at the close of the session in May.

A majority of NFIB members believe that a biennial process would allow the legislature and the administration to be more efficient by completing a two-year budget during the first session of the legislature and focusing exclusively on substantive legislation during the second session.

Agencies would be better able to do advanced planning since they would know how much they had to spend over a two-year period. Emergency funding and unforeseen circumstances could be dealt with during the second session with a streamlined supplemental budget.

NFIB/Alaska urges support for HJR 2.

Submitted by Thyes Shaub on behalf of NFIB/Alaska.



February 25, 2000

The Honorable Gail Phillips  
State Capitol  
Juneau, AK 99801

Dear Representative Phillips:

The Fiscal Policy Council of Alaska, Inc. is committed to the advancement of policy decisions that promote the state's long term fiscal certainty. To that end we write in support of a biennial budget. We offer the following comments in support of such efforts:

- 1. Agency budget staff, program managers, and the Legislature will realize productivity savings.** State agencies spend a *tremendous* amount of time to prepare and justify budgets—before the Governor's budget is even introduced for the Legislature's consideration. They then spend a great deal of time justifying that budget before the Legislature. A biennial budget process will enable the Executive and Legislative branches to direct resources away from budget justification every other year.
- 2. Accountability for dollars spent will be emphasized.** Traditionally the annual appropriations process has been used as a tool for the Legislature to exert and enforce legislative policy. Legislative oversight has often been conducted in the context of an agency's request for funds. The Legislature's finance committees' focus on a "results-based government" framework is a shift in the way that the Legislature articulates its policy goals and performance measures will give Alaskans a tool by which they will be able to evaluate the return on public dollars spent. A biennial budget process will provide the Legislature and Executive Branch with more time to focus on the policy implementation of state program results, instead of an annual preoccupation with inputs of how much money is being spent.
- 3. Annual spending is not related to recurring revenues.** Fifteen years ago a multi-year budget would have been unfeasible because of wide swings in annual revenues and accordingly, in spending. During the 1990s, however, there has been little correlation between the annual amount spent and recurring revenues. Instead, the Spring Revenue forecast is a predictor of the amount that will be withdrawn from the Constitutional Budget Reserve Fund to support the level of spending. As a result, this argument against a biennial budget is no longer relevant to Alaska's fiscal structure.

We urge the Legislature's approval of a biennial budget. We recognize the high threshold a



constitutional amendment must achieve to pass the Legislature. At the very least, we encourage the Legislature to build a budget framework that could realize the benefits of a two-year budget cycle by adopting statutory changes.

Thank you for consideration of our support. We look forward to the committee's thoughtful deliberation of this tool that can reform the state's budget process by increasing efficiency and accountability.

Sincerely,

A handwritten signature in cursive script that reads "Marc Langland". The signature is written in dark ink and is positioned above the typed name.

Marc Langland  
President

cc: Members, House Finance Committee

Cost associated with shortened sessions

**Subject: Cost associated with shortened sessions**

**Date: Thu, 20 Jan 2000 10:01:47 -0900**

**From: Karla Schofield <Karla\_Schofield@legis.state.ak.us>**

**Organization: Alaska State Legislature**

**To: Cora Miller <Cora\_Miller@legis.state.ak.us>**

Cora,

I've attached a spreadsheet showing the approximate cost per day for shortening a legislative session that Pam and I worked on. The savings for per diem and travel are included in the 27.0/day figure.

If you have further questions please call me at 465-6626.

Karla .. *Legislative Affairs*

A 90 day session would save the Legislature 810.0. A 60 day session would save the Legislature 1,620.0.

The Legislature traditionally charges expenses occurring during session to session expense accounts and expenses occurring during the interim to interim expense accounts. For example: Most legislative staff payroll costs are charged to operating expense accounts during the interim. Staff salaries for most legislative staffers are charged to session during the session. The legislative payroll is higher during a legislative session. If the regular session were shortened, the session payroll would decrease and the interim payroll would increase. There would be a decrease in the total amount of the payroll due to the higher cost of personal services during a session. The majority of the personal services costs would be a transfer of costs between allocations.

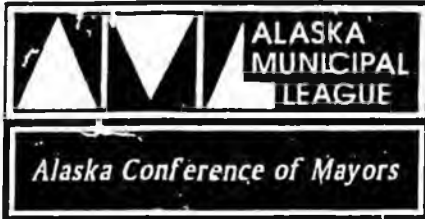
The costs below are for items not needed if the legislature shortened the number of days of a session.

	Per Day	times 60 days	Total
<b>Personal Services</b>	17.1	60	1,026.0
<b>Travel</b>			
Session per diem	9.5		
less increase \$65 interim	<u>-1.0</u>		
per diem	8.5	60	510.0
<b>Contractual</b>	0.8	60	48.0
Telephones, chaplin fees, copier Maintenance			
<b>Supplies</b>	0.6	60	36.0
Lounge supplies			
Printshop paper supplies			
<b>Total</b>	<u>27.0</u>		<u>1,620.0</u>

Current number of session days	120
Proposed number of session days	<u>60</u>
Difference	60

	Per Day	times 30 days	Total
<b>Personal Services</b>	17.1	30	513.0
<b>Travel</b>			
Session per diem	9.5		
less increase \$65 interim	<u>-1.0</u>		
per diem	8.5	30	255.0
<b>Contractual</b>	0.8	30	24.0
Telephones, chaplin fees, copier Maintenance			
<b>Supplies</b>	0.6	30	18.0
Lounge supplies			
Printshop paper supplies			
<b>Total</b>	<u>27.0</u>		<u>810.0</u>

Current number of session days	120
Proposed number of session days	<u>90</u>
Difference	30



217 Second Street, Suite 200 ■ Juneau, Alaska 99801 ■ Tel (907)586-1325. Fax (907)-463-548

January 21, 2000

Representative Gail Phillips  
Alaska State Capitol  
Juneau, AK 99811

Dear Representative Phillips:

On behalf of the members of the Alaska Municipal League, I am writing to express our support for your legislation, **HJR 2 Biennial State Budget**. We appreciate you taking the lead on addressing this important cost-saving measure.

As you can see from the enclosed 2000 Alaska Municipal League/Alaska Conference of Mayors Legislative Priorities, our number one priority is development of a state long-range fiscal plan and support for a biennial state budget. We believe that by passing a two-year budget, the state will save money and become more efficient. Passage of the legislation will also free up numerous state employees so they can focus on deliverance of programs instead of budget issues every year.

If you have any questions on our position or any other municipal issues, please feel free to call me at 586-1325.

Sincerely,



Kevin C. Ritchie  
Executive Director

Enclosure

cc: House Judiciary Committee

*Cora*  
*B*

**Return-Path:** <sherman@ptialaska.net>

**Received:** from ptialaska.net (mail.ptialaska.net [198.70.245.245]) by jnu-unix.legis.state.ak.us (8.9.1/8 9.1) with ESMTP id HAA16576 for <representative\_gail\_phillips@legis.state.ak.us>; Thu, 20 Jan 2000 07:59:33 -0900

**Received:** from default (dialups-98.cordova.ptialaska.net [208.151.113.227]) by ptialaska.net (8.8.8/8.8.8) with SMTP id HAA07493 for <representative\_gail\_phillips@legis.state.ak.us>; Thu, 20 Jan 2000 07:59:27 -0900 (AKST)

**Message-ID:** <007701bf63685000772e0Se37197d0@default>

**From:** "the sherman family" <sherman@ptialaska.net>

**To:** <Representative\_Gail\_Phillips@legis.state.ak.us>

**Subject:** Mr. Mackie's Radical Idea

**Date:** Thu, 20 Jan 2000 08:01:24 -0900

**MIME-Version:** 1.0

**Content-Type:** multipart/alternative;  
boundary="-----\_NextPart\_000\_0074\_01BF631C.8BC5E6A0"

**X-Priority:** 3

**X-MSMail-Priority:** Normal

**X-Mailer:** Microsoft Outlook Express 5.00.2314.1300

**X-MimeOLE:** Produced By Microsoft MimeOLE V5.00.2314.1300

Dear Representative Phillips,

I feel strongly about expressing my opinion about Mr. Mackie's "radical idea." It is radical all right -- who ever heard of spending your savings to balance your checkbook. I do not want a gift of \$25,000 from the State so that the legislature may balance the budget. This is not the solution to the state's fiscal woes.

I once again urge the legislature to use a sane and rational idea of an **income tax!** This is a fair, equitable solution to have residents pay for the services they want so badly to have. And it addresses the numerous non-residents who work in Alaskan yet leave every year with their hard earned cash. I am so tired of hearing summer time fishermen and their families complain to me about the public services they receive in Cordova when they have all those services and more in their "winter homes."

The permanent dividend fund is an excellent idea. Our forefathers were really thinking when they established it. Do not be foolish enough and greedy enough to eliminate this. Look to the future -- for all our children, all our grandchildren, for the great state we live in. We must balance the budget by sharing the burden.

→ And additionally, I support the idea of a biennial budget. This would allow the legislature to spend more time on other important issues.

Thanks for your time and I urge you to visit your districts and hear what people have to say about issues before major votes or undertakings. I am rapidly losing faith in my government representatives and eagerly wish to have my faith restored.

Cathy Sherman  
PO Box 1186  
Cordova AK 99574-1186

**Alaska Support Industry  
ALLIANCE**

4220 'B' Street, Suite 200  
Anchorage, AK 99503  
Phone 907.563.2226  
Fax 907.561.8870  
www.akalliance.org

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*Business Consultant*

**GENERAL MANAGER**

**Karen Cowart**



**THE ALLIANCE**

... for responsible development of Alaska's Oil, Gas & Mineral Resources

January 14, 2000

Representative Gail Phillips  
Alaska State Legislature  
State Capitol (MS 3101)  
Juneau, AK 99801-1182

RE: House Joint Resolution 2, Biennial State Budget

Dear Representative Phillips:

I understand that HJR 2 is on the agenda for discussion during the next House Judiciary Committee meeting next week. On behalf of the Alaska Support Industry Alliance (The Alliance) I'd like to offer the following comments in support of this House Joint Resolution.

The Alliance is a statewide, non-profit trade organization representing over 350 businesses, organizations and individuals that provide goods and services in support of oil and gas exploration, development and production. Collectively our members employ 29,000 people; 25,000 of those are permanent residents of the state.

Since its inception in 1979, The Alliance has advocated a balanced state budget. We believe state government should do business like a business and investigate new ideas that would allow the public sector to do more with less – be more efficient and effective in planning and executing our state budget and budget process. Budgetary efficiency would send a message to potential investors that Alaska has a solid and sound fiscal plan, and that its "house is in order – a good place to do business."

Specifically, The Alliance believes that a two-year budget cycle could result in the following:

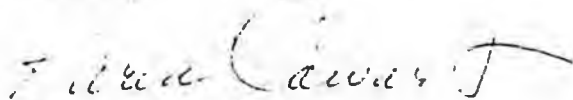
- An opportunity for more effective agency planning. A biennial budget would be conducive to developing proactive spending habits instead of reactive spending dialogue.
- The opportunity to analyze state programs based on performance and results, prior to yearly budget appropriations.

- The potential for a shortened legislative session. The budget typically takes an enormous amount of time to hammer out. By undergoing the full process every other year, we could save state dollars and resources.
- Greater utilization of all 60 legislators and their expertise. Traditionally, the Senate and House Finance committees are made up of the more senior members of each body. The House Finance Committee members serve on no other committee. In many cases, we are missing their valuable input, wisdom and vast experience in creating other critical legislation. A two-year process would afford all legislators time to focus their attentions – one year on budget, the next on legislation.
- Flexibility to address emergency needs or supplementary requirements. A biennial budget process would not preclude supplemental budget considerations due to circumstances of need. These could be addressed on a case-by-case basis.

Twenty states have already adopted a biennial budget process. That's a good indication that other states are "thinking outside of the box." We believe that Alaskan must also embrace new ways of thinking, and for this reason, we encourage the legislature to continue dialogue on the biennial budget process.

The Alliance further believes that *all measures* should be *considered with an open mind*, whether it be results-based budgeting, consolidation of government programs, elimination of non-essential services, use of a two-year budget cycle, and/or privatization of some government functions. Ultimately our goal must be to begin to live within our means.

Sincerely,



Karen Cowart  
General Manager

**ALASKA STATE CHAMBER OF COMMERCE****Priority 00-1****Fiscal Planning**

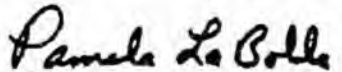
The Alaska State Chamber of Commerce urges the Administration and Legislature to continue efforts to adopt and implement a unified long-range fiscal plan for the state. The plan should address a strategy to bring state spending in line with revenues, encourage and promote economic investment and business development, maintain the state's infrastructure by means of a deferred maintenance plan for all state-owned facilities, and further establish performance measures for state services in concert with results-based government.

The plan should implement a biennial state budget; privatize state services which could be competitively provided by the private sector; promote development of new businesses that could competitively provide goods or services currently provided by the state; and utilize a systematic funding mechanism, such as general obligation bonds, to meet the state's capital needs.

ADOPTED

December 3, 1999

BY



Pamela La Bolle  
President

BY



Dennis Brandon  
Chairman



NFIB Alaska

10-02-99P03:31

*Put copy of this  
in our biannual  
budget file also*

## NFIB/Alaska 1999 Ballot Results

The Alaska Chapter of the National Federation of Independent Business is comprised of 3000 small and independent business owners. The typical NFIB/Alaska member employs five workers and rings up gross sales of about \$181,000 per year. In total, the organization's members employ more than 43,000 workers.

The legislative agenda of NFIB is determined by ballot. A majority vote of the members in response to the poll sets the policy and position on legislative issues. Ballots for the last 5 years are used to establish the full legislative agenda. Following are the ballot results for 1999.

### Tort Reform Frivolous Lawsuits

Should the Alaska Legislature enact legislation to allow attorneys as well as their clients to be assessed damages for knowingly or recklessly filing false claims?

96% YES

2% NO

2% Undecided

### Tort Reform Collection of Settlement Information

Do you support the mandatory reporting of out of court settlement information such as attorneys fees and dollar amounts paid to claimants?

72% YES

22% NO

6% Undecided

### Biennial State Budget

Do you favor a State Constitutional amendment to create a two-year budget cycle?

52% YES

36% NO

12% Undecided

## Department of Environmental Conservation Fees

The Alaska Department of Environmental Conservation (ADEC) currently has the authority to assess fees for permits, inspections, certifications and training for a broad range of regulatory programs. Should these fees be limited to "actual direct costs," which do not include travel, overhead and administrative support costs?

81% YES            13% NO            6% Undecided

Should DEC establish reasonable fixed fees for certain department services to cover actual direct costs?

83% YES            9% NO            8% Undecided

If requested by the applicant, should DEC have the ability to negotiate a fee based on a maximum number of hours that may include associated travel costs?

69% YES            21% NO            10% Undecided

## Unemployment Insurance

Students under 18 are not eligible to collect unemployment benefits. Should full time students under the age of 18 and their employers be exempt from paying unemployment tax?

93% YES            6% NO            1% Undecided

# Biennial budget a money-saving, time-saving bargain for state

By Rep. Gail Phillips  
For the Journal



"Money makes the world go round..." Remember this refrain? Surely, it is the truth as we all recognize the need to consider our budget on a daily basis. We balance our checkbooks ... balance our budgets ... balance our expenditures with our income. This need is absolutely critical when we possess a limited amount of earnings to cover our expenditures.

During this past year and a half, Alaskans have heard daily about dwindling oil revenues causing shortfalls for many of our state programs. Cutting the budget is a popular refrain throughout Alaska and in legislative halls — and the cuts are felt everywhere, in our schools, on our roads and in our cities' municipal programs.

For the past year and half, I've been formulating legislation that would put before the voters at the ballot box this November the option of amending our constitution to allow for a two-year budget cycle. I recently introduced House Joint Resolution 2 which, if passed, would require the governor, beginning fiscal 2002-3, to present a budget that encompasses two years instead of one — saving the time, energy, resource and salary expenses incurred while formulating the budget annually.

Biennial budgeting makes good sense. Right now, 20 other states budget in this manner, while Alaska's annual budgeting process remains arduous. In every state department, beginning every June and ending the following May, hundreds of people from every agency spend countless hours preparing their respective department's budget to present in hearings, closets and debates before finance subcommittees.

Then Senate and House finance committees spend

## VIEWPOINT

countless hours honing the budget to provide for citizens' needs in the most fiscally responsible manner.

A biennial budget process would allow all legislators to deliberate the budget during the first year of each legislative session, then focus on other legislation in the second year as the spending guidelines would already be in place.

This time frame would work hand-in-hand with our results-based budgeting concept. State agencies would have a chance to plan in advance, which is often difficult under the present annual system.

While it is difficult to forecast revenues on which to base a budget in a commodity-dependent economy like ours, many programs and line items remain status quo from year to year. With a biennial budget, the second year of every session could be shortened considerably because legislators would need only to focus on legislation.

Think of the revenue saved if we could shorten the session every other year by weeks or months. Just cutting the length of time for the Legislature to meet the second year could result in very considerable savings.

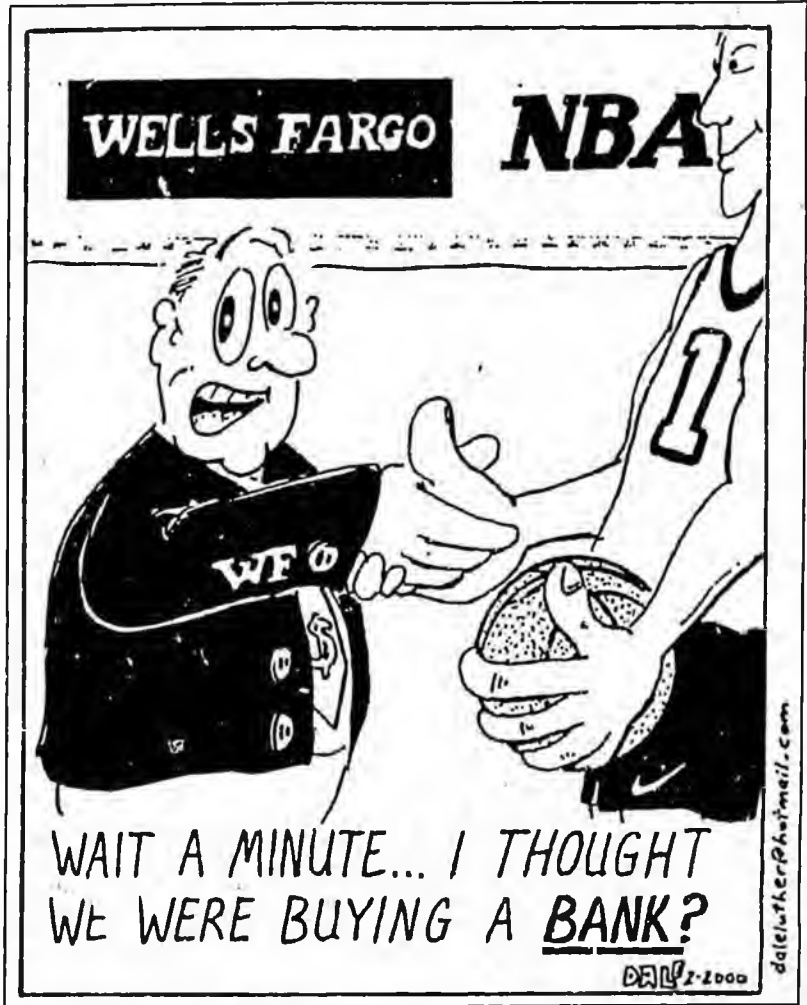
The biennial budget concept is a good way to achieve greater efficiencies in agencies and programs while saving money for the state at the same time. It's



Phillips

a win-win situation for all!

Gail Phillips is a Republican representative from Homer and is former speaker of the Alaska House. She can be reached at (Representative\_Gail\_Phillips@legis.state.ak.us).



# 2000's salmon forecast tops 1999's by 3%, but will fish actually show up?

By Laine Welch

## FISH FACTOR

breaded appetizer filled with cream cheese. of king and snow crab from Russian waters and now estimate the value of the

following people who have demonstrated the great Alaskan spirit and showing us this is definitely the community we want to remain a part of:

The members of the Snoinads who assisted when I was stuck and my plugs on my snowmachine were fouling.

The Stutzers on Diamond Ridge who gave us gas in their own cans for us to return later, when we were nearly out of gas.

The individuals (Helen, Lisa, Kip, and Jay - sorry if we missed anyone but you know who you are) who showed us during recent blinding snow and wind storms with drifts across Ohlsen Mountain Road, where we all got stuck, that working together and coring about each other is this community's spirit of survival.

We would like to say thank you to Northern Air Cargo and Eagle/Safeway for their assistance last evening (Feb. 3) in getting the tire chains we needed from Anchorage to Homer. We would like to say thank you to John at Glacier Chain, and his staff, for making the chain in Anchorage (in just a couple hours) and taking them to the airport to get to us the same day. We recently bought the Snogo snow blower from Paul Gregoire for our farm up by Ohlsen Mountain, and had received numerous calls requesting snow blowing from people without water, with small children and infants, senior citizens, and others unable to drive out from their homes during the recent snowfall. We would like to say thank you to these hardy Homer individuals for their patience and understanding while waiting for assistance from us ... even though it was late into the night before we got to some of you.

Plus an extra thank you to my parents, Louie and Jean, for their ongoing encouragement and helping us in our move, building and settling in Homer.

*Sharon and Dave*

## 19 Women of Science

To the Editor:

Kachemak Bay Girl Scouts would like to extend heartfelt thanks to 19 local professional women who gave their time and effort to present an afternoon "Women of Science" event for us. The girls, ranging in age from 5 to 14, participated in workshops such as chemistry, aviation, veterinary medicine, and healing with energy. They learned to read X-rays, use microscopes, recognize weather patterns, plant seeds, hook up a telephone, do a Well baby check, test water quality, and do the log roll. They had to use their powers of observation and math skills. Some got to build isohedrons from gum drops and toothpicks and others got to build chickadee nesting boxes. They all had fun and were exposed to exciting careers along the way. This was a fabulous experience for us and we plan to do it again next year!

Thank you to Poppy Benson, Daisy Lee Bitter, Murgi Blanding, Fern Cossette, Deb Germano, Elaine Grabowski, Mary Griffith, Vicky Iig, MaryLou Kelsey, Dr. Kristine Lamendola, Claire McCann, Elaine McCollum, Dr. Pam Price, Francie Roberts, Donna Rufshohn, Beth Lambert, Leslie Slater, Sarah Reinert, and Heidi Hedberg.

We would also like to thank Spenard Builders Supply and Kenai Building Supply for their generous donations of wood, and Daryl Furrrens and the Homer High School for the use of their facilities.

*Tina Seaton  
Kachemak Bay Girl Scouts*

## Hone your boating skills

To the Editor:

Attention, all boating enthusiasts: here's your chance to hone those boating skills by signing up for and attending the Boating Skills and Seamanship class now being offered by the Coast Guard Auxiliary. Classes are every Tuesday and Thursday, from 7-9:30 p.m. at the Homer High School, and will run through March 16.

Subjects included in the course are small boat handling, trailering, legal requirements, marine radio procedures, navigation rules, piloting, weather considerations and knots.

Call Darrell (Community Schools) at 235-4090 or Craig Forrest at 235-5248 for further information.

*Milli Martin, public affairs officer  
Coast Guard Auxiliary, Homer Flotilla*

## Keeper clarifies role in community

To the Editor:

This letter responds to the recent letter chastising Cook Inlet Keeper for its position on the Trailside cleanup and discarded batteries in the harbor.

The proposed Trailside cleanup is, to put it bluntly, a big mess. No one even knows the extent of groundwater contamination at the site, yet the current plan will simply backfill the excavated area with clean fill and forget about the problem. That leaves a slug of tainted groundwater to threaten down-gradient property for years to come. Getting a bank loan for contaminated property is virtually impossible, and as a result, economic development in Homer may suffer. We ascribe to the notion that the economic health of our community is inextricably linked to the health of our natural resources.

As for batteries in the harbor, it's the toxic lead, not the battery acid, which is the problem. And despite the well-documented health concerns associated with lead contamination, Cook Inlet Keeper hasn't held this up as some sky-is-falling issue. Rather, discarded batteries are part of Keeper's larger campaign to press for clean boating in Cook Inlet. For years, community members have come to Keeper and complained about pollution around the boat harbor. Keeper believes that no one intentionally pollutes, and if given the proper tools, people will take the steps needed to protect our water quality. So Keeper is working to make the boat harbor a cleaner and healthier place, and removing toxic batteries is but one strategy to achieve this worthy goal.

*Bob Shavrlson  
Cook Inlet Keeper*

## None of us walk alone ...

To the Editor:

I would like to thank everyone who gave us their

time, energy and prayers to help ease us through the tragic loss of our son and brother, Kyle Jake Fidler.

My heart was deeply touched by the love and many familiar faces at our service on Saturday. It would warm Kyle immensely to see the compassion and support from such a diverse group of our community.

He was a good boy, and his nurturing tendencies must live on in each of us. None of us walk alone, but it often feels that way. It is only through positive encouragement that we may be able to live together in health and harmony.

Special thanks to all of our neighbors and Kyle's close friends, of whom I am so proud.

*May peace be with you,*

*Kaleen Knodel-Fidler and Family*

## Money makes the world go

To the Editor:

"Money makes the world go round . . ." Remember this refrain? Surely, it is the truth as we all recognize the need to consider our budget on a daily basis. We balance our checkbooks . . . balance our budgets . . . balance our expenditures with our income. This need is absolutely critical when we only possess a limited amount of earnings to cover our expenditures.

During this past year and a half, Alaskans have heard daily about dwindling oil revenues causing shortfalls for many of our state programs. Cutting the budget is a popular refrain throughout Alaska and in legislative halls — and the cuts are felt everywhere, in our schools, on our roads and in our cities' municipal programs. For the past year and a half, I've been formulating legislation that would put before the voters at the ballot box this November the option of amending our Constitution to allow for a two-year budget cycle. I recently introduced HJR 2 which, if passed, would require the governor, beginning fiscal year 2002-3, to present a budget that encompasses two years instead of one — saving the time, energy, resource and salary expenses incurred while formulating the budget annually.

Biennial budgeting makes good sense. Right now 20 other states budget in this manner, while Alaska's annual budgeting process remains arduous. In every state department, beginning every June or July and ending the following May, hundreds of people from every agency spend countless hours preparing their respective department's budget to present in hearings, closings and debates before finance subcommittees. Then Senate and House finance committees spend countless hours honing the budget to provide for citizens' needs in the most fiscally responsible manner possible.

A biennial budget process would allow all legislators to deliberate the budget during the first year of each legislative session, then focus on legislation only in the second year as the spending guidelines would already be in place. This time frame would work hand-in-hand with our results-based budgeting concept. State agencies then would have a chance to initiate

**See LETTERS, page 6**



# JUNEAU EMPIRE

*Pls copy  
for  
Bianchi's  
file*

The Voice of Alaska's Capital City

## ail to the King



MICHAEL PENN / THE JUNEAU EMPIRE

g Elvis fans sit on stage alongside Clayton Wagy during his Elvis impersonator show at Centennial Hall Friday night. The  
ert was in celebration of Elvis' 65th birthday and a benefit for the Juneau Arts and Humanities Council.

## Seeking shorter sessions

■ Bills to limit Legislature pas-  
House and Senate committee.

By CATHY BROWN  
THE JUNEAU EMPIRE

Lawmakers are trying to shorten the am-  
of time they spend in Juneau.

Rather than debate the budget every y-  
the Legislature would set two-year spend-  
plans under a proposal approved Friday by  
House Judiciary Committee. Under the prop-  
legislative sessions would be shortened from  
to 60 days during non-budget years.

A Senate proposal to shorten the Legi-  
ture's annual session from 121 days to 75 d-  
without altering the budget process, also pas-  
its first committee Friday with little difficult-

The House constitutional amendment pro-  
ing for a biennial budget is sponsored by F-  
Gail Phillips, a Homer Republican. She said  
change in budgeting should make state gov-  
ment more efficient and effective, and co-  
save money.

"Where it would make a significant impa-  
with the agencies," Phillips said. Instead  
spending three or four months every year  
wing on their budgets, "they would be able to  
come far more productive in the progr-  
they're putting into place."

If revenues changed dramatically during  
off-year, the Legislature still could m-  
changes during those years, Phillips said.

The measure received support from the  
members of the Judiciary Committee pres-  
The governor also supports it, according to J-  
Fagnoli, a senior policy analyst with the Of-  
of Management and Budget.

Rep. Eric Croft, an Anchorage Democrat,  
in addition to possible savings for the state,  
ernment, the change would save money and t-  
for other Alaskans who come to Juneau ev-  
year to lobby on budget issues.

"It seems like there's just a societal savin-  
Croft said.

Rep. Norm Rokeburg, an Anchorage Rep-  
lican, has opposed the change to biennial b-  
getting in the past, but he supported the prop-  
Friday.

Several issues troubled him in the past.  
said. One was the fact that Alaska's budget is  
dependent on oil revenues, which can fluctu-  
widely from year to year. Another concern  
that setting the budget for two years instea-  
one, loosens the Legislature's control on  
state's purse-strings.

Please see Short Page

## POC investigating dividend poll

omplaint alleges survey  
illegal campaigning

END HOLST  
EAU EMPIRE

phone rang. Within minutes,  
's Dennis Harris was hopping mad.  
d just been told that if he voted no  
t, 14, 1999, that his Alaska Perma-  
und dividend would disappear.  
was extremely angry," Harris said  
"I was particularly irritated that  
ere campaigning and calling it a

most 28,000 other Alaskans were  
questions similar to those that so  
l Harris. Some of them phoned the  
'Public Offices Commission to com-  
but Harris took the next step, filing  
icial objection with APOC. He  
s the poll, taken between Aug. 21

**The wording behind the poll**

This is the script pollsters used be-  
(for the statewide election last Septem-  
ber.)

Hi, I'm calling from R.T. Nielsen &  
Co.

Are you a registered voter?

Could I ask you a few short questions  
about the Sept. 14 Special Election?

(If asked who is behind the poll:  
Public Policy Council.)

On Sept. 14, you'll be asked how you  
feel about using a small portion of  
(Alaska) Permanent Fund earnings to  
pay for essential government services,  
like education and public safety. This  
would not affect the permanent fund it-  
self.

Voting YES means saving the divi-  
dend program. Your dividend check  
would be \$1,700 for the next two years,  
decline to about \$1,340 in the third  
Please see Poll, Page A10

and Sept. 1, was a campaign ploy, and the  
person paying for it should have been  
identified by those making the calls with a  
"paid for by" disclaimer.

The poll, Harris said, is illegal. Also, he  
asserts, backers of a yes vote didn't report  
paying for the poll properly. After hearing  
Please see APOC, Page A10



SEANNA O'SULLIVAN/THE ASSOCIATED PRESS

**No objection:** Sen. Dave Donley, an Anchorage Republican, shrugs at what the Senate Judiciary Committee all agreed was a workable idea to limit the legislative session to 75 days as Sens. John Torgerson, center, a Kasilof Republican, and Robin Taylor, a Wrangell Republican, look on.

## Short...

Continued from Page A1

"We're in a certain sense giving up... legislative power," he said.

Rokeburg said he decided to support this proposal because he believes a long-term fiscal plan will be adopted within a few years, which will provide more year-to-year stability in income.

Also, he likes the idea of limiting legislative sessions during non-budget years to 60 days and he believes agencies will operate more effectively with two-year budgets.

If approved by both the House and Senate, the constitutional amendment would go to voters this fall.

The Senate proposal by Sen. Sean Parnell, an Anchorage Republican, is also in the form of a constitutional amendment. He said a 75-day session will save the state money and entice more candidates to run for the Legislature.

"The legislative process can expand to fill whatever time we give it," Parnell said, adding that the Legislative Affairs Agency has estimated the state would save more than \$2 million on the change.

The Legislature now convenes in January and meets until mid-May. Parnell's measure would push opening day to late February.

The measure drew little dissent from the three members of the Senate Judiciary Committee present on Friday. Chairman Robin Taylor, a Wrangell Republican, suggested that the starting date might be moved back to January to accommodate lawmakers who work in seasonal industries such as fishing.

"I think the deader part of winter is better," Taylor said.

Parnell said he was concerned that might give legislative budget-writers less time to work after the Department of Revenue issues its annual spring revenue forecast.

Sen. John Torgerson, a Kasilof Republican who co-chairs the Senate Finance Committee with Parnell, called the proposal "very workable" but observed that some lawmakers might find themselves

working more in the interim between sessions.

"I'm not sure the amount of work is going to change," said Torgerson, R-Kasilof.

Rick Urion, a former member of the Legislature who now works as a lobbyist, testified in favor of the measure.

"The Legislature is sort of like water. It will occupy whatever space you give it," Urion said. "If you could harness the wasted energy in this building, you could light the state for the year."

Urion served before 121-day limit was imposed in 1984.

◆◆◆◆

The Associated Press contributed to this report.

# NASA mete

■ Object may help agency learn more about the solar system.

THE ASSOCIATED PRESS

ANCHORAGE -

joined the search for a meteorite that fell in the Yukon Territory, a space object may help learn more about our solar system.

The meteor, which fell Tuesday over the village of Fairbanks, was the largest ever over dry land in 10 years.

The powerful explosion was seen and felt by people in Alaska and Canada from Carcross, according to astronomers and Canadian reports.

The National Aeronautics and Space Administration is sending a search plane to the Yukon Territory today to collect atmospheric samples from the explosion. NASA said it packed the plane with up to three kilotons of TNT.

"They're sampling the atmosphere for particles," said Michael Zolensky, a cosmologist at the Johnson Space Center near Houston, Texas. He is looking to see if we can

## Launches sci

THE ASSOCIATED PRESS

FAIRBANKS - The

launches are planned from the Poker Flat Range, north of Fairbanks.

The first is scheduled according to the Geophysical Institute at the University of Fairbanks.

Charles Carlson, a physicist from the University of

**OSCAR  
WHITE  
SAYS:**

Dad says he never had fillings because Granddad, "Dr. Bob", cleaned his teeth and painted them with fluoride every 6 months 'til he



For Your  
**SUPERBOWL  
PARTY**

the back room

You may  
rep

To be eligible you must  
• Be Alaska Native  
• or American Indian  
• Own your home