

ALASKA LEGISLATURE COMMITTEE FILES 1985-1986 86/2

3365 HJUD HB 509 - HB 513



# RECORDS CERTIFICATION

I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

*James O. Smith*  
Signature of Camera Operator

*7/25/89*  
Date

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STATE OF ALASKA  
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY  
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JUNEAU, ALASKA 99811  
907-465-3000

May, 1986

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS date base CM 14. In order to save space copies of minutes have not been left in the files.

Jeanie Henry

*House Judiciary*

2-24-86

1:30 pm

# STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

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

**REQUEST**

Bill/Resolution No.: HB509  
 Title: "An Act relating to the number of superior court judges..."  
 Sponsor: Rep. Navarre  
 Requestor: Judiciary  
 Date of Request: 2/14/86

**FISCAL DETAIL**

Agency Affected: Dept. of Administration  
 BRU: Office of Public Advocacy  
 Components: Office of Public Advocacy

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

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES	-0-	152.7	161.9	171.6	181.9	192.8
TRAVEL		5.0	5.3	5.6	5.9	6.3
CONTRACTUAL		80.2	85.0	90.1	95.5	101.2
SUPPLIES		3.0	3.2	3.4	3.6	3.8
EQUIPMENT		16.7	0	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>-0-</b>	<b>257.6</b>	<b>255.4</b>	<b>270.7</b>	<b>286.9</b>	<b>304.1</b>

<b>CAPITAL</b>						
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<b>REVENUE</b>						
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**FUNDING : (Thousands of Dollars)**

GENERAL FUND	-0-	257.6	255.4	270.7	286.9	304.1
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>-0-</b>	<b>257.6</b>	<b>255.4</b>	<b>270.7</b>	<b>286.9</b>	<b>304.1</b>

**POSITIONS :**

FULL-TIME	-0-	3.0	3.0	3.0	3.0	3.0
PART-TIME						
TEMPORARY						

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

Prepared by: Brant McGee, Public Advocate *Brant McGee* Phone: 274-1684  
 Division: Office of Public Advocacy Date: 2/20/86

Approved by Commissioner: Eleanor Andrews *Eleanor Andrews* Date: \_\_\_\_\_  
 Agency: Department of Administration

Distribution (by Agency preparing fiscal note):

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

# CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HB509

This bill establishes two new superior court judgeships in the Third Judicial District to be located in Palmer and Kenai. The addition of judges in any court location results in a substantial increase in required court appearances for Office of Public Advocacy staff attorneys and contract professionals who provide guardian ad litem representation for abused and neglected children. The OPA must have staff attorneys and contract professionals available to appear in the additional court hearings scheduled before the new judges.

## BUDGET ANALYSIS

### Third District - Kenai & Palmer

#### Additional Anchorage Staff to Cover Kenai & Palmer Courts

Attorney IV	72.2
Associate Attorney II	53.1
Clerk Typist III	<u>27.4</u>
	152.7

100- Personal Services	152.7
200- Travel	5.0
300- Contractual Services	80.2
400- Supplies	3.0
500- Equipment (One-Time)	<u>16.7</u>

TOTAL 257.6

Position Title <b>Attorney IV - Anchorage</b>			No. of Positions <b>1</b>	Range/Step <b>24/A</b>	Bar Unit <b>X</b>	Gov.	Approv.	Blk/Dep.																																															
Time Status <b>PFT</b>	Staff Months <b>12-0</b>	RP Number	Location <b>EBA</b>	Election District <b>8</b>																																																			
<table border="1"> <thead> <tr> <th>Type of Expenditure</th> <th>1</th> <th>2</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Salary</td> <td><b>4.687/Per Mo.</b></td> <td><b>56,241</b></td> <td></td> </tr> <tr> <td>Benefits</td> <td></td> <td><b>15,970</b></td> <td></td> </tr> <tr> <td>Premium Pay</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Other</td> <td></td> <td></td> <td></td> </tr> <tr> <td colspan="3">Total Personal Services</td> <td><b>72,211</b></td> </tr> <tr> <td>Travel</td> <td></td> <td></td> <td><b>2,500</b></td> </tr> <tr> <td>Contractual</td> <td></td> <td></td> <td><b>7,600</b></td> </tr> <tr> <td>Commodities</td> <td></td> <td></td> <td><b>1,000</b></td> </tr> <tr> <td>Equipment</td> <td></td> <td></td> <td><b>3,100</b></td> </tr> <tr> <td>Other</td> <td></td> <td></td> <td></td> </tr> <tr> <td colspan="3">Total Cost</td> <td><b>86,434</b></td> </tr> </tbody> </table>			Type of Expenditure	1	2	Amount	Salary	<b>4.687/Per Mo.</b>	<b>56,241</b>		Benefits		<b>15,970</b>		Premium Pay				Other				Total Personal Services			<b>72,211</b>	Travel			<b>2,500</b>	Contractual			<b>7,600</b>	Commodities			<b>1,000</b>	Equipment			<b>3,100</b>	Other				Total Cost			<b>86,434</b>	<b>Justification</b> <p>The increase in criminal caseloads in the Palmer and Kenai areas necessitates the addition of another felony trial lawyer in the Anchorage office. This single attorney could provide cost effective staff coverage of these locations. This position will enable OPA to absorb the increased caseload to be anticipated from the addition of Superior Court judges and court appearances for these areas.</p>				
Type of Expenditure	1	2	Amount																																																				
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**Request For  
New Position**

Agency Department of Administration  
 BRU Office of Public Advocacy  
 Component Office of Public Advocacy

**FY 87**

Page 3 of 5  
 Revised Date

Position Title <b>Associate Attorney II - Anchorage</b>			No. of Positions <b>1</b>	Range/Step <b>19/A</b>	Base Unit <b>X</b>	Gov.	Appr.	Disapp.
Time Status <b>PFT</b>	Staff Months <b>12.0</b>	RP Number	Location <b>EHA</b>		Election District <b>8</b>	Leg.		
Type of Expenditure			Justification					
		Amount	<p>The increase in children's proceedings in the Palmer and Kenai areas necessitates the addition of another Associate Attorney II position in the Anchorage office. This single position would provide guardian ad litem representation to abused and neglected children in children's proceedings in Kenai and Palmer.</p>					
1	2	3						
Salary <b>3,353/Mo.</b>	<b>40,236</b>							
Benefits	<b>12,849</b>							
Premium Pay								
Other								
<b>Total Personal Services</b>		<b>53,085</b>						
Travel		<b>2,500</b>						
Contractual		<b>7,600</b>						
Commodities		<b>1,000</b>						
Equipment		<b>3,100</b>						
Other								
<b>Total Cost</b>		<b>67,285</b>						
Receipt Code	Funding Source							
	Federal Receipts 1007							
	G. E. Match 1003							
	General Funds 1004		<b>67,285</b>					
	I-A Receipts 1005							
	Program Receipts 1028							
	CIP Receipts 1061							
	Other							
For BAM Use Only								
Key Number								

**Request For  
New Position**

Agency Department of Administration  
 BRU Office of Public Advocacy  
 Component Office of Public Advocacy

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 Revised Date

**EX 87**

Position Title <b>Clark Typist III - Anchorage</b>			No. of Positions <b>1</b>	Range/Step <b>08/A</b>	Barg. Unit <b>G</b>	Gov.	Approv.	Disapp.
Time Status <b>PFT</b>	Staff Months <b>12.0</b>	RP Number	Location <b>EBA</b>	Election District <b>8</b>		Leg.		
Type of Expenditure			Justification					
		Amount	<p>The addition of two professional positions in the Anchorage office necessitates an additional clerk typist position. Presently, the Anchorage office has three legal secretary positions who are providing clerical support to 12 professional positions. The Anchorage office has no receptionist position and these duties are covered by the legal secretaries. The addition of two professional positions will increase the secretarial workload substantially. The present secretary positions will be able to absorb this additional workload only if they are relieved from receptionist duties.</p>					
1	2	3						
Salary	1,631/Mo.	19,572						
Benefits		7,805						
Premium Pay								
Other								
Total Personal Services		27,377						
Travel		0						
Contractual		0						
Commodities		1,000						
Equipment		10,500						
Other								
Total Cost		38,877						
Receipt Code	Funding Source							
	Federal Receipts 1002							
	G. E. Match 1003							
	General Funds 1004							
	I-A Receipts 1005							
	Program Receipts 1028							
	CIP Receipts 1061							
	Other							
Fol B&M Use Only Key Number								

**Request For  
New Position**

Agency Department of Administration  
 BRU Office of Public Advocacy  
 Component Office of Public Advocacy

**FY 87**

Page 5 of 5  
 Revised Date

STATE OF ALASKA 1986 LEGISLATIVE SESSION  
FISCAL NOTE

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

**REQUEST**

Bill/Resolution No.: HB509  
 Title: "An Act relating to the number of superior court judges in the Third Judicial District..."  
 Sponsor: Rep. Navarre  
 Requestor: Judiciary  
 Date of Request: Feb. 14, 1986

**FISCAL DETAIL**

Agency Affected: Dept. of Administration  
 BRU: Public Defender Agency  
 Components: Third Judicial District

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

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES		207.9	216.2	224.9	233.9	243.3
TRAVEL		7.5	7.8	8.1	8.4	8.7
CONTRACTUAL		16.0	16.6	4.8	5.0	5.2
SUPPLIES		4.0	4.2	4.4	4.6	4.8
EQUIPMENT		9.0				
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>-0-</b>	<b>244.4</b>	<b>244.8</b>	<b>242.2</b>	<b>251.9</b>	<b>262.0</b>

CAPITAL						
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REVENUE						
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**FUNDING : (Thousands of Dollars)**

GENERAL FUND	-0-	244.4	244.8	242.2	251.9	262.0
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

**POSITIONS :**

FULL-TIME	-0-	4.0	4.0	4.0	4.0	4.0
PART-TIME						
TEMPORARY						

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

(See attached page.)

Prepared by: Dana Fabe, Public Defender *Dana Fabe (BS)* Phone: 279-7541  
 Division: Public Defender Agency Date: Feb. 14, 1986

Approved by Commissioner: *Marsha Heald* Date: \_\_\_\_\_  
 Agency: \_\_\_\_\_

Distribution (by Agency preparing fiscal note):

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

# CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HB509

The Alaska Court system is requesting two new superior court judges for the Third Judicial District, one for Kenai and one for Palmer. The addition of judges in any court location results in a substantial increase in required court appearances for attorneys in the Public Defender Agency. The Agency must have attorneys available to appear at the additional court hearings scheduled before the new judges along with necessary support staff in order to avoid unnecessary delays and continuances.

## BUDGET ANALYSIS

### Third District:

<u>Kenai-</u>	Attorney III	68.0	
	Clerk/Typist	28.9	
<u>Palmer-</u>	Attorney III	66.1	
	Paralegal II	44.9	
	100 Personal Services		207.9
	200 Travel		7.5
	300 Contractual		15.0
	400 Supplies		4.0
	500 Equipment (one time)		<u>9.0</u>
		TOTAL	244.4

Position Title <b>Attorney III</b>			No. of Positions <b>1</b>	Range/Step <b>22A</b>	Barg. Unit <b>PX</b>	Gov.	Approv.	Disapp
Time Status <b>PFT</b>	Staff Months <b>12.0</b>	RF Number	Location <b>Kenai</b>		Election District <b>5</b>	Leg.		
Justification								
Type of Expenditure			Amount					
1			2			3		
Salary	\$4379 x 12		52,548					
Benefits			15,434					
Premium Pay								
Other								
Total Personal Services						67,982		
Travel						2,500		
Contractual						6,000		
Commodities						1,000		
Equipment						1,500		
Other								
Total Cost						78,982		
Receipt Code		Funding Source						
		Federal Receipts 1002						
		G. F. Match 1003						
		General Funds 1004		78,982				
		I-A Receipts 1005						
		Program Receipts 1028						
		CIP Receipts 1061						
		Other						
For B&M Use Only Key Number _____								

HB 509 establishes a new Superior Court judge in Kenai. This is in addition to the present Superior Court judge and a magistrate. The Agency has three attorneys and a paralegal assigned here and the new judicial position would require another assistant public defender and a clerk/typist. They are necessary to cover the caseload and mandatory court appearances.

**Request For  
New Position**

Agency Department of Administration  
 BRU Public Defender Agency  
 Component Third Judicial District

**FY 87**

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 Revised Date \_\_\_\_\_

Position Title <b>Clerk/Typist III</b>			No. of Positions <b>1</b>	Range/Step <b>8A</b>	Bagg Unit <b>GG</b>	Gov.	Approv.	Disapp
Time Status <b>PFT</b>	Staff Months <b>12.0</b>	RP Number	Location <b>Kenai</b>		Election District <b>5</b>	Leg.		
Justification								
Type of Expenditure			Amount					
1			2			3		
Salary \$1731 x 12			20,772					
Benefits			8,098					
Premium Pay								
Other								
Total Personal Services			28,870					
Travel			-0-					
Contractual			1,000					
Commodities			1,000					
Equipment			4,500					
Other								
Total Cost			35,370					
Receipt Code		Funding Source						
		Federal Receipts 1002						
		G. F. Match 1003						
		General Funds 1003		35,370				
		I-A Receipts 1005						
		Program Receipts 1028						
		CIP Receipts 1061						
		Other						
For B&M Use Only Key Number								

HB 509 establishes a new Superior Court judge in Kenai. This is in addition to the present Superior Court judge and a magistrate. The Agency has three attorneys and a paralegal assigned here and the new judicial position would require another assistant public defender and a clerk/typist. They are necessary to cover the caseload and mandatory court appearances.

**Request For  
New Position**

Agency Department of Administration  
 BRU Public Defender Agency  
 Component Third Judicial District

**FY 87**

Page 4 of 6  
 Revised Date

Position Title <b>Attorney III</b>			No. of Positions 1	Range/Step 22A	Barg. Unit PX	Gov.	Approv.	Disapp																																																											
Time Status FFT	Staff Months 12.0	RP Number	Location Palmer		Election District 16	Leg.																																																													
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Request For  
New Position

Agency Department of Administration  
BRU Public Defender Agency  
Component Third Judicial District

Page 5 of 6  
Revised Date \_\_\_\_\_

FY 87

Position Title <b>Paralegal Assistant II</b>			No. of Positions <b>1</b>	Range/Step <b>16A</b>	Barg. Unit <b>GG</b>	Gov.	Approv.	Disapp.																																																											
Time Status <b>PFT</b>	Staff Months <b>12.0</b>	RP Number	Location <b>Palmer</b>		Election District <b>16</b>	Leg.																																																													
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		CIP Receipts 1061																																																																	
		Other																																																																	
For B&M Use Only Key Number _____																																																																			

**Request For  
New Position**

Agency Department of Administration  
 BRU Public Defender Agency  
 Component Third Judicial District

Page 6 of 6  
 Revised Date \_\_\_\_\_

**FY 87**

# STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

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

**REQUEST**

Bill/Resolution No. : HB509  
 Title : "An Act increasing the number  
 of superior court judges..."  
 Sponsor : Rep. Navarre  
 Requestor : House Judiciary  
 Date of Request : \_\_\_\_\_

**FISCAL DETAIL**

Agency Affected : Public Safety  
 BRU : Alaska State Troopers  
 Components : Judicial Services

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

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES		129.7	137.5	145.7	154.5	163.7
TRAVEL		4.0	4.2	4.5	4.8	5.0
CONTRACTUAL		22.4	23.7	25.2	26.7	28.3
SUPPLIES		6.6	7.0	7.4	7.9	8.3
EQUIPMENT		38.4				
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>		<b>201.1</b>	<b>172.4</b>	<b>182.8</b>	<b>193.9</b>	<b>205.3</b>
<b>CAPITAL</b>						
<b>REVENUE</b>						

**FUNDING : (Thousands of Dollars)**

GENERAL FUND		201.1	172.4	182.8	193.9	205.3
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

**POSITIONS :**

FULL-TIME		2	2	2	2	2
PART-TIME						
TEMPORARY						

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

*K. Allan*  
 Prepared by : Francis C. Allan *FCG* Phone : 269-5691  
 Division : Alaska State Troopers Date : 2-7-86  
 Approved by Commissioner : *[Signature]* Date : 2/11/86  
 Agency : Department of Public Safety

Distribution (by Agency preparing fiscal note) :

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



Position Title <b>State Trooper</b>			No. of Positions <b>1</b>	Range/Step <b>76/A</b>	Barc. Unit <b>PSEA</b>	Gov.	Approv.	Disapt.
Time Status <b>PFT</b>	Staff Months <b>12</b>	RP Number	Location <b>Kenai</b>		Election District <b>16</b>	Leg.		
Type of Expenditure			Justification					
Amount			<p>This commissioned State Trooper will be needed to provide court security, move prisoners and serve criminal and civil process. The position will provide coverage for the increased workload created by the additional superior court judge proposed. Current staff cannot handle the increase.</p>					
1	2	3						
Salary	41,880							
Benefits	18,266							
Premium Pay	5,799							
Other								
Total Personal Services		65.3						
Travel		2.0						
Contractual		11.2						
Commodities		3.3						
Equipment		19.2						
Other								
Total Cost		101.6						
Receipt Code	Funding Source							
	Federal Receipts	1002						
	G. F. Match	1003						
	General Funds	1004	101.6					
	I-A Receipts	1005						
	Program Receipts	1006						
	CIP Receipts	1007						
	Other							
For B&M Use Only								
Key Number								

**Request For  
New Position**

Agency Public Safety  
 BRU Alaska State Troopers  
 Component Judicial Services

Page      of       
 Revised Date     

**FY 87**

Kenai/Soldotna

Trooper

PERSONAL SERVICES - 100

\$3,990 x 12 months =	\$41,880	
+ 180 hours OT	5,799	
SUB TOTAL	<u>\$47,679</u>	
+ .261327% Benefits	12,460	
+ .0613 SBS	2,800	
+ Health Benefits	<u>3,006</u>	
TOTAL PERSONAL SERVICES		\$65,945

TRAVEL & PER DIEM - 200

Average - This will vary		
TOTAL TRAVEL & PER DIEM		2,000

CONTRACTUAL - 300

Telephone/Postage, \$85 per month x 12	1,020	
Photo Processing, \$40 per month x 12	480	
PSEA Physical Exam, Average	300	
Uniform PSEA Cleaning Allowance	636	
HWCF Vehicle - Monthly Cost Replacement \$292 per month + 1,500 miles x .29	<u>8,724</u>	
TOTAL CONTRACTUAL		11,160

SUPPLIES AND MATERIALS - 400

Uniforms/with all accessories; jacket, hats, handcuffs, etc.	1,900	
Film Supplies + Office Supplies	750	
Vehicle Accessories - Blanket, tire chains, snow tires, flares, etc.	<u>650</u>	
TOTAL SUPPLIES AND MATERIALS		3,300

EQUIPMENT - 500

Patrol - Vehicle - initial cost	12,000	
Underhood Speaker	100	
Car Radio	3,000	
Siren/Amplifier	250	
MX 360 Radio-Portable w/charger	3,200	
Firearms (revolver, shotgun, & rifle)	<u>650</u>	
TOTAL EQUIPMENT		<u>19,200</u>

TOTAL TROOPER COST TO THE BRU		\$101,605
-------------------------------	--	-----------

PALMER

Trooper

PERSONAL SERVICES - 100

\$3,153 x 12 months =	\$40,356	
+ 180 hours OT	5,587	
SUB TOTAL	<u>\$45,943</u>	
+ .261327% Benefits	12,006	
+ .0613 SBS	2,800	
+ Health Benefits	<u>3,006</u>	
TOTAL PERSONAL SERVICES		\$63,755

TRAVEL & PER DIEM - 200

Average - This will vary		
TOTAL TRAVEL & PER DIEM		2,000

CONTRACTUAL - 300

Telephone/Postage, \$85 per month x 12	1,020	
Photo Processing, \$40 per month x 12	480	
PSEA Physical Exam, Average	300	
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Underhood Speaker	100	
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Siren/Amplifier	250	
MX 360 Radio-Portable w/charger	3,200	
Firearms (revolver, shotgun, & rifle)	<u>650</u>	
TOTAL EQUIPMENT		<u>19,200</u>

TOTAL TROOPER COST TO THE BRU		\$99,415
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# STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

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

**REQUEST**

Bill/Resolution No. : HB 509  
 Title : An Act Increasing the Number  
of Judges  
 Sponsor : Navarre, Hurley, Marrou  
 Requestor : \_\_\_\_\_  
 Date of Request : 2/3/86

**FISCAL DETAIL**

Agency Affected : Alaska Court System  
 BRU : Trial Courts  
 Components : \_\_\_\_\_

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

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES		574.3	608.8	645.3	684.0	725.0
TRAVEL						
CONTRACTUAL		11.8	12.5	13.3	14.1	14.9
SUPPLIES		4.0	4.2	4.5	4.8	5.1
EQUIPMENT		34.1				
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>		<b>624.2</b>	<b>625.5</b>	<b>663.1</b>	<b>702.9</b>	<b>745.0</b>

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

**FUNDING : (Thousands of Dollars)**

GENERAL FUND		624.2	625.5	663.1	702.9	745.0
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>		<b>624.2</b>	<b>625.5</b>	<b>663.1</b>	<b>702.9</b>	<b>745.0</b>

**POSITIONS :**

FULL-TIME		8	8	8	8	8
PART-TIME						
TEMPORARY						

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

Prepared by : Robert G. Fisher Phone : 264-8215  
 Division : Alaska Court System Date : 2/3/86  
 Approved by Commissioner : Arthur H. Snowden, II Date : 2/3/86  
 Agency : Alaska Court System

Distribution (by Agency preparing fiscal note) :

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

ALASKA COURT SYSTEM  
 HB 509 - AN ACT INCREASING  
 THE NUMBER OF JUDGES

FISCAL IMPACT

PERSONAL SERVICES:	Salary	Benefits	Total Costs
<b>Kenai:</b>			
Superior Court Judge	\$82,716	\$96,245	\$178,961
In-Court Clerk (PFT, range 12B)	27,432	9,247	36,679
Secretary (PFT, range 12B)	27,432	9,247	36,679
Law Clerk (PFT, range 13A)	28,380	9,462	37,842
Subtotal Kenai			----- 290,161 -----
<b>Palmer:</b>			
Superior Court Judge	80,004	96,155	176,159
In-Court Clerk (PFT, range 12B)	26,604	9,059	35,663
Secretary (PFT, range 12B)	26,604	9,059	35,663
Law Clerk (PFT, range 13A)	27,432	9,247	36,679
Subtotal Palmer			----- 284,164 -----
Total Personal Services			574,325
 <b>CONTRACTUAL:</b>			
Telephone and postage costs			4,000
Word processors			7,800
Total Contractual			----- 11,800 -----
 <b>SUPPLIES:</b>			
			4,000
 <b>EQUIPMENT: (one-time items)</b>			
Office furniture			24,628
Reference materials (chambers and courtroom)			9,462
Total Equipment			----- 34,090 -----
<b>TOTAL COST</b>			 \$624,215 =====

Subsequent fiscal years adjusted to reflect 6% inflation.



# Trial Courts

State of Alaska

THIRD JUDICIAL DISTRICT  
303 K STREET  
ANCHORAGE, ALASKA  
99501

264-0415

ALBERT H. SZAL  
Area Court Administrator

January 21, 1986

## MEMORANDUM

TO: ✓ Judge Charles Cranston  
Judge Beverly Cutler  
Judge James Hanson

FROM: Albert H. Szal *A.H.S.*  
Area Court Administrator

SUBJECT: Review of Need for Superior Court Judgeships for  
Palmer, Kenai, Ketchikan and Dillingham

FILED in the Trial Courts  
State of Alaska, Third District  
at Kenai  
JAN 24 1986  
By \_\_\_\_\_ Clerk  
Deputy

The enclosed memorandum is enclosed for your information.

AHS:rr

cc: Goldeen Goodfellow  
Jay Warner  
Ross Ripley

bcc: Al Szal

MEMORANDUM

RECEIVED

JAN 20 1986

Office of Trial Court Administrator  
3rd Judicial District

TO: Arthur Snowden  
Administrative Director

FROM: Dick Delaplain *RWD*  
Manager, Technical Operations

SUBJECT: Review of need for superior court judgeships for  
Palmer, Kenai, Ketchikan and Dillingham

DATE: January 18, 1986

---

Per your instructions my staff have reviewed relevant statistical and workload data in these four sites regarding the need for additional superior court judges in Palmer, Kenai and Ketchikan and the creation of a superior court in Dillingham.

It is our conclusion that current and projected workload data would support the creation of superior court judgeships in each of these sites if budget was not a consideration. Given the reality of declining state revenues/budgets, it our recommendation that additional superior court judgeships be placed in Palmer and Kenai. Palmer would be the number one priority due to the tremendous recent growth in this area and the probable short term future growth.

Ketchikan has required more than one judge to stay current with superior court workload for the last two years. This support has been supplied by using approximately 75% of the Wrangell/Petersburg judges time in Ketchikan. This is not a long term solution to Ketchikan's workload, but will suffice for the next year.

Dillingham could be the central hub for a "service area" (similar to Bethel) that would serve Dillingham, the Bristol Bay area and the Aleutian Chain court sites. Workload in such a court would be equivalent to the workload in Bethel. The major drawback to recommending such a court is the lack of adequate routine transportation between Dillingham and the Aleutian Chain courts (Unalaska, Cold Bay, etc.). Current transportation patterns would require a Dillingham judge to travel via Anchorage to service most of his/her district court sites. Until more convenient transportation patterns are available this area should be serviced by Anchorage judges.

Statistical data regarding Ketchikan and Dillingham follows under separate cover.

cc: Stephanie Cole  
Karla Forsythe

bcc: Al Szal

MEMORANDUM

RECEIVED

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3rd Judicial District

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Administrative Director

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Statistical data regarding Ketchikan and Dillingham follows under separate cover.

cc: Stephanie Cole  
Karla Forsythe

Attached are statistical analyses regarding additional superior court judges in Kenai and Palmer.

In evaluating the following statistics for the either location it is assumed there will be a continued growth in the coming years or at the least no decrease in current activity levels. None of the statistical sources makes any specific predictions for the future. However, the Department of Labor does predict a 2 - 3% per year increase in the labor force for the entire state.

The current workload and statistical data from both Kenai and Palmer was compared to Juneau because it is our only two Superior Court judge location.

Sources of statistics used in these reviews include the following:

- Population: 1980 Census  
1981 - 1984 Alaska Population Overview  
Alaska Department of Labor
- Labor Force: 1980 - 1983 Alaska Planning Information  
Alaska Department of Labor
- Attorneys: Alaska Bar Association
- Police/Troopers: Local Police Departments and local Trooper Posts (Palmer and Kenai)
- Judges Travel: Judges' travel claims filed in the Administrative Accounting Office
- Jury Costs: Jury pay amounts from the Jury Transaction Computer File
- Caseload Statistics: Case filings reported to the Technical Operations Office by the individual courts.

COMPARISON STATISTICS - 1985 TRIAL COURT STATISTICS

	JUNEAU
Population	: 25,964
Labor Force	: 12,853
Attorneys In Area	: 178
Police/Troopers	: 43
Judge Travel Days To	: 105 days
Judge Travel Days From	: 69 days
Net support days	: 36 days
% of FTE Judge	: 16%
Jury Costs FY85	: \$59,757

FY 85 Caseload Statistics (Filings)

	JUNEAU
Felony	162
Misdemeanor	2243
Civil	1295
Small Claims	1671
Children	28*
TOTAL	5399
Traffic	3404

\* Children's matters not fully reported.

PALMER JUDGSHIP

(Includes Matanuska Borough Census Division)

The Matanuska Borough Census Division has experienced the largest population growth of any census division in Alaska during the past five years. Palmer experienced a 68% increase in population between 1980 and 1984. Its' 1984 population of 29,836 is now larger than Juneau's population of (25,964).

The available labor force in the Palmer area has experienced a 91% increase between 1981 and 1985. Their August 1985 estimated labor force of 14,601 is 13% larger than Juneau's (12,853).

There are 33 practicing attorneys in the Matanuska Valley which is a 106% increase over 1980. There are 39 law enforcement officers which is a 117% increase over 1980 and comparable to Juneau's 43 officers.

In 1984 Palmer had 44 days of visiting judge time which was a 120% increase over 1980. Partial year 1985 reports show 41 days of visiting judge time in Palmer. These partial reports would project out to approximately 55 days of visiting judge time for the entire calendar year. Fifty-five days of judge time is approximately 25% of a full-time-equivalent judgeship. Need for visiting/pro tem judges can be projected to increase significantly due to the significant increases in superior court civil filings in Palmer. The portion of these cases that will go to trial will not be evident in workload for the next 1-2 years.

Jury costs in Palmer have increased 264% between FY81 and FY85. Total FY85 jury costs in Palmer of \$67,251 were 9% greater than Juneau (\$59,737).

Total non-traffic citation caseload for the Palmer court has increased approximately 120% during the last five years. Traffic citations have approximately doubled during this same period.

The rate of growth in the valley is expected to slow down in the next five years, however it is likely to level off at least a 2 to 3% annual population growth rate with no decline projected by any State agency. It can be anticipated that the workload in this court will continue to increase although at a hopefully slower rate than the last five years.

There is currently sufficient workload to justify a second Superior Court judge for this location. Demand for service can be expected to continue to increase significantly in each of the next five years.

It is our recommendation that a second superior court judge be placed in Palmer at this time. This judge should be expected to handle both superior and district court duties.

if Palmer had a court room available plus staff. Co. N. J.

**PALMER AREA STATISTICAL DATA**

<u>Population</u>	
Matsu Census Area	
1980 Census	17766
1981 Dept Labor	19123
1982 Dept Labor	25212
1983 Dept Labor	24734
1984 Dept Labor	29836(+68%)

<u>Labor Force</u>	
Matsu Borough	
1980	7664
1981	7321
1982	10540
1983	11765
Aug 1984	13925
Aug 1985	14601(+91%)

<u>Attorneys</u>	
1980	16
1981	14
1982	22
1983	28
1984	31
1985	33 (+106%)

<u>Police/Troopers</u>	
1980	18
1981	27
1982	7/a
1983	n/a
1984	36
1985	39(+117%)

**Visiting/Pro Tem Judge Days**

CY	Days
1980	20 days
1981	29 days
1982	37 days
1983	2 days
1984	44 days (20% of Judge)
1985	41 days partial year through 8/31/85.

**Jury Costs**

FY	Amount
81	\$18,462
82	37,512
83	43,666
84	58,060
85	\$67,251(+264%)

**Caseload Statistics**

	FY 81	FY 82	FY 83	FY 84	FY 85	% CHANGE '81-'85	% CHANGE '84-'85
<b>CRIMINAL</b>							
Felony	68	79	170	141	136	+100%	- 4%
Misdemeanor	766	1059	1313	1808	2163	+182%	+ 20%
<b>Criminal Sub Totals</b>	<u>834</u>	<u>1138</u>	<u>1483</u>	<u>1949</u>	<u>2299</u>	<u>+176%</u>	<u>+ 18%</u>
<b>CIVIL</b>							
D.C. Civil	310	419	67	49	104	- 66%	+112%
C.C. Civil	*	*	92	139	229	*+149%	+ 65%
Dom. Relations	*	*	314	442	578	*+ 84%	+ 31%
Probate	*	*	58	72	98	*+ 69%	+ 36%
Small Claims	931	841	578	651	1158	+ 24%	+ 78%
<b>Civil Sub Totals</b>	<u>1241</u>	<u>1250</u>	<u>1109</u>	<u>1353</u>	<u>2167</u>	<u>+ 75%</u>	<u>+ 73%</u>
<b>CHILDREN'S MATTERS</b>	*	*	25	71	107	*+328%	+ 51%
<b>TOTAL NON-TRAFFIC</b>	<u>2075</u>	<u>2388</u>	<u>2617</u>	<u>3373</u>	<u>4573</u>	<u>+120%</u>	<u>+ 36%</u>
<b>TRAFFIC CITATIONS</b>	4470	3085	5170	4970	8049	+ 80%	+ 62%
<b>COURT TOTALS</b>	<u>=====</u> 6545	<u>=====</u> 5473	<u>=====</u> 7787	<u>=====</u> 8343	<u>=====</u> 12622	<u>=====</u> + 93%	<u>=====</u> + 51%

\* Superior court established in Palmer as of 7/1/82. Superior court judgeship filled effective 10/26/82. Percentage change from FY81-FY85 for Superior Court Civil, Domestic Relations, Probate and Children's Matters categories are actually the percentage change in filings between FY83 and FY85 for these categories.

## KENAI JUDGSHIP

(Includes Kenai Cook Inlet Census Division)

The Kenai Cook Inlet Census Division had a total population of 38,235 in 1984 which was a 51% increase over the 1980 census. Kenai itself had a population of 24,502 which is comparable to Juneau's 1985 population of 25,964. The Kenai court services the entire Kenai Cook Inlet Census Division.

The Kenai Peninsula Borough had an estimated August 1985 labor force of 20,044 which is a 90% increase over 1980s labor force. Juneau's labor force on the other hand is only 12,853.

There are 34 attorneys with resident practices in Kenai in 1985 which is a 21% increase over 1980. There has been a 64% increase in the number of police/troopers assigned in the Kenai area during the period 1980 to 1985. The current force of 46 law enforcement personnel in the Kenai area is slightly higher than Juneau's 43 law enforcement personnel.

Kenai has required approximately 1.6 superior court judges to stay current with with caseload for the last several years. The additional judge needs have been met through utilization of considerable amounts of visiting and pro tem judge time. In 1984 there were 132 visiting/pro tem judge days which was an 120% increase over 1980 and equals approximately 60% of a FTE judge. The partial data for 1985 already shows 98 visiting judge days utilized. Projecting this data out for the full 1985 year (final '85 data is not available as of this writing) would indicate that Kenai will require approximately the same visiting/pro tem judge resources in 1985 as in 1984.

Kenai jury costs have increased by 40% over the years FY 81 to FY 85. This figure does not include any judge time or jury costs associated with the existing Kenai judge trying cases in either Homer or Seward.

The total caseload for Kenai has increased 57% for non-traffic cases and 51% overall since FY 81. There has been a 42% increase in felony filings and a 73% increase in civil filings. The construction of a high security prison facility in Seward will no doubt add additional caseload to Kenai in that it will be the nearest superior court site to the prison.

It is evident that the large increases in population, labor force and resident law enforcement personnel have created a significant increase in the superior court caseload in Kenai. A review of visiting/pro tem judge days show that the need for an additional judge in Kenai has existed for the last 2-3 years.

The dramatic increases in population and workforce that have occurred on the Kenai Peninsula in the last 5 years will probably not be as sharp in the next few years, however they should continue at a reduced rate of increase. A second superior court judge in Kenai is needed to handle the current workload in superior court and to assist in handling the continuing growth of district court work.

It is our recommendation that a second superior court judge be placed in Kenai at this time. This judge should be expected to handle both superior and district court duties.

Population				Labor Force	
	Kenai Area	Other Kenai Cook Inlet Census	Total Kenai Cook Inlet Census Area	Kenai Peninsula Borough	
1980 Census	19785	5497	25282	1980	10534
1981 Dept Labor	20686	5834	26520	1981	10204
1982 Dept Labor	20791	11695	32486	1982	12349
1983 Dept Labor	22488	12649	35137	1983	13494
1984 Dept Labor	24502	13783	38285	Aug 1984	19036
			(+51%)	Aug 1985	20044(+90%)

Attorneys	
1980	28
1981	26
1982	28
1983	32
1984	33
1985	34 (+21%)

Police/Troopers	
1980	28
1981	32
1982	n/a
1983	n/a
1984	38
1985	46(+64%)

Visiting/Pro Tem Judge Days  
CY

1980	60 days
1981	65 days
1982	44 days
1983	40 days
1984	132 days (+120%) 60% of Judge
1985	98 days partial year - as of 8/31/85

Jury Costs  
FY

81	\$32620
82	31137
83	41205
84	50326
85	45794(+40%)

Caseload Statistics

	FY81	FY82	FY83	FY84	FY85	% Change '81-'85	% Change '84-'85	
Criminal	Felony	81	95	100	102	115	+42%	+13%
	Misdemeanor	1149	1268	1797	2315	1995	+74%	-14%
Criminal Sub Totals	1319	1363	1897	2417	2110	+60%	-13%	
Civil	D.C. Civil	83	79	98	34	121	+46%	+256%
	S.C. Civil	134	126	203	207	248	+85%	+20%
	Dom. Relations	272	341	354	425	484	+78%	+14%
	Probate	61	49	81	88	96	+57%	+9%
Small Claims	455	405	308	426	592	+30%	+39%	
Civil Sub Totals	1005	1000	1044	1180	1541	+53%	+31%	
Children's Matters	110	81	81	129	25 (NC)	--	--	
Non Traffic Total	2434	2444	3022	3726	3676	+51%	- 1%	
Traffic	6033	4106	4810	5218	4747	-21%	- 9%	
COURT TOTALS	8467	6550	7832	8944	8423	- 1%	- 6%	

NC - not complete reporting on Children's matters.

CHIEF JUSTICE  
JAY A. FABINOWITZ

JUSTICES  
EDMOND W. BURKE  
WARREN W. MATTHEWS, JR.  
ALLEN T. COMPTON  
DANIEL A. MOORE



Supreme Court  
State of Alaska

ROOM 418 604 BARNETTE ST.  
BARBANKS ALASKA 99501  
907 452-9101

March 6, 1986

Representative M. Mike Miller  
Pouch V, Mail Stop 3100  
Juneau, AK 99811

Dear Representative Miller:

This will serve to confirm our recent telephone conversation regarding the Alaska Bar Foundation's IOLTA proposal. As I stated, the Bar Foundation presented its IOLTA proposal. After meeting with the Bar Foundation representatives and the President and Executive Director of the Alaska Bar Association the Supreme Court of Alaska advised the Bar and Foundation that it was agreeable to the adoption of an IOLTA rule that would have the following features:

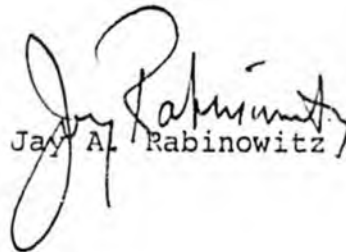
- (a) the program would be voluntary;
- (b) only clients' funds in the amount of \$250 or less could be deposited in the attorney's IOLTA account; and
- (c) earnings from such an account, net of any service charges or fees, are to be remitted to the Alaska Bar Foundation, Inc. or such other IRS approved IOLTA fund approved by the Board of Governors of the Alaska Bar Association.

Since informing the Bar and Foundation of the Supreme Court's position I have been advised that both the Board of Governors of the Alaska Bar Association and the Alaska Bar Foundation have considered our position and wish the opportunity to further discuss certain features of the IOLTA

proposal. More particularly I have been advised informally that the Bar and the Foundation both think that the \$250 cap is unrealistic and wish to reargue the point. Further, it is my understanding that the Supreme Court will be reviewing both the Bar's and the Foundation's response within the next two weeks.

Best wishes,

Sincerely,

  
Jay A. Rabinowitz



# RECORDS CERTIFICATION



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James O. Smith  
Signature of Camera Operator

7/25/89  
Date

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STATE OF ALASKA  
THE LEGISLATURE

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JUNEAU, ALASKA 99811  
907-465-3800

May, 1986

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS date base CM 14. In order to save space copies of minutes have not been left in the files.

Jeanie Henry

House Judiciary	2/5/86	1:30 pm
" "	2/27/86	1:30 pm
" "	2/28/86	1:30 pm

Office of Management and Budget  
Division of Strategic Planning

February 3, 1986

HOUSE BILL (HB) 513

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

SECTIONAL ANALYSIS

Section 1

This section amends AS 37.05 (Fiscal Procedures Act) by adding a Section 156 (Budget Reserve Fund; Appropriation Limit).

Subsection (a) establishes the Budget Reserve Fund (BRF) as a separate fund within the State Treasury, and stipulates that the money in the BRF is dedicated by the provision of Article IX, Section 17 of the Alaska Constitution.

Section 17 is added to Article IX of the Constitution by the provisions of HJR 62, Section 3. That section of HJR 62 effectively stipulates that revenue receipts in excess of the new appropriation limit established in HJR 62 (which applies only to unrestricted general funds) must be deposited in the BRF.

Subsection (b) effectively stipulates that, for purposes of determining the new appropriation limit amount established in HJR 62, appropriations are considered to be made in the calendar year in which they are enacted.

The calendar-year basis is specified in this subsection because the appropriation limit established in HJR 62 is determined for each fiscal year according to the total amount of appropriations enacted during the calendar year which precedes that fiscal year. That approach is used in HJR 62 in order to assure that legislators know at the start of legislative sessions precisely how much money they can appropriate for the upcoming fiscal year's budget.

Lines 18-21 of Subsection (b) effectively stipulate that any money which comes to the General Fund from the BRF because deposits have caused the BRF balance to exceed the BRF's

annually established capacity (maximum size), shall, if appropriated, be included in the determination of the following year's appropriation limit.

Lines 21-25 of Subsection (b) effectively stipulate that the money to which the HJR 62 appropriation limit applies shall be considered to include any carry-forward or deficit from the preceding fiscal year.

Subsection (c) effectively stipulates that reappropriations shall not be considered as new appropriations in the year in which they are reappropriated, thus exempting reappropriations from the HJR 62 appropriation limit.

Lines 26-29 further stipulate that only the remaining balance in reappropriation accounts may be considered to be reappropriations. (For example, if the amount of \$1 million was appropriated for a fiscal year 1988 project, but only \$800 thousand remained in the account as of January 1990, only \$800 thousand of a \$1 million reappropriation made during the 1990 session would be considered as the reappropriation. The remaining \$200 thousand of the \$1 million reappropriation would be considered a new appropriation, and thus would be included under the appropriation ceiling governing that session.)

The last four lines of Subsection (c) establish a methodology for distinguishing reappropriations from new appropriations in appropriation bills. According to this methodology, a reappropriation item in an appropriation bill will be considered to be a reappropriation only if the bill includes, within a single section, an explicit coupling of a repeal citation and a reappropriation amount. All reappropriation items lacking such an explicit coupling will be considered to be new appropriations, and thus will count under the appropriation limit operative at the time.

Subsection d) effectively stipulates that the Governor shall determine whether the amount of unrestricted general fund revenue received during a fiscal year is less than 95 percent of the total unrestricted general fund appropriations enacted during the calendar year which preceded that fiscal year; and, that the Governor shall make that determination during the fourth quarter of the fiscal year. If the Governor determines that such a shortfall has occurred, the BRF shall transfer money to the General Fund for appropriations. The amount of money so transferred shall be the lesser of: (a) enough to raise appropriations to the 95 percent level; or, (b) an amount equal to 25 percent of the existing BRF balance.

Subsection (e) effectively stipulates that, if deposits to the BRF cause the BRF's annually established capacity (maximum size) to be exceeded, 75 percent of the excess amount must be deposited in the Permanent Fund.

Subsection (f) effectively stipulates that the Governor's authority to use BRF money to meet State emergencies, as authorized in HJR 62, shall apply to emergencies as defined in AS 26.23.230(1), and to emergencies involving a serious reduction in revenue from non-state (e.g., federal) sources.

Subsection (g) effectively represents an attempt to formally define "unrestricted general fund revenues", for purposes of defining the scope of applicability of the new appropriation limit established in HJR 62. Though its meaning is widely understood in budgetary parlance, the phrase "unrestricted general fund revenues" has not previously been defined.

## Section 2

Because the existing appropriation limit will be reconsidered on the 1986 general election ballot, it is possible that an individual might vote to retain the existing limit, while simultaneously voting affirmatively on the BRF appropriation limit (pursuant to the provisions of HJR 62). To avoid this possibility, Section 2 of House Bill 513 instructs the Lieutenant Governor to include an explanation of the situation on the ballot. Under the provisions of Section 2, the Lieutenant Governor shall make it clear on the ballot that an affirmative vote on the BRF appropriation limit (HJR 62) will supercede an affirmative vote on the reconsideration of the 1982 appropriation limit.

## Section 3

This section repeals the State's current "Rainy Day Fund" and transfers its balance to the BRF.

## Section 4

This section effectively stipulates that Section 1 and Section 3 of HB 513 will take effect only when any voter approval of the BRF and its accompanying appropriation limit become effective.

## Section 5

This section stipulates that the provisions of Section 2 of HB 513, requiring the Lieutenant Governor's ballot explanation, will become effective immediately if HB 513 is enacted.

**HOUSE  
COMMITTEE REPORT**

Date referred: 1/24/86

FURTHER REFERRALS: FINANCE

DATE: 2/28/86

The JUDICIARY Committee has considered HB 513

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

and recommends:

- do pass
- do not pass
- do pass with attached amendment(s)
- no recommendation
- replace with CS HB 513 (JUD)  same title
- new title

and recommends \_\_\_\_\_

further referral to the \_\_\_\_\_ Committee

- and attaches:
- letter of intent
  - first fiscal note
  - new fiscal note
  - zero fiscal note

SIGNING DO PASS:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
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SIGNING OTHER RECOMMENDATIONS:

NO REC  
NO REC  
\_\_\_\_\_  
do not pass  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Chairman

Work Draft

Cook  
2/28/86

Original sponsor: Rules/governor

1 IN THE HOUSE

BY THE JUDICIARY COMMITTEE

2 CS FOR HOUSE BILL NO. 513 (Judiciary)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

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

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

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

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

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

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

27 (c) A reappropriation of no more than the remaining balance of  
28 the amount appropriated in a prior year is considered an appropriation  
29 attributable to the calendar year in which the appropriation was first

1 enacted. Only if, within a single section of an appropriation bill,  
2 there is an explicit repeal of an appropriation coupled with a new  
3 appropriation is there a reappropriation for the purposes of this  
4 subsection.

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

15 (e) As authorized by art. IX, sec. 17(b), Constitution of the  
16 State of Alaska, 75 percent of the money received by the state, de-  
17 scribed in art. IX, sec. 17(a), Constitution of the State of Alaska,  
18 that exceeds the maximum balance of the fund, shall be deposited in  
19 the Alaska permanent fund.

20 (f) The Department of Revenue shall manage and invest assets of  
21 the budget reserve fund in the manner set out for the management and  
22 investment of assets of the Alaska Permanent Fund Corporation under  
23 AS 37.13.120. The department has all of the duties and authority  
24 given the corporation and the board under AS 37.13.120.

25 (g) In art. IX, sec. 17, Constitution of the State of Alaska,  
26 "emergency" means the events set out in AS 26.23.230(1) or a reduction  
27 of the revenue from nonstate sources that seriously impairs the  
28 ability of the state to perform essential functions.

29 (h) In this section and art. IX, secs. 16 and 17, Constitution

1 of the State of Alaska, "state source" means

2 (1) the undistributed income account in the permanent fund;  
3 and

4 (2) all sources of money in the state general fund except

5 (A) federal sources;

6 (B) bond proceeds;

7 (C) sources from which money is received in trust for  
8 a specific purpose; and

9 (D) the dividend fund established under AS 43.23.045.

10 \* Sec. 2. The lieutenant governor shall include on the ballot for the  
11 1986 general election an explanation that an affirmative vote on the con-  
12 stitutional amendment providing for the budget reserve fund and revising  
13 the appropriation limit will supersede an affirmative vote on the reconsid-  
14 eration, under art. XV, sec. 27, Constitution of the State of Alaska, of  
15 the 1982 amendment establishing the appropriation limit.

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

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

22 \* Sec. 5. Section 2 of this Act takes effect immediately in accordance  
23 with AS 01.10.070(c).  
24  
25  
26  
27  
28  
29

# STATE OF ALASKA 1986 LEGISLATIVE SESSION

## FISCAL NOTE

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

**REQUEST**

Bill/Resolution No. : CS HB513/HJR 62  
 Title : Appropriation Limit of  
Budget Reserve Fund  
 \_\_\_\_\_  
 Sponsor : Governor  
 Requestor : House Judiciary  
 Date of Request : 2/27/86

**FISCAL DETAIL**

Agency Affected : ALL  
 BRU : N/A  
 \_\_\_\_\_  
 Components : N/A  
 \_\_\_\_\_

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

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

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

**FUNDING : (Thousands of Dollars)**

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

**POSITIONS :**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

Neither bill will require additional state expenditures.  
 See attached summary for an explanation of the appropriation limit  
 and the budget reserve fund.

Prepared by : Gordon Harrison *Gordon S. Harrison* Phone : 465-3568  
 Division : Division of Strategic Planning Date : 2/27/86

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

Distribution (by Agency preparing fiscal note) :

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

Office of Management and Budget  
Division of Strategic Planning  
January 31, 1986

SUMMARY--BUDGET RESERVE FUND

The basic principles of Governor Sheffield's proposed Budget Reserve Fund (BRF) may be summarized as follows:

- o The BRF replaces the Rainy Day Fund.
- o Potential sources of capitalization for the BRF include the balance of the Rainy Day Fund, windfall revenue, retained BRF earnings, and future revenue surpluses.
- o The BRF appropriation limit replaces the existing appropriation limit.
- o The BRF appropriation limit applies only to unrestricted general fund revenues, and defines "Base Year" as the calendar year preceding the start of a given fiscal year.
- o Annual appropriations are limited to 115 percent of total appropriations enacted during the Base Year.
- o If revenue receipts in a fiscal year fall below 95 percent of total appropriations enacted during the Base Year, the BRF pays out the lesser of two amounts for general fund appropriations: (a) enough to raise appropriations to the 95 percent level; or, (b) 25 percent of the BRF balance.
- o If revenue receipts in a fiscal year surpass 115 percent of total appropriations enacted during the Base Year, the surplus above the 115 percent level is transferred into the BRF.
- o If a transfer or any other event causes the BRF balance to exceed the BRF's capacity (annually set equal to total appropriations enacted during the Base Year), the excess is divided between the Permanent Fund (75 percent) and the General Fund (25 percent). The latter 25 percent may be appropriated without regard to the 115 percent appropriation limit, but is included in calculations for the next fiscal year's Base Year.
- o The balance of the BRF is accessible in cases of emergencies, as defined by law.

A M E N D M E N T

Offered in the HOUSE

By Sund

TO: HB 513

Page 2, after line 18, insert a new subsection to read:

"(f) The Department of Revenue shall manage and invest assets of the budget reserve fund in the manner set out for the management and investment of assets of the Alaska Permanent Fund Corporation under AS 37.13.120. The department has all of the duties and authority given the corporation and the board under AS 37.13.120."

Reletter the following subsections accordingly.

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF LAW

POUCH K - STATE CAPITOL  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-3600

OFFICE OF THE ATTORNEY GENERAL

March 4, 1986

Honorable Mike Miller  
Chairman, House Judiciary Committee  
Alaska State Legislature  
P. O. Box V  
Juneau, Alaska 99811

Re: CSHB 513(Jud) and CSHJR  
62(Jud) -- budget reserve  
fund and appropriation  
limit)

Dear Mike:

I have just skimmed your committee's substitutes, offered yesterday, for HB 513 and HJR 62. A couple of points jumped out at me, and I am not sure whether they reflect oversights or intentional decisions. Here they are:

1. At the February 5, 1986 House Judiciary Committee hearing, one of the committee members expressed concern about the definition of "emergency" that appears in proposed AS 37.05.156(g) ((f) in the original version) of CSHB 513(Jud). In my February 10, 1986 letter to you, I addressed that point on page 3, concluding that there was no legal problem, but offering a clarifying amendment. The substitute bill does not include the clarification. It would be at page 2, line 26, of the substitute; insert "the definition of 'disaster' in" in front of the citation. Thus that line would read "'emergency' means the events set out in the definition of 'disaster' in AS 26.23.230(1) or a reduction." Your committee might have decided that this clarification is not necessary.

2. In sec. 4, your substitute version of the resolution adopts our suggestion to use an effective-date clause to deal with the problem created by the current art. XV, sec. 27's requirement that the voters vote again on the 1982 spending limit amendment. However, your version of the resolution does not use the language suggested in my February 10, 1986 letter. Two aspects concern me:

A. The language in your version mentions a majority of voters approving the 1982 amendment, and then tells when the 1986 amendment takes effect. It seems to me to be preferable to express what is only implied in your language. I.e., there should be some reference to a majority of the voters having approved the 1986 amendment. In other words, on page 2, line 28, after the comma, the following words should be inserted: "and a majority of those voting on the 1986 amendment approves the 1986 amendment," or words to that effect. The same comments apply to the second sentence of that section, at page 3, line 2.

B. The language at lines 28 and 29 of page 2 of your version identify the 1986 amendment only as the one "repealing and readopting section 16 of article IX." What about the amendment to art. IX, sec. 7 and the new art. IX, sec. 17? It could be that the drafter intended those other two changes to take effect in the standard art. XIII, sec. 1, 30 days. However, the three changes are so integrally related that they should all take effect on the same day. The version in the February 10 letter provides for that.

Your version corrects an oversight in mine, in that we should be referring to a majority of the voters. However, other than that, and modesty aside, the February 10 version appears preferable for the following reasons:

i. It leads off with a reference to voter approval of this 1986 amendment, and then goes on to deal with the effective date.

ii. It clearly identifies what we mean by "this amendment," specifying all of the changes. Of course, since you have deleted the provision on a 1986 appropriation to the permanent fund, you would not want to refer to art. XV, sec. 29 here). Although this requires more words, it is clearer and more accurate.

iii. It is couched in the terms of art. XV, sec. 27, and refers to that provision in brief explanation of why we are in this muddle in the first place.

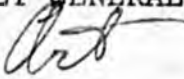
Honorable Mike Miller, Chairman  
House Judiciary Committee

March 4, 1986  
Page 3

iv. It is set out in a format that makes the result obvious and easier to understand, similar to the format change your CS made in our version of the definition of "state source" in the bill.

Very truly yours,

HAROLD M. BROWN  
ATTORNEY GENERAL

By:   
Arthur H. Peterson  
Assistant Attorney General

AHP:md

cc: Tamara Cook, Director  
Legal Services Division  
Legislative Affairs Agency

Milton B. Barker  
Deputy Commissioner, Treasury  
Dept. of Revenue

Gordon Harrison, Associate Director  
Div. of Strategic Planning  
OME

Jay Hogan, Associate Director  
Div. of Budget Review  
OMB

Jim Ayers  
Director of Legislative Relations  
Governor's Office

James L. Baldwin  
Assistant Attorney General  
Juneau

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y STATE CAPITOL  
JUNEAU ALASKA 99811  
907.465.3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 27, 1986

SUBJECT: Budget Reserve Fund (CSHB 513(Jud))

TO: Representative M. Mike Miller, Chair  
House Judiciary Committee

FROM: Tamara Brandt Cook *TBC*  
Director  
Division of Legal Services

Here is the committee substitute that you requested dealing with the budget reserve fund. I know that the bill has been passed from your committee, nevertheless I wish to alert you to some major legal problems posed by this legislation.

Under section 2, the lieutenant governor is required to include on the ballot for the 1986 general election an explanation that an affirmative vote on the constitutional amendment providing for the budget reserve fund and revising the appropriation limit will supersede an affirmative vote on the reconsideration of the existing constitutional appropriation limit provision. It is far from clear that providing this explanation will make it so. More thought needs to be given to the problem created by presenting two conflicting appropriation limits to the voters. In addition, should HB 513 fail to pass and the resolution calling for the budget reserve fund succeed in passing, even this direction to the lieutenant governor will be lost. It would seem better to include the provision in the resolution proposing the constitutional amendment rather than in HB 513.

Section 3 of the bill proposes to transfer money from the "rainy day fund" to the newly created budget reserve fund. This is an appropriation that violates Article II, section 13, since it is not contained in an appropriation bill. It should be deleted from HB 513 and placed in an appropriation bill.

TBC:mkr  
m3/096  
Enclosure

# STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

## DEPARTMENT OF LAW

POUCH K - STATE CAPITOL  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-3600

OFFICE OF THE ATTORNEY GENERAL

February 10, 1986

Honorable Mike Miller  
Chairman, House Judiciary Committee  
Alaska State Legislature  
P. O. Box V  
Juneau, Alaska 99811

Re: HB 513 and HJR 62 (budget  
reserve fund and appropria-  
tion limit)

Dear Mike:

As you requested at the House Judiciary Committee hearing on February 5, 1986, here are some amendments to these two measures, dealing with points raised by various committee members:

1. In the resolution, on page 2, line 14, delete the words "the governor determines that." Thus, the beginning of that subsection (b) will read "If the money received by the state from state sources in a fiscal year is less than the amount...." It is not necessary to add anything to the bill to specify whose responsibility it is to make the determination that the money received is less, because proposed AS 37.05.156(d) in the bill already refers to the governor, making that responsibility clear. This should resolve the question of the judicial reviewability of that determination, as raised by Representative Clocksin.

2. In the resolution, do something like the following:

Page 2, line 25, delete "a" and change "section" to read "sections."

Page 2, after line 29, insert:

SECTION 30. EFFECTIVE DATE. If approved by the voters, this amendment to the Constitution of the State of Alaska, consisting of an amendment to art. IX, sec. 7; the repeal and re-adoption of art. IX, sec. 16; and

the addition of art. IX, sec. 17, and art. XV, sec. 29, takes effect as follows:

(1) if, in voting again on the 1982 version of art. IX, sec. 16, as required by art. XV, sec. 27, the voters reject that version of art. IX, sec. 16, this amendment takes effect thirty days after the certification of the 1986 general election returns by the lieutenant governor;

(2) if, in voting again on the 1982 version of art. IX, sec. 16, as required by art. XV, sec. 27, the voters do not reject that version of art. IX, sec. 16, this amendment takes effect forty days after the certification of the 1986 general election returns by the lieutenant governor.

Nothing regarding this point need be done in the bill. The bill's sec. 2, regarding the lieutenant governor's explanation of the new provision's supersession of the old one, is still appropriate.

This proposal, relying on art. XIII, sec. 1's provision on the effective date of an amendment to the constitution, should resolve the question raised by Representative Gruenberg concerning the point that sec. 2 of the bill addresses. After trying some draft wording, we did not take the approach discussed at the committee hearing, to the effect that a voter's affirmative vote on both questions would nullify that voter's vote on both questions. The sensitivity of disenfranchisement issues and the need to determine voter intent deterred us. In fact, rather than two "yes" votes being totally illogical, a voter who wanted to make sure that the state did not end up with no appropriation limit may very well vote "yes" on both questions. He or she might not want to risk voting "no" on either of them. The effective-date approach offered here solves the problem of the re-vote on the old appropriation limit, while avoiding other problems. Although wordy, it is conceptually simple.

The number "forty" in paragraph (2) of the proposed sec. 30 has no special significance other than that it is a convenient number greater than thirty. Although the re-affirmation of the old appropriation limit is not exactly an amendment, which would take effect 30 days after certification of the election results, its status would be clear by that date. Giving the new spending limit a slightly later effec-

...ive date avoids any issue concerning certification and effective dates. Referring to the voters "rejecting," rather than "approving," the 1982 version tracks art. XV, sec. 27.

3. A question was raised concerning the definition of "emergency" that appears in proposed AS 37.05.156(f). That definition covers two kinds of situations -- those that could be called "natural disasters" and those that relate to state income. In dealing with the former category, our definition refers to AS 26.23.230(1), a paragraph that contains the definition of "disaster" for the purposes of the Alaska Disaster Act. At the committee hearing, someone asked about the relationship between our bill and the federal Disaster Relief Act of 1974. However, the definition that we have incorporated by reference does not include a reference to that federal Act. Only AS 26.23.230(3), (4), and (6) refer to the federal Act. Our reference to paragraph (1) thus picks up only the following:

...the occurrence or imminent threat of widespread or severe damage, injury, or loss of life or property resulting from any natural or nonmilitary man-made cause including, but not limited to, fire, flood, earthquake, landslide, mudslide, avalanche, wind-driven water, weather condition, tsunami, oil spill or other water contamination requiring emergency action to avert danger or damage, volcanic activity, epidemic, air contamination, blight, infestation, explosion, riot, equipment failure, or shortage of food, water, fuel, or clothing.

Consequently, I do not think that we have a problem and the federal Act is not relevant. However, perhaps this would be made clearer by inserting on the bill's page 2, line 20, after the words "set out in," the words "the definition of 'disaster' in." Thus, the first part of the definition of "emergency" would read: "...the events set out in the definition of 'disaster' in AS 26.23.230(1) or a reduction of the revenue from nonstate sources..." Perhaps I did not understand the committee's concern about this point.

The suggestions in this letter are in addition to the one in my February 3 letter to you regarding the definition of "state source."

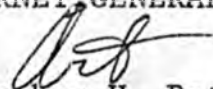
Honorable Mike Miller  
Chairman, House Judiciary Committee

February 10, 1986  
Page 4

Thank you for this opportunity to work on the bill and resolution with you and your committee.

Very truly yours,

HAROLD M. BROWN  
ATTORNEY GENERAL

By:   
Arthur H. Peterson  
Assistant Attorney General

AHP:md

cc: Milton B. Barker  
Deputy Commissioner, Treasury  
Dept. of Revenue

Gordon Harrison, Associate Director  
Div. of Strategic Planning  
OMB

Jay Hogan, Associate Director  
Div. of Budget Review  
OMB

Jim Ayers  
Director of Legislative Relations  
Governor's Office

James L. Baldwin  
Assistant Attorney General  
Juneau

# STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

## DEPARTMENT OF LAW

POUCH K - STATE CAPITOL  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-3600

OFFICE OF THE ATTORNEY GENERAL

February 3, 1986

Honorable Mike M. Miller  
Chair, House Judiciary Committee  
Alaska State Legislature  
P. O. Box V  
Juneau, Alaska 99811

Re: HB 513 (constitutional  
appropriation limit and  
budget reserve fund)  
Our file: 377-088-86

Dear Representative Miller:

House Bill 513 (constitutional appropriation limit and budget reserve fund), introduced at the governor's request on January 24, 1986, currently resides in your committee. You have scheduled a hearing for the bill on February 5, 1986. We are submitting the following proposed amendment for your consideration and inclusion in the bill:

Page 2, line 26:

Delete "and."

After "(C)" insert the following: "the permanent fund dividend fund, and (D)."

The amendment would slightly revise the definition of "state source" in proposed AS 37.05.156(g). That term is used in both HB 513 and in the companion constitutional-amendment resolution, HJR 62 (which also resides in your committee), in determining both the appropriation limit and the amount of "money received" by the state. It is the governor's intent that appropriations from, and the money in, the permanent fund dividend fund (AS 43.23.045) would be excluded when determining the appropriation limit and the amount of money received by the state.

In continuing to review the bill, it appears that the bill's current definition of "state source" does not make that intent clear. Since the permanent fund dividend fund is merely established in the "state treasury" and not in the constitutionally dedicated permanent fund itself (see the existing AS 43.23.045(a)), the bill should specifically refer to it in order to

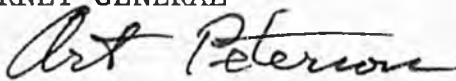
Honorable Mike M. Miller  
Chair, House Judiciary Committee

February 3, 1986  
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provide the desired exclusion. The amendment set out above should resolve any question as to the status of appropriations from, or money in, the permanent fund dividend fund.

Sincerely,

HAROLD M. BROWN  
ATTORNEY GENERAL

By:   
Arthur H. Peterson  
Assistant Attorney General

HMB:AHP:BJJ:md

cc: Milton B. Barker  
Deputy Commissioner, Treasury  
Dept. of Revenue

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Director of Legislative Relations  
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Assistant Attorney General  
Government Affairs Section  
Juneau

Office of Management and Budget  
Division of Strategic Planning

February 3, 1986

HOUSE BILL (HB) 513

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

SECTIONAL ANALYSIS

Section 1

This section amends AS 37.05 (Fiscal Procedures Act) by adding a Section 156 (Budget Reserve Fund; Appropriation Limit).

Subsection (a) establishes the Budget Reserve Fund (BRF) as a separate fund within the State Treasury, and stipulates that the money in the BRF is dedicated by the provision of Article IX, Section 17 of the Alaska Constitution.

Section 17 is added to Article IX of the Constitution by the provisions of HJR 62, Section 3. That section of HJR 62 effectively stipulates that revenue receipts in excess of the new appropriation limit established in HJR 62 (which applies only to unrestricted general funds) must be deposited in the BRF.

Subsection (b) effectively stipulates that, for purposes of determining the new appropriation limit amount established in HJR 62, appropriations are considered to be made in the calendar year in which they are enacted.

The calendar-year basis is specified in this subsection because the appropriation limit established in HJR 62 is determined for each fiscal year according to the total amount of appropriations enacted during the calendar year which precedes that fiscal year. That approach is used in HJR 62 in order to assure that legislators know at the start of legislative sessions precisely how much money they can appropriate for the upcoming fiscal year's budget.

Lines 18-21 of Subsection (b) effectively stipulate that any money which comes to the General Fund from the BRF because deposits have caused the BRF balance to exceed the BRF's

annually established capacity (maximum size), shall, if appropriated, be included in the determination of the following year's appropriation limit.

Lines 21-25 of Subsection (b) effectively stipulate that the money to which the HJR 62 appropriation limit applies shall be considered to include any carry-forward or deficit from the preceding fiscal year.

Subsection (c) effectively stipulates that reappropriations shall not be considered as new appropriations in the year in which they are reappropriated, thus exempting reappropriations from the HJR 62 appropriation limit.

Lines 26-29 further stipulate that only the remaining balance in reappropriation accounts may be considered to be reappropriations. (For example, if the amount of \$1 million was appropriated for a fiscal year 1988 project, but only \$800 thousand remained in the account as of January 1990, only \$800 thousand of a \$1 million reappropriation made during the 1990 session would be considered as the reappropriation. The remaining \$200 thousand of the \$1 million reappropriation would be considered a new appropriation, and thus would be included under the appropriation ceiling governing that session.)

The last four lines of Subsection (c) establish a methodology for distinguishing reappropriations from new appropriations in appropriation bills. According to this methodology, a reappropriation item in an appropriation bill will be considered to be a reappropriation only if the bill includes, within a single section, an explicit coupling of a repeal citation and a reappropriation amount. All reappropriation items lacking such an explicit coupling will be considered to be new appropriations, and thus will count under the appropriation limit operative at the time.

Subsection d) effectively stipulates that the Governor shall determine whether the amount of unrestricted general fund revenue received during a fiscal year is less than 95 percent of the total unrestricted general fund appropriations enacted during the calendar year which preceded that fiscal year; and, that the Governor shall make that determination during the fourth quarter of the fiscal year. If the Governor determines that such a shortfall has occurred, the BRF shall transfer money to the General Fund for appropriations. The amount of money so transferred shall be the lesser of: (a) enough to raise appropriations to the 95 percent level; or, (b) an amount equal to 25 percent of the existing BRF balance.

Subsection (e) effectively stipulates that, if deposits to the BRF cause the BRF's annually established capacity (maximum size) to be exceeded, 75 percent of the excess amount must be deposited in the Permanent Fund.

Subsection (f) effectively stipulates that the Governor's authority to use BRF money to meet State emergencies, as authorized in HJR 62, shall apply to emergencies as defined in AS 26.23.230(1), and to emergencies involving a serious reduction in revenue from non-state (e.g., federal) sources.

Subsection (g) effectively represents an attempt to formally define "unrestricted general fund revenues", for purposes of defining the scope of applicability of the new appropriation limit established in HJR 62. Though its meaning is widely understood in budgetary parlance, the phrase "unrestricted general fund revenues" has not previously been defined.

## Section 2

Because the existing appropriation limit will be reconsidered on the 1986 general election ballot, it is possible that an individual might vote to retain the existing limit, while simultaneously voting affirmatively on the BRF appropriation limit (pursuant to the provisions of HJR 62). To avoid this possibility, Section 2 of House Bill 513 instructs the Lieutenant Governor to include an explanation of the situation on the ballot. Under the provisions of Section 2, the Lieutenant Governor shall make it clear on the ballot that an affirmative vote on the BRF appropriation limit (HJR 62) will supercede an affirmative vote on the reconsideration of the 1982 appropriation limit.

## Section 3

This section repeals the State's current "Rainy Day Fund" and transfers its balance to the BRF.

## Section 4

This section effectively stipulates that Section 1 and Section 3 of HB 513 will take effect only when any voter approval of the BRF and its accompanying appropriation limit become effective.

## Section 5

This section stipulates that the provisions of Section 2 of HB 513, requiring the Lieutenant Governor's ballot explanation, will become effective immediately if HB 513 is enacted.

OPENING STATEMENT TO  
HOUSE JUDICIARY COMMITTEE  
FEBRUARY 5, 1986

BY

GORDON S. HARRISON \*

GOOD AFTERNOON, MISTER CHAIRMAN, AND MEMBERS OF THE COMMITTEE.

MY NAME IS GORDON HARRISON, AND I AM THE ASSOCIATE DIRECTOR FOR STRATEGIC PLANNING IN THE GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET. I WOULD LIKE TO THANK YOU FOR THE OPPORTUNITY TO DISCUSS WITH YOU TODAY HOUSE JOINT RESOLUTION 62 AND HOUSE BILL 513, WHICH ARE GOVERNOR SHEFFIELD'S PROPOSAL TO CREATE A BUDGET RESERVE FUND.

I WOULD LIKE TO MAKE A VERY BRIEF STATEMENT ABOUT THE BUDGET RESERVE FUND AND THE GOVERNOR'S REASONS FOR PROPOSING IT, AND THEN ASSIST IN ANY WAY THAT I CAN IN RESPONDING TO THE COMMITTEE'S QUESTIONS. HERE TO ASSIST ME IN THAT TASK IS JACK FARGNCLI, FROM MY OFFICE.

MISTER CHAIRMAN, MEMBERS OF THE COMMITTEE, HJR 62 AND HB 513 ARE COMPANION PIECES OF LEGISLATION WHICH ADDRESS ONE OF THE MOST IMPORTANT PROBLEMS FACING THE STATE. THAT PROBLEM IS FISCAL STABILITY. ITS COUNTERPART, GIVEN THE PERVASIVE ROLE

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\* ASSOCIATE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET  
DIVISION OF STRATEGIC PLANNING.

OF STATE EXPENDITURES IN ALASKA, IS OF COURSE ECONOMIC STABILITY.

MISTER CHAIRMAN, IT IS HARD TO OVER DRAMATIZE THE PRECARIOUS FISCAL POSITION OF THE STATE OF ALASKA AT THE MOMENT. WE ARE ALL UNCOMFORTABLY AWARE OF THE RECENT STEEP SLIDE OF OIL PRICES. IN THE LAST 30 DAYS, THE SPOT MARKET PRICE FOR MARKER CRUDE OILS HAS FALLEN \$10, A 40 PERCENT DECREASE.

GOVERNOR SHEFFIELD HAS PROPOSED AN FY 87 BUDGET OF \$2.66 BILLION (UNRESTRICTED GENERAL FUNDS). WHAT IS THE OUTLOOK FOR FY 88? EVEN IF THE DEPARTMENT OF REVENUE DOES NOT REVISE DOWNWARD ITS REVENUE FORECAST IN MARCH, AND IF THE GOVERNOR'S PROPOSED FY 87 BUDGET IS NOT EXCEEDED, WE STILL FACE A REDUCTION IN SPENDING IN FY 88 OF APPROXIMATELY \$400 MILLION.

HOWEVER, AS THE MEMBERS OF THIS COMMITTEE KNOW, THE GOVERNOR'S FY 87 BUDGET DOES NOT INCLUDE OUR SO-CALLED "WINDFALL" REVENUE; MONEY WE HAVE ALREADY RECEIVED, OR WILL SOON RECEIVE, FROM NEGOTIATED SETTLEMENTS OF LITIGATION WITH OIL COMPANIES. IF THIS MONEY IS PUT TO USE IN THE BUDGET RESERVE FUND, AS THE GOVERNOR PROPOSES, IT WILL BE AVAILABLE TO HELP MITIGATE THE SPENDING CUTBACKS WE ANTICIPATE NEXT YEAR AND THEREAFTER.

GRANTED, THERE ARE MANY PRESSING AND UNMET NEEDS IN ALASKA TODAY, AND EVERY DOLLAR OF OUR WINDFALL REVENUE COULD BE SPENT ON WORTHY CAPITAL PROJECTS, PUBLIC SERVICES, AND REVENUE SHARING PROGRAMS. BUT THE LONG VIEW OF OUR FISCAL SITUATION COMPELS US TO DEFER THE USE OF THIS MONEY; TO

ANTICIPATE THE FUTURE WHEN OUR NEEDS ARE LIKELY TO BE EVEN MORE ACUTE.

THE BUDGET RESERVE FUND PROVIDES THE MECHANISM TO ACCOMPLISH THIS. ITS PURPOSE IS TO STABILIZE STATE SPENDING IN THE YEARS AHEAD BY REQUIRING US TO SAVE A PORTION OF WINDFALL REVENUES WHENEVER THESE MAY APPEAR. THE BUDGET RESERVE FUND PLAN IN HJR 52 AND HB 513 DOES THIS BY ESTABLISHING A FLOOR FOR ANNUAL APPROPRIATIONS, AND A CEILING. WHEN ANNUAL REVENUE RECEIPTS FALL BELOW THE FLOOR, THE BUDGET RESERVE FUND WILL LAY OUT MONEY TO SUPPORT EXTRA APPROPRIATIONS. WHEN RECEIPTS EXCEED THE CEILING, THE SURPLUS IS USED TO REPLENISH THE FUND. THIS "BUFFERING" EFFECT, OR DAMPENING OF THE ANNUAL FLUCTUATIONS IN STATE BUDGET LEVELS, IS PRECISELY WHAT IS NEEDED TO MINIMIZE OUR VULNERABILITY TO BUDGETARY AND ECONOMIC SHOCKS.

AS REGARDS THE OPERATIONS OF THE BUDGET RESERVE FUND, MISTER CHAIRMAN, LET ME SAY THAT WE HAVE GENERALLY STRUCTURED OUR PROPOSAL SO THAT THE OPERATIVE LIMIT AND THRESHOLDS OF THE FUND ARE CONTAINED IN THE BILL, WHILE THE FUND'S ESTABLISHMENT AND THE APPROPRIATION LIMIT ARE CONTAINED IN THE CONSTITUTIONAL AMENDMENT. THIS APPROACH OFFERS A NECESSARY BALANCE BETWEEN TWO IMPORTANT CONSIDERATIONS. ONE IS TO PRESERVE THE LEGISLATURE'S ABILITY TO MODIFY THE BUDGET RESERVE FUND'S EFFECTS ON APPROPRIATIONS, ESPECIALLY AS WE ADJUST TO CHANGING CIRCUMSTANCES IN THE FUTURE. THE SECOND IS TO BRING THE STRENGTH OF CONSTITUTIONAL PROTECTION TO THE FUND'S UNDERLYING PURPOSES AND PRINCIPLES.

IN CLOSING, LET ME SAY THAT IT CERTAINLY IS GOVERNOR SHEFFIELD'S OPINION, AS WELL AS OUR OWN AT OMB, THAT THE LONG-TERM BENEFITS OF BUDGETARY AND ECONOMIC STABILITY WHICH THE BUDGET RESERVE FUND OFFERS, REPRESENT ONE OF THE MOST IMPORTANT STEPS THAT WE CAN TAKE TO ASSURE STABILITY AND PROSPERITY FOR ALL ALASKANS IN THE COMING YEARS.

MISTER CHAIRMAN, MEMBERS OF THE COMMITTEE, I HAVE INTENTIONALLY KEPT THESE COMMENTS BRIEF AND GENERAL IN NATURE, IN THE INTEREST OF GETTING DIRECTLY TO THE COMMITTEE'S CONCERNS, AND IN THE INTEREST OF NOT STARTING OUT WITH DETAILS WITH WHICH THE COMMITTEE MAY ALREADY BE FAMILIAR. AT THIS POINT, I AM PREPARED TO EITHER DEPICT MORE FULLY WHAT THE LEGISLATIVE ITEMS BEFORE YOU PROPOSE TO DO, OR TO RESPOND AS BEST I CAN TO THE COMMITTEE'S QUESTIONS.



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

January 24, 1986

CS 1/24  
The Honorable Ben Grussendorf  
Speaker of the House  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Representative Grussendorf:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sincerely,



Bill Sheffield  
Governor