

ALASKA LEGISLATURE COMMITTEE FILES 1991-1992 8672
7289 HOUSE STATE AFFAIRS

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INTRODUCTION

Since the Fiscal Policy Subcommittee's initial report February 7, much discussion has occurred about the state's fiscal condition and circumstances. A consensus is developing within the Legislature that substantial cuts must be made in state General Fund spending in FY 90 and beyond.

The members of the Budget Summit have agreed the proposed FY 90 budget of \$2.3 billion should be reduced by at least \$150 million, and they are to present specific proposals at a meeting the first week in April. A new long-range revenue forecast by the Department of Revenue narrowed the budget gap for FY 90 to approximately \$250 - \$300 million. No consensus has yet developed on new revenue sources or use of reserves to close the remaining gap in FY90.

The fiscal policy issues confronting the state include spending and revenue options that must be decided in the context of the FY 90 budget, as well as long-term implications that require further review and analysis. This report summarizes spending and revenue measures under consideration, including options with long-term fiscal impact, and makes recommendations for addressing the state's

fiscal situation. In addition, this report includes a review of the status of the public information process initiated by the House Finance Fiscal Policy Subcommittee during the first three months of this year.

RECOMMENDATIONS:

The House Finance Fiscal Policy Subcommittee recommends:

Long-term Budget Approach:

Spending should be reduced by approximately \$400 million over the next four years in order to arrive at a more sustainable annual budget of about \$1.9 billion. In addition to required spending reductions, revenues should be increased by approximately \$300-500 million so that recurring revenues are sufficient to fund the budget.

Spending:

- Make reductions of approximately \$200 million in the Governor's FY 90 budget.
- Evaluate state employee compensation and reduce health benefit costs (HCR 24).
- Study government reorganization and/or privatization:
Alaska Housing Finance Corporation, Agricultural Revolving

Loan Fund, Alaska Industrial Development and Export Authority, Post Secondary Education Commission, Oil and Gas Conservation Commission, Data Processing, Matanuska Maid Dairy, Alaska Railroad, and other state-run operations.

- Revise the funding mechanism for school debt reimbursement to local governments so that the cost to the state declines over time (HB 37).
- Restructure pass-through programs, including longevity bonus and power cost equalization, so that program costs decline over time.

Revenue:

- Rely on litigation or settlement revenue only to the extent that realistic estimates of timing and amount can be obtained.
- Pass ELF revision (CS HB 118 Resources) Note: the Subcommittee supports this recommendation 2-1.
- Pass tobacco and alcohol tax increases (HB 80 and HB 246).

- Increase user fees (HB 85).
- Reinstitute school tax (HB 215).
- Study equality of resource taxation: fish, timber, coal and other minerals.
- Study personal income tax.

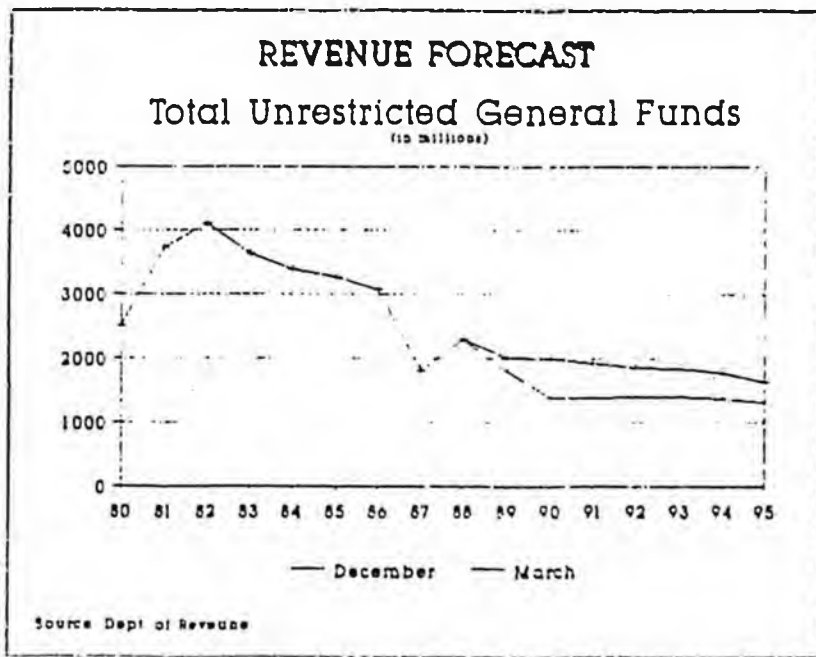
Other fiscal issues:

- Establish requirement for long-range budget/revenue plan (HB 87).
- Permanent Fund:
 - * Establish priority of inflation-proofing over dividends (HB 249).
 - * Study use of permanent fund earnings.
- Address need for budget reserve.
- Use Railbelt Energy Fund for railbelt-area projects in FY 90 and 91.

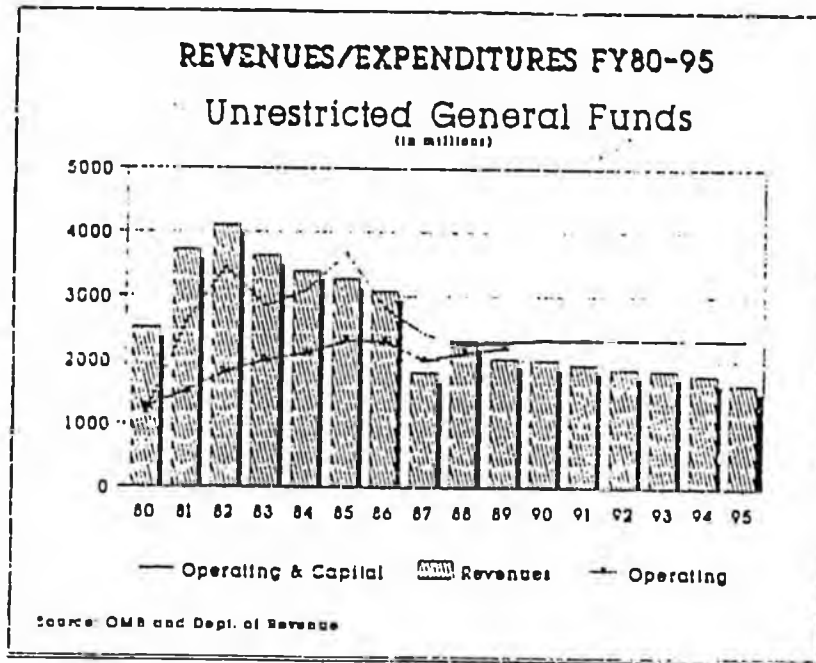
REVENUE FORECAST

The Department of Revenue long-range revenue forecast issued on March 31, 1989 indicates continued stability in world oil prices with Alaska North Slope (ANS) crude selling in the range of \$12 to \$19 per barrel for FY 90. Using the mid-case forecast (ANS average lower 48 price of \$15.66 per barrel), total FY 90 unrestricted general fund revenues would exceed the February Summit consensus forecast by about \$200 million.

The following graph shows the difference between the Department of Revenue long-range forecasts for December and March:



The revised revenue forecast narrows the budget gap to approximately \$250 to \$300 million in FY 90. The following graph shows current projected revenues and expenditures using the Department of Revenue forecast of March 31, 1989 and the Governor's Office of Budget Review long-term budget projections.



OPTIONS FOR CLOSING THE REMAINING BUDGET GAP

Necessity for immediate reductions:

Although the gap is smaller, reductions in spending, as well as additional sources of funding, are required to balance the budget in FY 90 and beyond. While petroleum revenues have stabilized at least temporarily at a higher level, expected revenues will not fund existing government operations. The state has no cash reserves set aside to help offset projected budget deficits or to respond to changes in the price of oil. The state cannot rely indefinitely on the use of other reserves to cover the gap between spending and income.

The long-term implications of continuing reductions:

Continued reductions in spending in future years will require substantial structural changes to state government programs. Some operations cannot be reduced significantly because of 24-hour staffing requirements, other functional characteristics, or because they are essential to protect public health and safety. Shutdown of whole components or facilities may be necessary in the future.

SPENDING OPTIONS

House Finance Committee FY 90 Budget Balancing Approach:

1. Total General Fund reduction target: \$150-200 million from Governor's FY 90 proposed budget.
2. FY 90 proposed transfers, increases, decreases analyzed by subcommittees.
3. Reduction/elimination and increase priorities recommended by subcommittees to full committee.
4. Increases for all agencies prioritized by subcommittee chairs.
5. Facilities operations reviewed by special subcommittee.
6. Discussion of selected pass-through and other programs by Majority and Minority Caucuses.
7. Personal services percentage reduction applied by full committee to agencies and pass-throughs.
8. Adoption of budget by full Finance Committee.

The Co-Chairmen of the House Finance Committee have provided the following guidance for Subcommittee Chairs:

- Total General Fund reduction target: \$150-200 million from Governor's FY 90 proposed budget (Summit agreed at least \$150 million for FY 90).
- Personal services will be reduced 5-10% in all agencies by the full Finance Committee, and equivalent reductions will be made in pass-throughs to municipalities, school districts and non-profits.
- Analyze proposed FY 90 transfers, increases and decreases for:
 - acceptability of proposed transfers,
 - possibility for modification of proposed change,
 - possibility for rejection of proposed change.
- Determine whether high priority increases can be funded by deleting lower priority items from the base.
- Prioritize agency programs within the FY 89 base budget and identify whole programs or sub-programs that are least valuable to the public and could be recommended for reduction or deletion.
- Prioritize items for inclusion which are above FY 89 base level.

- Review the following programs for discussion within the House Majority and Minority Caucuses:

Longevity bonus

Senior citizens and veterans tax exemptions

Municipal assistance

Revenue sharing

Shared taxes

School debt retirement

Education operation

Pupil transportation

Facilities (referred to special subcommittee) and additional miscellaneous agency pass-through programs in the Departments of Administration, Education, Labor, Commerce, Military and Veterans Affairs, Natural Resources, Public Safety, Transportation, and Community and Regional Affairs.

Public Employee compensation and benefits:

Employee compensation and benefits have been identified as a key factor that must be evaluated in budget reductions. The legislature has passed SCR 23 which establishes a Health Care Cost Containment Task Force to study state statutes, practices of health insurers, and to determine ways of

reducing state and local government employee health insurance costs. The following proposals are under consideration:

HCR 24 - Establishes a personal services cost containment task force to study state statutes and practices and to determine ways of reducing costs of personal services.

HB 241 - Reduces the salaries of state employees who are not members of collective bargaining units; freezes judicial salaries.

Formula funded programs:

Programs funded using mathematical formulas have been identified as an element of the budget that should be examined.

HB 242 - Allows agencies administering benefit payment programs to make reductions on a pro rata basis to equitably distribute money available if sufficient funds are not available for full payment.

General obligation debt:

General obligation debt has been cited as another area of concern in the budget reduction process. The need for funding to pay general obligation debt will decline in future years if no additional debt is incurred. If new debt is incurred in amounts in excess of annual debt reduction, additional

revenue will have to be raised to cover it. The following table shows the amount of funding available as a result of reduction of general obligation debt over the next five years:

GENERAL OBLIGATION DEBT

Fiscal Year 89-95

FISCAL YEAR	ANNUAL PAYMENT	FUNDING AVAILABLE
89	135.512	
90	120.306	15.206
91	95.483	24.823
92	68.201	27.282
93	59.688	8.513
94	33.930	25.758
95	23.084	10.846

(000's)

Source: FY 88 State Annual Report

REVENUE OPTIONS

A number of revenue possibilities are under consideration and are discussed below.

Increase existing revenues:

Alcohol

Tobacco

User fees

Petroleum

New revenue sources:

School tax

Personal income tax.

Reserves:

Budget Reserve

Railbelt Energy Fund

Permanent Fund Earnings Reserve

Other:

Alaska Housing Finance Corporation (AHFC)

Alaska Industrial Development & Export Authority (AIDEA)

Litigation and settlement funds

Privatization of state-run operations

Alcohol tax:

Between 1983 and 1988 more than 7.5 million gallons of alcohol were sold in Alaska. Currently, beer is taxed at 35 cents per gallon, wine is taxed at 85 cents per gallon, and spirits are taxed at \$5.60 per gallon. Alcohol taxes were last increased in 1983. One of the rationales offered for a higher rate of taxation is that alcohol abuse results in increased health care costs and causes incalculable damage to affected individuals and families. The State Office of Alcoholism and Drug Abuse estimates that the state spends about \$13 for alcohol related services for each \$1 of revenue collected on alcoholic beverages.

Options:

HB 246 - Increases the tax on beer to 75 cents per gallon, on wine to \$2.34 per gallon, on spirits to \$7.20 per gallon; estimated revenue is \$9 million.

Tobacco Tax:

More than 54 million packs of cigarette were sold in Alaska in 1988. The current cigarette tax is 16 cents per pack. Since 1988 other tobacco products have been taxed at 25% of the wholesale price. Five cents per

pack of the cigarette tax is dedicated to school construction.

Options:

CS HB 80 (HESS) - Increases the tax on cigarettes to 30 cents per pack and permits local governments to tax tobacco products at rates higher than the existing 6% general limit on local sales tax; estimated revenue is \$9 million.

User fees:

The state provides certain services that directly benefit users who are able to pay for these services. Some fees do not cover the full cost of the services and result in an unnecessary subsidy to the user.

Options:

HB 85 - Provides authority to state agencies to recover the costs associated with the providing certain services; e.g. airport fees, loan programs fees, school rentals, etc. Estimated revenues have not been determined. Increases in or establishment of the following user fees should be considered:

- inspections of seafood and agricultural products processing

- toxic waste inspections
- state park use
- legal records (state recorders office)
- tuition at state-run educational institutions
- ferry ticket prices
- commercial fisheries permit fees
- motor vehicle registration

HB 124 - Increases sport fishing and hunting license fees and big game tag fees; estimated revenue \$948,000.

HB 247 - Revises special license plate fees and registration fees to remove exemptions for some types of vehicle uses and to establish exemptions for others; estimated revenue is \$81,000.

HB 248 - Repeals 25 cent hunting, fishing, and trapping license fees; estimated savings have not been determined.

HB 250 - Doubles all annual license fees for retail, wholesale, and all other types of alcoholic beverage dispensers; estimated revenue is \$2 million.

Petroleum:

The primary focus of debate this session has been on the Economic Limit Factor (ELF). Measures to modify the ELF so that it does not apply to Prudhoe Bay and Kuparuk have been introduced in the House and the Senate. After lengthy consideration and debate in the House, CS HB 118 (Resources) passed March 23 by a vote of 21 to 19. Supporters argued that development of marginal fields would be enhanced by the change and that it is not reasonable to give the oil industry a tax break by treating Prudhoe Bay and Kuparuk as if they are marginal fields now. Opponents cited the need for a stable tax policy and argued against imposing higher taxes on the industry simply because of its profitability.

Options:

CS HB 118 (Resources) - Lowers the severance tax on certain marginal fields and increases it on the Prudhoe Bay and Kuparuk; estimated revenue \$131 million (with effective date 9/01/89).

SB 97 - Revises the ELF using a different formula than HB 118. estimated revenue has not been determined.

SB 114 - Increases the cents per barrel amount for oil production tax from 60 cents to \$1. Estimated revenue has not been determined.

School tax:

The Alaska constitution requires the state to maintain a system of public schools but does not specify methods or levels of funding. Currently the state spends more than \$500 million per year on public education. The \$10 annual school tax payable by each Alaskan employee was repealed in 1980.

Options:

HB 215 - reinstates the school tax paid by each employed person over 19 years of age and sets the amount at \$50; estimated revenue is \$17 million.

Personal income tax:

Alaska's revenue system does not have substantial diversification of sources over reasonably broad bases. More than 80% of revenues are petroleum based. In addition, repeal of the personal income tax in 1981 reduced one element of public accountability for state spending. Personal income tax covers out-of-state residents who are currently escaping Alaska taxation entirely and is deductible on federal income tax returns.

Options:

HB 252 - Reinststitutes the personal income tax with rates
of: 3.2% for taxable income under \$30,000,
 \$960 plus 5.7% of taxable income of \$30,000 or
 more for individuals

and includes similar provision for heads of households,
married couples, surviving spouses, as well as
provisions for deductions, exemptions, and credits.

Estimated revenue has not been determined.

Railbelt Energy Fund:

A comprehensive study of energy alternatives by the
Alaska Power Authority is underway to investigate the
costs and benefits of proposed interties and energy
conservation projects. The study is to be completed in
April. Meanwhile, there is a need for funding local
capital projects and other projects in the Railbelt area
because of reductions in capital spending since 1987.
The estimated balance in the fund is \$234 million.

Options:

CS HB 161 (L&C) - Appropriates \$11 million to the Dept.
of Commerce and Economic Development neighborhood
revitalization and development fund.

HB 209 - Appropriates \$6 million for tourism/recreation

projects.

HB 227 - Appropriates \$150 million for various railbelt economic investment projects and for federal project matching funds.

HB 237 - Appropriates \$30 million to AIDEA for coal cogeneration project at Healy contingent on federal funding, power sales agreements, and a financial plan.

SB 90 - Repeals the Railbelt Energy Fund and appropriates the fund balance to the general fund.

SB 132 - Appropriates \$80 million to the Dept. of Administration for the Railbelt economic assistance and recovery fund.

SB 224 - Same as HB 227.

The following proposals are also under consideration:

- Use the Railbelt Energy Fund to balance the FY 90 budget.
- Do not use the Railbelt Energy Fund this year.

Permanent Fund Earnings Reserve:

Under Alaska Permanent Fund Corporation projections, the Earnings Reserve will be drawn down by about \$120 million for inflation-proofing this year, and the balance of the Earnings Reserve will be used by FY 97. Alternatively, the Dept. of Revenue projects a lower

inflation rate and a higher rate of return; under those assumptions, it would not be necessary to use any of the Earnings Reserve for inflation-proofing in the near future. The models used to project changes in principal, dividends, and inflation-proofing are sensitive to the assumptions used for future interest and inflation rates. Projections can vary widely when estimates of inflation or interest rates are changed by just 1% or 2%. However, if funds are withdrawn from the Earnings Reserve, the principal of the Permanent Fund likely will not increase as rapidly in the future as it would if the Earnings Reserve is left in the Permanent Fund. The estimated balance in the earnings reserve account is \$601 million.

Options:

HB 50 - Establishes the Commission on the Future of the Permanent and provides for public testimony on the use that should be made of the income of the Permanent Fund.

HB 158 - Deposits all reserves in principal of Permanent Fund.

HB 207 - Deposits reserves in a public school foundation reserve account.

HB 249 - Gives inflation-proofing highest priority use for earnings.

SB 214 - Same as HB 158.

SB 218 - Appropriates \$200 million for a special dividend.

HJR 6 - Proposes a constitutional amendment to allow the earnings to be used to increase principal, pay state and local bonded debt, or for extraordinary public expenses in an emergency.

HJR 13 - Proposes a constitutional amendment to create an endowment for education.

In addition, several proposals effecting the Permanent Fund Earnings Reserve (PFER) have been discussed.

- Move PFER to the Budget Reserve Fund.
- Leave PFER alone until a broader public consensus has developed regarding its use, or until an advisory vote is held.
- Use PFER to fund the FY 90 budget.

Alaska Housing Finance Corporation:

The Legislature has appropriated \$1.03 billion to AHFC since its inception. AHFC equity was \$1.5 billion on 6/30/88. AHFC's finances are complicated by bond agreements, investment practices, and insurance claims, as well as by the substantial number of foreclosed properties it must maintain, manage and/or dispose of.

A 1985 Attorney General's Opinion stated that the legislature could appropriate unencumbered assets held outside the state treasury; however, it also suggested statutory changes to implement such a reappropriation. Regardless of the use of reserves, it appears likely that changes in AHFC programs will be necessary.

Options:

SB 200 - Reduces AHFC interest rate subsidy from 3% to 1%.

SB 245 - Transfer of at least \$60 million in loans from the housing assistance loan fund to AHFC (a similar proposal was vetoed last year).

SCR 28 - Establishes a Housing Finance Task Force to review and recommend changes to publicly-assisted residential finance programs.

Several other proposals involving AHFC have been made:

- Reappropriation of funds directly from AHFC to the general fund.
- Periodic payment of dividends from AHFC to the general fund as a return on capital invested.
- Do not change AHFC this year.

Alaska Industrial Development & Export Authority (AIDEA):

The Legislature has appropriated \$341 million to AIDEA since its inception. AIDEA equity was \$490 million on 6/30/88. AIDEA has been involved in financing a wide range of commercial real estate and economic development projects and now has many foreclosed properties it must maintain, manage and/or dispose of. Availability of AIDEA reserves is uncertain.

HB 123 - Expands AIDEA investing powers to include partnerships, joint ventures, and other types of agreements relating to ownership, operation, or construction of facilities; also revises or amends provisions relating to certain loan fund accounts, loan and bond limitations, delinquent loans, guarantees, and definitions. Several other proposals involving AIDEA have been made:- Reappropriation of AIDEA funds directly to the
general fund.

- Periodic payment of dividends from AIDEA to the general fund as a return on capital invested.
- Do not change AIDEA this year.

Litigation and Settlement Revenue:

Timing and amounts of revenue from future litigation and tax dispute settlements are uncertain and difficult to estimate. A mechanism to handle future litigation and settlement revenues could be enacted in order to spread their use over several years. The budget should be built on anticipated litigation or settlement revenues only to the extent that realistic estimates of timing and amount can be obtained.

Options:

HB 190 - Appropriates any litigation or settlement money from Dinkum Sands or Amerada Hess cases to an education forward funding account.

Also, future revenues from litigation and settlements could be deposited in:

- the Public School Fund
- the Budget Reserve Fund
- the Permanent Fund

Sale of state-run operations:

State efforts to stimulate economic development have resulted in the creation or acquisition of a number of entities or operations which could be transferred into the private business sector. Because of the complicated

nature of the state's ownership relationships, privatization will be a long-term process. The following entities have been discussed as candidates for privatization:

- Alaska Housing Finance Corporation (AHFC)
- Alaska Industrial Development and Export Authority (AIDEA)
- Matanuska Maid Dairy
- Alaska Railroad

PUBLIC INFORMATION PROCESS

In January, the House Fiscal Policy Subcommittee initiated a public information process on the state budget with the following objectives:

- inform and educate community leaders and the public
- stimulate debate
- receive public comment on spending priorities and revenue measures

During February and March the House, the Senate and the Office of the Governor cooperatively participated in a statewide series of budget workshops. They also mailed out a statewide public opinion survey on the budget.

Budget Workshops:

Workshops were held in the following locations:

Fairbanks	Eagle River	Anchorage	Juneau
Homer	Seward	Valdez	Kodiak
Kenai	Barrow	Dillingham	Nome
Soldotna	Kotzebue	Unalaska	Palmer

Each workshop opened with a presentation on the state of the budget based on the Initial Report of the House Fiscal Policy

Subcommittee and other information provided by members of the legislature who participated. Workshop participants were then organized into small groups (5 to 30 people) to work on balancing the state budget. Each group chose its leader and began working with the "Closing the Budget Gap" worksheets prepared by the Office of the Governor in cooperation with the legislature. After about two hours of discussion and debate, each group summarized its consensus points for presentation to the assembled groups, legislators, and representatives of the Governor. Group leaders reported on areas of agreement and disagreement and also frequently commented on the workshop process itself.

Public Opinion Survey:

The House and Senate leadership and the Office of the Governor prepared a survey based on the Initial Report of the House Fiscal Policy Subcommittee and "Closing the Budget Gap" worksheets. The survey was mailed to 250,000 households on March 7. More than 7500 Alaskans had responded as of March 31. Due to the large number of responses, tabulation of the results is not yet complete.

House Finance
Fiscal Policy Subcommittee

Report No. 3

Representative Kay Brown, Chair
Representative C.E. "Swack" Swackhammer
Representative Steve Rieger

January 1990

Fiscal Policy Report # 3

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APPENDIX A

Legislative Agenda - Economic Development Working Group

PREFACE

The Fiscal Policy Subcommittee of the House Finance Committee was formed early in 1989 to address issues arising from the state's critical financial circumstances. The subcommittee members are Representative Kay Brown, Chair; Representative C.E. Swackhammer and Representative Steve Rieger. In the course of developing its recommendations, the Subcommittee has been assisted by an informal fiscal policy Working Group which includes Representatives Larson, Hoffman, Ulmer, Finkelstein, Boucher, Cotten, Koponen, Boyer, Goll, Davidson, Navarre, Grussendorf, Davis, Lemay, and Miller.

The Subcommittee's initial report, published February 7, 1989, included:

- potential budget reduction scenarios for FY 90;
- an approach for identifying specific reductions; and
- information about alternative revenue options.

As part of its initial effort, the Subcommittee also promoted a bi-partisan information effort that included a series of public workshops and a statewide survey sponsored by the Governor and the leadership of both the House and the Senate.

By early April, 1989 when the Subcommittee's Second Report was published, a new revenue forecast by the Department of Revenue narrowed the anticipated budget gap for FY 90 to approximately \$250 - \$300 million. In order to address the projected budget gap and put the state budget on a sustainable, recurring revenue basis, the Subcommittee recommended spending be reduced over four years to achieve an annual budget of about \$1.9 billion. Additionally, in recognition that these budget reductions alone would not

fully close the budget gap, the Subcommittee recommended that annual revenues be increased by \$300 - \$500 million. The April report also reported on the public information process.

On October 16-17, 1989 the Subcommittee met for briefings on the Prudhoe Bay production decline, OMB's mid-October Fiscal Review, the status of DNR's Oil and Gas Lease Sales, and the first in a series of Fiscal Policy Papers entitled "The Alaska Fiscal Gap" by the Institute of Social and Economic Research. In a public hearing October 16th, the Subcommittee heard testimony on state participation in economic development efforts with an emphasis on the identification of criteria for the Legislature to use in evaluating the merits of state participation in specific economic development proposals.

This report, as well as previous reports of the Fiscal Policy Subcommittee, reflect the general consensus of the subcommittee members but not necessarily unanimity of opinion on each specific point.

EXECUTIVE SUMMARY

Alaska is confronted with an impending fiscal crisis as a result of an inevitable "gap" between general fund revenues and present state spending. Current levels of state spending cannot be sustained.

Even assuming significant additional new oil and gas development and strong growth in the state's non-petroleum sectors, the decline in production from Prudhoe Bay will eventually necessitate substantial reductions in the state budget. The Executive Branch and legislative response to the looming fiscal gap will influence the severity of the

economic impacts associated with the decline in state revenues.

The House Finance Fiscal Policy Subcommittee recommends that the Legislature:

- adopt a target spending level of \$1.9 billion (1989 \$) to be achieved by FY 1994;
- enact a constitutional amendment to reduce spending by 3-5% each year over the next 4 years in order to achieve the target spending level;
- where realistic and likely to create new employment opportunities, pursue measures to strengthen and expand the state's private economy; and
- identify and develop new sources of recurring revenue with a priority on "user fees" that will allow recovery of the cost of providing public services directly from the beneficiaries of those services.

INTRODUCTION

While the Alaska Department of Revenue's most recent short-term "mid-case" forecast (\$ 2.25 billion) projects sufficient revenue to support a "maintenance level" budget for the coming fiscal year (FY 91), over the long term state revenues are expected to deteriorate rapidly with the production decline of Prudhoe Bay.

Petroleum revenues already have fallen to just half of what they were in the peak revenue years of the early 1980's. If real (inflation-adjusted) oil prices remain in their current

range, oil revenues will drop by half again by the year 2000.

If annual state General Fund spending were held at present levels of approximately \$2.3 billion (1989 \$), the projected "fiscal gap" between expenditures and revenues likely would be several hundred million dollars a year in the early 1990s and more than \$1 billion annually after the turn of the century.

The decline in Prudhoe Bay will compel a reduction in state spending. Even if one were to assume that a decision was made to deplete the entire Permanent Fund, state spending can not be maintained at current levels.

All credible analysis leads to the same conclusion: the current state spending level of approximately \$2.3 billion (in 1989 \$) cannot be sustained. The state budget will have to be reduced, not as a matter of choice, but as a matter of necessity. The only substantial point of policy debate concerns how deeply to cut the budget and how soon substantial reductions should be made.

Even assuming substantial new oil and gas development in Alaska and significant expansion of the state's non-petroleum economic sectors, the decline of Prudhoe Bay, North America's largest oil field, will have a dramatic impact on the Alaska economy.

The Executive Branch and legislative response to the inevitable decline in state spending and the type of action taken (or not taken) to reduce state spending over the next few years will have a significant influence on magnitude and severity of the economic impacts associated with the downturn in petroleum revenues.

The most important issue confronting the Governor and the legislature is how to manage the transition to a smaller, sustainable state budget in order to minimize the adverse economic impacts that will necessarily attend the reduction in available revenues. Recognizing that a failure to take decisive action in the near-term will only result in unnecessarily harsh economic impacts in the long-term, the Fiscal Policy Subcommittee recommends that the Legislature adopt a "target spending level" of \$1.9 billion (1989 \$) to be achieved within 5 years.

In order to realize these spending reductions in an orderly manner, the Subcommittee recommends that a constitutional spending limit be enacted that will enforce a gradual and orderly reduction in state spending of about 3-5% per year to achieve the \$1.9 billion (1989 \$) "target" budget level.

THE NECESSITY TO REDUCE SPENDING

In a recent analysis of the state's impending budget gap, the University of Alaska's Institute for Social and Economic Research (ISER) developed and evaluated four possible fiscal policy scenarios. Without endorsing or recommending any particular policy scenario, ISER developed the options in order to describe a broad range of fiscal choices (see The Alaska Fiscal Gap, ISER Fiscal Policy Papers No. 1, August 1989). The four scenarios can be briefly summarized briefly as follows:

Scenario 1: "Stumble from Year-to-Year"

This case assumes an effort is made to maintain current spending levels for as long as possible drawing on all available reserves (i.e., Railbelt Energy Fund, Earnings

Reserve Account) except the principal of the Permanent Fund. No new tax measures would be enacted. In this scenario, declining revenues would force significant budget cuts by 1992 with a cut of approximately 18 percent that year. Expenditures in the year 2000 would be \$1.2 billion (1989 \$), equal to revenues collected that year.

Approximately 26,000 public and private jobs would be lost over the next decade as state general fund expenditures were cut roughly in half.

Scenario 2: "Deplete the Permanent Fund"

The most drastic scenario developed would be to use the entire \$10 billion in the Permanent Fund (Earnings Reserve, Inflation-Proofing and, eventually, the corpus of the Fund) to sustain the current spending level. No new tax measures would be enacted. Draws on the Permanent Fund would begin in 1992 and the Permanent Fund would be depleted by the year 2003. At that point, the budget would collapse to a level of about \$1 billion.

While Alaska employment would increase in the near term, severe economic and a recession would start in 2003. Approximately 30,000 public and private jobs would be lost over a two year period. (By comparison, job loss during the 1985-1988 recession was about 25,000.)

Scenario 3: "Freeze the Budget/Spend Permanent Fund"

Under this scenario, the budget is held constant in nominal terms (i.e., not adjusted for inflation) and the entire \$10 billion Permanent Fund would be spent to maintain this level of spending. The effect of this scenario would be to reduce the "purchasing power" of the budget by the annual rate of inflation (estimated at 5% annually). No new tax measures

would be enacted. By 1998 the budget would be reduced to a level of \$1.5 billion (1989 \$). This scenario assumes that after 1998 the budget would be held constant at \$1.5 billion (1989 \$). The Permanent Fund would be depleted shortly after the year 2010 and further major reductions in spending would be required thereafter.

This scenario would result in the gradual loss of about 20,000 public and private jobs over the next decade. After 2010, when spending was sharply curtailed upon depletion of the Permanent Fund, a "shock wave" of reduced employment would travel through the economy.

Scenario 4: "Cut Spending and Raise Taxes"

This scenario calls for meeting the projected fiscal gap through a combination of spending cuts and the establishment of new recurring revenues. This scenario contemplates a 25% cut in the General Fund budget over a 10-year period to \$1.7 billion (1989 \$), coupled with action to increase sustainable recurring revenues by \$650 million annually. Under this scenario it is assumed that the personal income tax is reimposed (\$250 million/year) in 1991 and Permanent Fund earnings currently used for dividends (\$400 million/year) are diverted to support general public services in 1995. This scenario indicates that a General Fund budget level of \$1.7 billion/year could be sustained through the 1990s and beyond into the following decades. After the year 2000, expenditures could be maintained at the target level indefinitely. This scenario also would require near-term budget cuts even while state revenues are still on the increase over the next few years.

About 12,000 public and private jobs would be lost as spending cuts were made. Another 3,000 would be lost as the

income tax was reimposed and 5,000 more when the Permanent Fund dividend program was terminated.

ECONOMIC IMPACTS OF ALTERNATIVE FISCAL SCENARIOS

In comparing these fiscal scenarios, it is evident that state spending must be reduced. While these reductions can be avoided in the near term, eventually they must be confronted. Even if the personal income tax were reimposed and revenues now used for PFDs were diverted to support basic government services, the ISER analysis conclude that state general fund spending still would have to be cut by approximately 25% in order to achieve an indefinitely sustainable budget level of \$1.7 billion (1989 \$).

Accordingly, even if substantial new taxes were imposed and/or there was support for use of the Permanent Fund for basic services, significant cuts in state spending still would be inescapable. The only significant point of policy debate concerns how deeply to cut the budget and how soon substantial reductions should be made.

Further, it is apparent from the ISER analysis that the fiscal policy choices made in the near-term by the legislature will have a significant influence on the nature and extent of the eventual economic impacts experienced by the state economy as spending declines.

Gradual reductions in state spending would have the least traumatic effect as measured in total job loss while also allowing for maximum state-supported employment over the long term. By contrast, the avoidance or forestalling of budget cuts in the near-term eventually will lead to a larger total job loss when spending reductions become unavoidable, as well as a lower overall, long-term level of state-supported employment.

In summary, the near-term actions taken (or not taken) by the Governor and the legislature to reduce state spending will significantly influence the eventual severity and extent of the public and private sector employment supported by state spending. If the public policy objective were to maximize Alaska employment, the ISER analysis indicates that the scenario assuming a combination of budget reductions and new revenue measures (i.e., Scenario 4: "Cut Spending and Raise Taxes") would result in the lowest total job loss attributable to reduced revenues while also yielding the highest overall sustainable level of Alaska employment in the long term.

POLICY PRINCIPLES TO GUIDE THE TRANSITION

In the view of the Fiscal Policy Subcommittee, several fundamental principles should be used to guide decision-making as the Legislature undertakes the effort to make the transition to a smaller annual state budget based on annually recurring revenue streams. During recent hearings information was provided to the subcommittee concerning work of the Council on Economic Policies established by former Governor Jay Hammond. Several of the following principles are derived from the Council's work.

Principal No. 1: The State should separate subsidies from investments.

Investments are those that are projected to yield a return of principal and interest directly to the State treasury, through the imposition of taxes or user fees. Subsidies, on the other hand, are State expenditures that support a given project or service which has some broad public purpose, but provides less than a market financial return to the State

treasury. Subsidies should be explicit, and should be budgeted. Apart from special projects, it is important to remember that in the absence of a broad-based tax structure, all households and all businesses, with the exception of oil and gas producers, are being subsidized by the state because they are not paying the full cost of the services and facilities they require.

Principle No. 2: The State should have in place a tax structure that captures a portion of the wealth attributable to economic growth.

Increased economic activity generates additional needs for governmental services and infrastructure, as the resulting population increases. However, the tax mechanisms commonly found in other states needed to support these additional expenditures (such as the income tax or sales tax) are not currently in place. Therefore, additional growth means increasing deficits in terms of industry paying its own way. Unless economic growth includes payment for required services, the state finds itself in the position of subsidizing the creation of jobs and then subsidizing the services that these new jobholders require.

Principle No. 3: The State should not engage in purely speculative development of infrastructure.

The state should evaluate speculative infrastructure development proposals very carefully as the risk is high and the experience of other developing countries that have attempted this approach, as well as Alaska's own experience, has been abysmal. The state must ensure that its money is spent wisely on the most needed development projects that have the greatest chance of facilitating private sector development. State involvement in the case of infrastructure development for economic development should be conditioned

on a clear commitment by private parties to share in the cost and responsibility for project development.

MANAGING THE TRANSITION

Although the need to reduce state spending clearly is recognized by the Legislature, widely different budget priorities among the many regions of the state and the availability of "surplus revenues" during the recent past have frustrated recent attempts to reduce spending.

Constitutional Limit on State Spending

In recognition of the inevitability of general fund reductions and the need to ensure an orderly reduction in spending that minimizes adverse economic impacts, the Subcommittee recommends enactment a constitutional amendment to compel spending reductions.

This amendment would

- target a spending level of \$1.9 billion (1989 \$) within 4 years; and
- reduce spending by 3-5% each year over that period in order to achieve the target spending level by FY 1995;

The proposed constitutional amendment would limit appropriations to \$2.2 billion or a maximum equal to appropriations of the previous fiscal year, whichever are less, with certain exceptions as stipulated. These exceptions would include:

- appropriations to the Permanent Fund
- appropriations for Permanent Fund Dividends

- appropriations of revenue bond proceeds
- appropriations for payment of General Obligation bonds
- appropriations of non-state "pass-through" funds
- appropriations to meet a state of disaster declared by the Governor as prescribed by law

A partial exception to this "spending cap" would be allowed if inflation were determined to be above 6%. If, in the session following a given fiscal year appropriation, inflation was determined to be in excess of 6%, an appropriation above the cap would be allowable -- but only to the extent necessary to offset the effects of inflation above 6% -- and then subject to a two-thirds vote of the membership of the Legislature.

Existing language in the state constitution concerning the allocation of appropriations between operating and capital expenditures would be repealed.

The appropriation limit would be in effect for four years and expire at the end of Fiscal Year 1995 (i.e., June 30, 1995).

Fiscal Effect of Spending Limit

Capping spending at \$2.2 billion would have the effect of reducing the budget (in terms of effective purchasing power) by the rate of inflation, estimated at approximately 5% per year. Still further reductions would be required under a \$2.2 billion cap in order to "absorb" the cost increases driven by formula program increases (e.g., additional students in the foundation formula, increased power consumption under the Power Cost Equalization program, additional applicants for the Longevity bonus) absent "cost containment" changes to these formula programs. Also,

increased federal program responsibilities (e.g., welfare reform) without increased federal funding would necessitate further cutbacks to existing state services or programs.

Although there is no consensus at the present time regarding an appropriate level of state spending, it is clear that current levels can not be sustained. The proposed constitutional amendment would substantially reduce the budget to a level of approximately \$1.9 billion (1989\$) by the end of FY 1995 when the amendment would expire.

Although current analysis indicates that even this substantially lower level of spending is not supportable without new or increased recurring revenues, the "fiscal gap" will have been significantly reduced and the general public, the Governor and the legislature will be able to reassess the state's fiscal condition at that time.

Windfalls Off the Table

Whether or not the effort to enact a constitutional amendment is successful, it will be imperative for the Legislature to take action to take "windfall" revenues such as one-time litigation settlements "off the table."

Several proposals have been advanced toward this end. These proposals include:

- re-establishment of a budget reserve fund;
- appropriation to provide "forward funding" of education;
- use of near-term surplus revenues to pay off the state's General Obligation bonded indebtedness; and

■ appropriation to the Permanent Fund.

Regardless of what specific mechanism is chosen, action should be taken either to "save" these surplus revenues for future spending or commit them to a purpose that will preclude their use in a way that will frustrate the long-term objective of reducing state spending in a gradual and orderly fashion. Passage of the proposed constitutional amendment would accomplish this goal.

Expanding the Private Economy

Although it is widely accepted that there are no realistic opportunities available to replace Prudhoe Bay as the state's dominant source of revenue, it is still imperative to support the continued exploration and development of Alaska's oil and gas resources in an environmentally responsible manner with particular emphasis on the prevention of future oil spills through the rigorous regulation and enforcement of the state's oil pollution control laws.

At the same time, while recognizing the limited contribution to be made from the non-petroleum sector of the state economy relative to the oil industry (see summary of the Alaska State Chamber of Commerce "Export Model" below), there are actions that the Legislature can and should take to expand and strengthen the state's non-petroleum economy.

In particular, efforts should be focused on expanding the state's tourism economy; strengthening our fishing industry; capitalizing on Alaska's global geopolitical location as part of the worldwide transportation and distribution industry; encouragement of new international and domestic investments in Alaska through changes to the state's unitary tax law; facilitating development of a state information

industry; and continued efforts to expand international trade.

An economic development legislative agenda developed by the House Majority Economic Development Working Group is attached as Appendix A.

Budget Reduction Strategies and New Revenue Options

The Fiscal Policy Subcommittee addressed the issue of potential budget reductions and new revenue options in its previous reports.

No significantly new information is available to modify the Subcommittee's earlier findings.

SUMMARY OF EMPLOYMENT IMPLICATIONS
ALTERNATIVE FISCAL SCENARIOS

Stumble Along

- 33,000 public and private jobs lost by 2010
- state-supported jobs in 2010: 26,000
- wage/salary employment 2010⁽¹⁾: 236,000

Deplete Permanent Fund

- 35,000 public and private jobs lost by 2010
- state-supported jobs in 2010: 23,000
- wage/salary employment 2010⁽¹⁾: 233,000

Freeze/Spend Permanent Fund

- 21,000 public and private jobs lost by 2010
- state-supported jobs in 2010: 38,000*
- wage/salary employment 2010⁽¹⁾: 249,000*

(* about 2015, state-supported employment would experience a dramatic drop as the Permanent Fund was exhausted)

Cut Spending & Raise Taxes

- 19,000 public and private jobs lost by 2010
- state supported jobs in 2010: 40,000
- wage/salary employment 2010⁽¹⁾: 247,000

Note:

(1) exclusive of military and self-employed

Source: Goldsmith, S., "The Alaska Fiscal Gap," Institute of Social and Economic Research, University of Alaska Anchorage (August 1989) and personal communication.

EXPORT MODEL OF THE ALASKA ECONOMY
(in millions)

Oil and Gas		\$ 4,000
Fishing		300
Timber		200
Minerals		100
Coal		25
Travel/Tourism		500
Defense	1,600	
Other Federal	<u>1,300</u>	
	2,900	
Less Federal Taxes	(2,000)	900
Permanent Fund Dividend		300
Total Estimated Value		\$ 6,325

Source: Alaska State Chamber of Commerce (January 1988)

APPENDIX A

HOUSE MAJORITY ECONOMIC DEVELOPMENT WORKING GROUP

Premise: Expansion of the private sector economy should be enhanced by specific actions taken by the Legislature.

ECONOMIC DEVELOPMENT STRATEGIES

■ Continue to develop the most viable and promising existing resource extraction industries -- which include oil and gas, coal, minerals, and timber.

■ Double the number of visitors to Alaska by the year 2000.

Maintain support for domestic marketing program. Increase emphasis on independent and highway travelers, fall-winter-spring seasons.

Initiate expanded, multi-year international tourism marketing program.

Fund tourism infrastructure projects, such as

- * State park repairs, maintenance/expansion of basic facilities
- * Ship Creek re-development
- * Denali development
- * Girdwood water/sewer system
- * Project 92 (50th anniversary of Alaska Highway)
- * Juneau cruise ship port development

Pass legislation (SB 213/HB 290) to facilitate the leasing of state land for recreational facilities.

■ Expand the management capability and marketing of Alaska's fisheries resources.

Undertake assessment of fisheries that could be more intensely harvested consistent with the sustained yield principle.

Target and support enhancement programs to compliment commercial and sport fisheries expansion.

Increase management capability so that adequate information and enforcement efforts can maximize economic harvest.

- Expand transportation/distribution industry (capitalize on Alaska's strategic geographic location).

Maintain port and airport facilities; expand facilities to accommodate viable economic activity.

Support DOTPF effort to establish a Statewide Port and Harbor Development Program.

- Encourage international and domestic capital investments in Alaska.

Support unitary tax change (HB 281/SB119).

- Encourage development of an information industry.

Undertake assessment of public and private efforts to develop this industry and prepare a strategic plan for implementation, including actions such as establishing a University Center for Information Technology.

Support university programs generally.

- Continue efforts to expand international trade.

Expand Pacific Rim language courses in the state school system (HB 6) and the university.

CAPITAL SPENDING PROPOSAL

To implement several of the strategies identified above, to protect prior investments, and to fulfill statutory and constitutional responsibilities, continue to make capital investments in maintenance and public infrastructure.

- Goals:

Meet highest statewide and regional priorities.

Enhance development of the private sector economy.

- Criteria:

Will the project serve a public purpose? Is it a constitutional or statutory responsibility?

Is there evidence of public and local community support?

Is the project ready for development?

Will the project provide for the basic maintenance of an existing capital investment; what are the long-term O&M cost implications?

Will the project leverage non-state investment?

Will the project generate a direct return to the state treasury in terms of new revenues?

Will the project will have a quantifiable positive economic benefit for the state, or a region of the state, considering all costs and benefits (such as jobs created, royalties and taxes captured, and ancillary economic or other benefits)?

Is the project compatible with maintenance of environmental quality; does it enhance, or at least not degrade, the quality of life for those directly affected?

Will the project enhance the development of private enterprises?

Proposed total capital budget:

\$250 million.

Funding sources:

\$125 million GF and \$125 million RBEF.

Proposed allocation:

\$125 million -- Governor's capital budget (statewide projects, agency capital projects, roads, schools, repairs, etc.)

\$125 million -- Railbelt economic development projects

Process:

Orderly process and consideration of projects on merit and criteria.

HJR

5

REPRESENTATIVE LOREN LEMAN

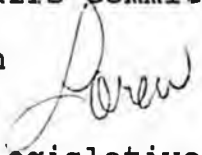
District 9 - West Anchorage

2699 Nathaniel Court • Anchorage, Alaska 99517

243-2000

M E M O R A N D U M

TO: Representative Gene Kubina
Chairman, House State Affairs Committee

FROM: Representative Loren Leman 

RE: Request for Hearing
House Joint Resolution 5, Legislative Action on Bills and
Resolutions and Legislative Caucuses.

DATE: January 25, 1991

Please schedule HJR 5 for a hearing by the State Affairs Committee at your earliest convenience.

The changes proposed in HJR 5 will help make the Legislature more responsive to the Alaskan public and will, I believe, help restore confidence in our institution.

Attached, as you requested, are the following:

1. Sponsor Statement
2. Fiscal Note by the Division of Elections.
3. Position papers and backup information.

For any questions please contact me or my Legislative Aide, Mark Dinneen, at 465-2095.

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. HJR 5

Revision Date: _____ Department Affected: Department of Law
 Title: "Proposing amendments to the BRU: Legal Services
Constitution...legislative action on bills.. Component: Operations
 Sponsor: Representative Leman
 Requestor: House State Affairs COMPONENT SERIAL NO.

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

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

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

HJR 5 proposes changes to the state's constitution regulating referral and action on bills before the legislature and restricting the power of caucuses. This matter involves a separate, co-equal branch of government and will not have a fiscal impact on the Department of Law.

Prepared By: Richard I. Pegues, Director Phone: 465-3672
 Division: Administrative Services Date: February 11, 1991
 Approved by Commissioner: Charles E. Cole, Attorney General
 Agency: Department of Law Date: February 11, 1991

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

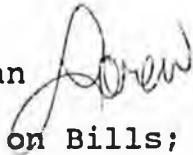
REPRESENTATIVE LOREN LEMAN

District 9 - West Anchorage

2699 Nathaniel Court • Anchorage, Alaska 99517

243-2000

SPONSOR STATEMENT

BY: Representative Loren Leman 

SUBJECT: HJR 5: Committee Action on Bills; Restriction on Binding Caucus Votes

DATE: January 29, 1991

=====

HJR 5 contains proposals for constitutional amendments that will help make the Legislature a more responsive, representative and open institution.

The primary provisions of this resolution are:

1. A hearing and a recorded vote are required for every bill introduced to the Legislature on its merit,
2. The Rules Committee calendars bills in the order received from committee,
3. Binding caucus votes are outlawed, except for organizational votes.

The benefit of these changes are several. They will help remove some of the unnecessary wheeling and dealing that are currently part of the process. The power of the committee chairman will be reduced, but the committee members will still maintain control of legislation. One of the biggest inconsistencies, I believe, in our Legislature is allowing one person (a committee chairman) to thwart the will of the majority.

These proposed changes are similar to changes adopted in 1988 by the State of Colorado. In December 1989, I discussed the changes with their President of the Senate, who stated that the new system works very well.

Former Governor Jay Hammond has also acknowledged the trouble that is caused when committee chairman have too much power. To remedy this, he has suggested a secret ballot discharge of bills from committee.

I believe that we should conduct ourselves in such a manner that Alaskan citizens have a high regard for our institution and its policies. HJR 5 is a big step in the right direction toward improving our conduct.

Committee system subverts majority will idea

Confused by legislative logistics? Frustrated by political patty cake? Outraged by special interest influence? Distraught over closed door "caucuses?" Welcome aboard.

So you thought that a one-man, one-vote democratic process determined the fate of the state? Forget it. Under rules and protocols now prevailing, one legislator can completely frustrate the will of 59 others and the governor.

Over the years I've witnessed innumerable occasions where a committee chairman singlehandedly killed a bill or held it hostage until some special legislation of his own was passed by protesting colleagues who, at long last, caved in. This practice has cost Alaska untold millions and added weeks to legislative sessions.

This year a host of bills, rather than falling through the cracks, fell into the clutches of committee chairmen who opposed their passage.

Examples: Though a rough assessment shows that almost



Jay Hammond
bushrat'lings

80 percent of all Alaskans favor retention of mandatory car insurance, a committee chairman killed it.

Though a majority of legislators at least gave lip service to retention of the Women's Commission, a committee chairman refused to turn loose the bill which would have eclipsed its "sunsetting." Another committee chairman refused to permit colleagues to even vote on whether you should get to vote on legislative proposals which would raid the permanent fund.

Because of this most undemocratic process, which not

only completely frustrates majority will but permits politicians to cut and weave in such a way as to deny you knowledge of where they really stand, legislators are likely to once more find themselves back in special sessions to deal with such matters as municipal assistance and how to pay for it.

When is the press and public going to learn that their crusading for open meetings and full disclosure will accomplish almost nothing until legislative rules permit majority will to dominate?

The problem lies with the sacrosanct committee system. Currently it is almost unthinkable for a member of the majority to vote to extract bills from committee. As a consequence, minority motions to do so are mere ploys designed to establish a phony voting "record" proving that members who fail to vote for extraction oppose motherhood and favor sin.

The fact that the bill in question might have been sponsored by the "no" voting

member provides additional evidence that said member is conniving or insincere. It's unfair. It's deceptive. Unfortunately, it's also most effective.

The reason majority members will not vote openly for extraction is, of course, that they are well aware of retribution an affronted committee chairman will inflict on their bills should they fall into his clutches. Moreover, in order to retain one's own arbitrary powers (which of course, would never be abused) it's necessary to indulge them in others who might entertain far less noble motives.

To my knowledge, I am the only member of the majority who successfully moved to extract a bill from committee. The results were wondrously cataclysmic and cathartic.

It was occasioned by the broken promise of a finance chairman to bring a bill to the floor by a time certain. When this occurred, as majority leader I told him to have it out by 5 the next afternoon or

I would make the discharge motion.

Assuming I was bluffing, he did not comply. I made my motion. The finance chairman immediately called a caucus. We fled out to await his explanation. When it became apparent he had fled the building and was hiding out along with some committee members, I called the House and troopers forcibly hauled them back.

My discharge motion passed and a new finance committee was appointed. The session shortly thereafter came to a merciful conclusion. One other time simply the threat to repeat the process moved the legislature off dead center.

There is a far simpler process which all who support legislative reform should demand their candidates commit to: Permit votes to discharge legislation from committee to be taken by secret ballot. Currently, by a show of three hands open votes are taken. Similarly, a

secret ballot voting should be permitted.

Years ago, as Rules chairman, I came within one vote of having a secret ballot adopted. Since then I have proposed it repeatedly. While many freshman legislators express interest, that interest wanes as they climb the ladder of seniority.

After all, it's pretty heady to singlehandedly dictate the fate of legislation which offends you (or your campaign contributors.)

If you really want to frustrate special interest dominance, if you really fear some legislators may be "bought," if you really suspect unsavory deals are cut behind close doors, if you'd really like to know where your legislators stand, if you'd really like to see the legislature act more expeditiously, demand that any candidate seeking your endorsement support the secret ballot discharge process.

□ Jay Hammond served as governor of Alaska from 1974-1982.

Colorado Citizens Rewrite Legislative Rules

The Colorado General Assembly operated this year under new rules that didn't have as much effect as either proponents or opponents had predicted.

Fred Brown

Colorado voters once again have changed the rules for their state legis-

Fred Brown is political editor for *The Denver Post*.

lature. As they did in 1972, when they approved one of the nation's first sunshine laws, the state's independent-minded electorate has insisted that pub-

lic business should be conducted fully in the open.

The 1988 amendment to the constitution is called GAVEL, an acronym for Give A Vote to Every Legislator. It passed by an impressive 72 percent, sending a clear message to the General Assembly that the people wanted binding caucuses outlawed and every bill heard. It's not that Coloradans are particularly unhappy with their lawmakers;



Lauren Brel

Speaker Carl "Bev" Bledsoe, left, confers with Representative Paul Schauer.



Majority Leader Chris Paulson

Limiting the Majority

Colorado is not alone in trying to limit the powers of the majority party. The most common limitation on majorities is a requirement for extraordinary votes to pass specific types of legislation. More than half the states require extraordinary majorities to approve constitutional amendments, and all but 11 impose such votes to override gubernatorial vetoes.

Arkansas, California, Delaware, Louisiana and South Dakota require majorities greater than 50 percent to pass tax bills, and the South Dakota Senate and both chambers in Wisconsin cannot pass changes in retirement benefits by simple majority.

Any provision designed to protect the rights of minority parties can have the effect of limiting the majority. This would include rules (or informal practices) that grant the minority leader power to appoint committee members of the minority party, the absence of limitations on floor amendments, proportional representation on committees, or provisions that allow for minority committee reports.

Rules that allow dilatory tactics by a minority of the membership may be particularly troublesome to majority parties. Perhaps the best known protection of legislative minorities is the U.S. Senate's filibuster rule that allows members to hold the floor and prevent the Senate from pursuing its agenda unless two-thirds of the members vote to shut

off debate.

And the filibuster serves the minority equally as well in the Texas Senate where former Senator Bill Meier holds the world record—44 hours—and is listed in the *Guinness Book of World Records*. In Texas the filibuster is especially effective over a weekend when the senator wants to attract public attention, and in the dying days of a session when other members want to move their own bills along and will withdraw support to get things moving again. When a senator wants to filibuster in Texas all he has to do is stand up and start talking, but he can't lean on the desk, eat, drink or walk around. And, unlike the U.S. Senate, he must confine his remarks to the bill's topic.

The South Carolina Senate has a curious practice, referred to as "senatorial courtesy," by which a senator can request that a bill not be considered unless he is present. Members then "take a walk" when the bill they wish to delay is about to be called. While the practice has never been used on an appropriation bill, it is often used with other legislation. A strong majority can force action eventually, but the practice allows the minority to delay, and, presumably, to bargain for changes in the legislation.

—Karl Kurtz

Note: For more information on these procedures, see *Inside the Legislative Process: A Comprehensive Survey of the American Society of Legislative Clerks and Secretaries*, NCSL, 1988.

it's just that they don't see why the operations of government shouldn't be held to high standards.

In the 1989 session, things went smoothly under the new rules until late in the session when the spending packages were assembled. The Republican majority, especially in the House, retreated to familiar ground—the party caucus—to sift through the 200-plus pages of the state budget.

The majority party wouldn't let the annual budget bill go to the floor without tying up enough votes in caucus to ensure passage of specific provisions. But GAVEL still inhibited discussion, say House leaders.

"It took us longer to arrive at what we thought was consensus," says House Speaker Carl "Bev" Bledsoe.

"It created less chance for cooperation and not more," says House Majority Leader Chris Paulson. "Part of the hard feelings that occurred on the tough issues stemmed from the fact that people couldn't go to a caucus and communicate with each other."

Besides giving a vote to every legislator, GAVEL gave a hearing to every bill. It has three major provisions:

- It requires consideration "on its merits" of every measure referred to a legislative committee of reference and specifies that a motion to report a bill to the full chamber "shall always be in order"—what Bledsoe calls the "super motion."
- It requires that bills appear on the House or Senate calendar in the order in which they were reported out of committee.
- It outlaws the binding caucus, saying that legislators cannot "commit themselves or any other member or members, through a vote in a party caucus or any other similar procedure, to vote in favor of or against any bill . . . or other measure . . ."

Some legislators were offended by the insinuation that they were subverting the process and would continue to do so unless rigid rules were locked into the constitution. "I think it really put a taint on the interpersonal relationships among members," says House Majority Leader Paulson.

Paulson, a Republican from the Denver suburb of Englewood, the bluntest of the amendment's critics, called it "very vague, disjointed, and now it's part of the constitution. It just adds to the

innuendo that the legislative process is somehow not to be trusted," Paulson says.

Nonetheless, even GAVEL's critics concede it did some good. Perhaps its biggest success was in doing away with the pocket veto by committee chairman. Its earliest victim was the House Rules Committee, once a "killing ground" for legislation the House leadership didn't like.

GAVEL's automatic calendar provision, the one requiring all committee-approved bills to be scheduled for debate in the order in which they were reported out, is the system the Senate has used for years. But the House has resisted.

With the amendment in place, Speaker Bledsoe, a plain-speaking cattle rancher from eastern Colorado's prairie, simply decided not to appoint a Rules Committee before the legislature's 1989 session. "It wouldn't have any power at all," Bledsoe said.

The amendment also was demon-



Minority Leader Ruth Wright

didn't have a Rules Committee, it did strably successful in forcing legislation out of committee. While the Senate

have Appropriations and State Affairs—two committees with broad authority to consider a wide range of legislation, and with chairmen who understood the sig-

Shorter Session Doesn't Thwart Oklahoma

Encouraged by the governor and the state's largest newspaper, Oklahoma voters set time limits on their legislature in March, establishing a new time frame for the legislative session and setting stricter rules for adjournment.

And despite a long-time tradition of dragging out the closing session with 24-hour days, and a change in the speakership only nine days before, the Oklahoma Legislature managed to adjourn on time this year. They were, in fact, finished with their work almost two hours early.

Even before the ballot question passed, limiting sessions to 80 days, the House and Senate established cutoff dates for hearing bills in an attempt to conform with the May 26 deadline they knew it would impose.

While there are a few concerns for next year, when the session will be nearly a month shorter because the initiative changes the opening day to February instead of January, most legislators are pleased with the outcome.

"It feels different; it feels good," said Senate President Pro Tem Robert Cullison, who had been one of the most vocal

opponents of the measure.

Representative Cal Hobson, who led the movement to oust speaker Jim Barker, said "the revolt gave us the ability to finish." While a special session looked probable under Barker (to deal with prison crowding and extra education funds), leaders reached agreements on the issues shortly after Steve Lewis, the new speaker, took over.

Passed by a large margin, the initiative modifies the state's constitution, establishing a later legislative starting date and fixing a definite date and time for sine die adjournment. Now the Legislature will start the first Monday in February instead of the Tuesday after the first Monday in January and adjournment now must come at 5 p.m. on the last Friday of May. In the last few years, the last day of session in Oklahoma was likely to inspire debate over the very definition of a day. The minority party has gone to the state Supreme Court twice since 1986 to have it defined.

But opponents of the measure still have concerns over the effects of the shortened session. Jean McLaughlin, president of the Oklahoma League of

Women Voters, worries that the amendment is a simplistic solution to a complex problem. McLaughlin says that the shorter time frame will not eliminate the large number of bills that pile up at the end of session. "A shorter session only exaggerates this problem," she says. "Legislative action should be preceded by intensive study and analysis. A shortened session will just encourage hasty action and inadequate consideration of pressing issues."

George Humphreys, director of research for the House, says compressing deadlines at both the beginning and end of the session does create some concern, but he noted that there will be an effort to encourage members to pre-file bills, to use the interim more effectively for studying proposed legislation, and to bring more discipline to committee consideration of bills.

And observers say that because Governor Henry Bellmon led the movement for a shorter session, he will be inclined to work more closely with the Democratic leaders in the Legislature.

—Tony Hutchison

Suit for GAVEL Violation Dismissed

A number of Colorado organizations worked together to get the GAVEL amendment passed, but when it came to filing a lawsuit alleging violations of GAVEL by the legislature, Common Cause had to go it alone. Sandra Eid, president of Citizens for Legislative Reform, said the group would have had a hard time getting approval from its 40 or so member organizations to proceed with a lawsuit, and maintained that negotiations could work out problems with compliance before the legislature convenes again next year.

Common Cause filed suit in May, alleging that lawmakers violated GAVEL by securing commitments on the budget bill during caucuses; but on June 16 District Court Judge Sandra Rothenberg dismissed the suit, saying she could not rule on the question because state legislators are immune from legal challenges involving legislative actions.

During a court hearing, lawyers argued over whether legislative immunity, a

doctrine that dates back to 16th-century England, protects legislators during caucus deliberations. Common Cause lawyers argued that they should not be protected because caucuses are basically political meetings. But defendants' lawyer said caucuses should be considered "legislative activity" because they are subject to the state's open meetings law.

House Majority Leader Chris Paulson said, "This group [Common Cause] has tried to intimidate the legislature, and the courts have found no merit in it at all. We can't have self-professed public interest groups trying to run roughshod over elected officials."

Briggs Gamblin, executive director of the state's Common Cause chapter, said, "We're very disappointed, but we're not finished." At press time, the group was mulling over its options—to file suit on the budget or to appeal the case to the state Supreme Court. "We're not going to drop it," said Gamblin. "We're going to pursue it."
—Pat Wunnicke

nals from leadership about which bills probably weren't worth even putting on the table. Coincidentally, the House counterparts of those committees—House Appropriations and House State Affairs—were often used in the same way after it became less fashionable in recent years to use Rules as a bottomless pigeonhole.

"I never used the Rules Committee a whole lot in that way," says Bledsoe, who has been the speaker since the 1981 session. "But a little bit. If we had a bill that some of us felt was a bad bill to have on the floor, it wouldn't get to the floor."

But this year, several bills that wouldn't have had a chance before GAVEL, including some sponsored by Democrats, came out of committee and even passed.

"We as a minority party felt much better about it than in previous years," says House Minority Leader Ruth Wright. "We used to tread lightly, hoping a bill would make it through Rules. This year it was just much more of a democratic process."

Nan Morehead, chairman of the Colorado Social Legislation Committee, agrees. "That part of it has been very successful," she says. She and five other

public-interest lobbyists were the originators of GAVEL. In June 1987, after the end of that year's session, "we were just really frustrated by not being able to get anything through."

In a series of meetings over the summer of 1987, the group—which included representatives of Colorado Common Cause, the state League of Women Voters and Citizens for Correctional Reform—"spent a lot of time talking about abuses." The group organized itself as Citizens for Legislative Reform and went about drafting legislation that it would try, first, to get the legislature to pass. If that failed, as anticipated, Citizens for Legislative Reform was ready to circulate petitions to put the question on the 1988 general election ballot.

Two offenses—keeping bills off the table in committee and never letting them get to the floor from House Rules—were "real easy to zero in on," Morehead says.

The binding caucus issue was a bit more difficult—"serious, but the hardest one to explain to people," she says.

The majority party in Colorado always has used the caucus extensively to solidify party positions on important

legislation. In the closing days of the session, in the logjam of important issues that have been put off until everything can be looked at in relation to everything else, legislators spend more time in caucus than they do on the floor.

But if it were used in no other situation, the caucus would persist as the only way to deal with the complicated long appropriations bill, the state's annual budget.

The bill is drafted by a six-member Joint Budget Committee, which spends months studying the governor's budget suggestions and listening to its own staff's recommendations. The bill that emerges is a statement of legislative philosophy; in Colorado's weak-governor system, the governor's budget has about as much status as a letter to Santa Claus. The long bill, as it is reverentially called, has attained almost mythic proportions as complex, hard to understand and manageable only by the application of strict party discipline.

But even party discipline is subject to the Colorado tradition of open government. Even before the state passed its open-meetings Sunshine Law in 1972, then-speaker John Fuhr had opened up the House Republican caucus to the press and public.

Former Senator Ralph Cole, the Sunshine Law's most ardent opponent right up until he retired from the legislature in 1988, challenged its application to the caucus as unconstitutional. In 1973, the year the sunshine law took effect, Cole sought a declaratory judgment in Denver District Court, arguing that the law violated his right to free speech and conflicted with a provision to the Colorado Constitution that allows the General Assembly to set its own rules.

But 10 years later, in 1983, the Colorado Supreme Court finally had the last word on the issue of whether to open caucuses. It said, in effect, that because a caucus vote could determine what happens to legislation on the floor, it was subject to the sunshine law requiring that meetings "at which public business is discussed or at which any formal action may be taken" be open to the public.

The 1983 court ruling, however, did not raise the issue of the binding caucus. Colorado legislative leaders insist that the true binding caucus—where a split members-only decision can still force a solid caucus position, thus sealing a bill's



John Gordon

Representative Wayne Knox

fate—hasn't been used in the state for 20 years. They would argue that the more recent Colorado tradition of requiring a floor majority to commit itself in caucus is fairer and more open than the deal-making and vote-trading that goes on in other states.

The Colorado caucus system—at least until GAVEL—worked this way: The majority party, the Republicans in both House and Senate, would discuss and amend and tinker with legislation until there were enough votes on the prevailing side in caucus to ensure a winning vote in the full chamber. The Republicans in the 35-member Senate waited until they got 18 votes wrapped up in caucus; it took 33 votes in the House caucus to send a bill to the full 65-member body.

Before that, but only in the House, theoretically as few as 17 votes could determine which way the 65-member chamber voted on an issue. That could happen if the majority party had only a 33-32 edge and the caucus voted 17-16 to commit itself to a particular vote.

But that's only an extreme application of theory. In practice, as recently as 10 years ago, the Republicans allowed a two-thirds vote in what was then a 38-member caucus to bind 33 votes. That meant that 26 votes could force seven other Republicans to vote against their better judgment.

Everyone today roundly condemns

such minority rule, but counting votes in caucus until a majority is assembled is still seen by at least the House majority leadership as the only way to handle the budget bill.

As Speaker Bledsoe puts it, the minority party shouldn't be allowed to "play games" with the budget, tacking on costly amendments with popular appeal that no one can afford to vote against politically, but which the state can't afford financially.

"The majority party supposedly has a different approach to spending than the other party," Bledsoe says. "And it's the people, the voters, who decide which party wins the majority," he adds. When he was in the minority, the speaker said, he "expected the majority party to make the big decisions—because they won the election."

The binding caucus isn't an easy issue to explain to the average voter, but GAVEL's backers finally decided that the only way to get at it was to tack it on to the two committee provisions. Because of its complexity, "we always listed it last," Nan Morehead says.

The first attempt to implement the changes was a bill introduced by veteran Denver Representative Wayne Knox, a Democrat, late in the 1988 session. Not surprisingly, the bill died in the House State Affairs Committee. The GAVEL group immediately activated its petition drive to put the proposal on the

November 1988 ballot. "We felt it would end up that way anyway," Morehead says. "But it was important to give the legislature one last chance."

There was only muted opposition to the proposal. Several legislators muttered quietly that amending the constitution was unnecessary, but none of them seemed eager to take a high profile in opposing a proposal with such reformist appeal.

GAVEL passed. And so did an amendment the legislature itself put on the ballot—to limit legislative sessions to 120 days, 20 days fewer than the previous, more flexible limit. The shorter-session amendment passed by only 5 percent while GAVEL had an overwhelming 44 percent majority.

The combination of fewer days and more work created considerable apprehension before the session began. One former legislator suggested that controversial issues would be avoided as much as possible because the time they consume in hearings would prevent committees from working through their agendas.

But "two of the three parts worked very well," says Representative Knox. Speaker Bledsoe had warned before the session that "it's going to make a process that's fairly inefficient even more inefficient." Knox disagrees. "I guess you can say it's efficient not to consider bills. But it's obviously unfair and undemocratic."

Senate President Ted Strickland had said the combined effect of the amendments would be to make the lobbyists more powerful and reduce citizen participation. There wouldn't be time for long hearings or even lengthy advance notice. Legislators would have to rely on the ever-present lobbyists for the information they would need quickly.

"Oh, you bet," everyone had to work harder, Knox says, including the lobbyists. "The lobbyists were running around with their tongues hanging out," says Minority Leader Wright. But in retrospect, most legislators feel that lobbyists didn't have any particular advantage—and lobbyists agree.

Early in the session, many lobbyists complained that they couldn't keep up with all the committee meetings. And they were always nagged by the fear that GAVEL permitted a bill to be called up for action at any time. But the "super motion," as Speaker Bledsoe calls it, was never used. Not once.

Party Caucus Alive in Other States

Other states use the party caucus heavily, but not quite in the same way that Colorado does.

Wisconsin uses a similar procedure in handling its budget, but the caucus affixes a lot of other legislation to the bill, thus bypassing other committees. William T. Pound, executive director of the National Conference of State Legislatures, says the Wisconsin practice has led to "unprecedented vetoing" by Republican Governor Tommy Thompson. He vetoed parts of words and struck single digits from multidigit figures.

Washington's state legislature also has a strong caucus tradition, but there it's a question of both parties meeting almost every morning to "talk things out" before they go to the floor, according to Pound.

And in Pennsylvania, the caucus is used heavily—both to inform members and to get a sense of where the member-

ship is headed on an issue. And while votes aren't binding, there's a clear implication that if it's discussed in caucus, you go the way the leadership goes.

Lawmakers in other states have different ways to forge party policy. In many places, Pound says, the leadership is more autocratic than it is in Colorado. Senates generally tend to be more open everywhere—"smaller, more collegial, more stable," he says.

The old dictatorial style is fading, though, Pound adds. It's true that leadership still clings to wielding power through committee assignments, the awarding of budget pork or the campaign mechanism of collecting money centrally and doling it out to members. But as individual members get more staff help and more access to information, they're becoming more independent.

Ruben Valdez, a contract lobbyist who was the speaker the last time the Democrats controlled the House, says lobbyists accommodated themselves to the quickened pace. Nor did he notice any particularly increased reliance by legislators on the lobbying corps.

Briggs Gamblin, executive director of the state's Common Cause chapter, says considering more bills in less time may have had the benefit of increasing the effectiveness of the better-informed lobbyists while lessening the powers of the good-ol'-boy lobbyists who used to wield influence primarily by trading war stories with key legislators in the relaxed atmosphere of a nearby bar.

GAVEL, in fact, was working just fine until the long bill came up. Then the old anxiety about the budget took over. "It's almost a cultural thing with the Republicans," says House Minority Leader Wright.

In the Senate, the GOP caucus insisted on 18 votes before it would close off discussion on any departmental section. The senators eventually had to abandon that strategy when they couldn't put together 18 votes for a public education spending package. So the last Senate caucus vote on the long bill was a simple majority, thus weakening the potential argument that the binding caucus was at

work again.

Senator Wayne Allard, a Loveland veterinarian, who is the Senate caucus chairman, says the caucus never took a roll call, never took names, and "a few people changed their vote from caucus to the floor"—hardly "binding."

However, Colorado Common Cause didn't see it that way and raised the possibility of a lawsuit (which, in fact, it filed when the session ended). So by the time the long bill got to the House, the Republican caucus there had devised another procedure. The 39 Republicans would recess every now and then so that a cadre of temporary assistant floor leaders could go out into the hallways to count votes.

"We tried extremely hard to abide by the letter of the law," Speaker Bledsoe says. The leadership met with staff and with lawyers before it unveiled the recess-and-count procedure. "My theory was, if you put interpretations on a document like that (GAVEL), why, you're just inviting trouble," Bledsoe says.

He and Paulson also argue that the amendment, in any event, conflicts with their First Amendment rights to express themselves on legislation: If they can't keep the promises they make, then their rights are violated.

Both Gamblin and Bledsoe seemed resigned early in the session to the necessity of a court case to sort out exactly how GAVEL must be applied to the legislative process. Paulson complains that the amendment invited litigation from the start. "It's so poorly done anybody can interpret it any way they want," he says.

Colorado Governor Roy Romer, a Democrat, complained at the close of the session that the Republican legislature "has got a lot to learn" about how to live with the provisions of GAVEL and its own 120-day limit. "We ought to get up here and do business and not try to play partisan games," he said.

One problem is that a number of bills sent to Appropriations died there when the session ended May 10—or were reported out so late that there wasn't time for the other chamber to act on them. Bills with fiscal impact aren't subject to the legislature's deadlines for moving other bills out of committee from house to house. Every other bill did get a hearing, Gamblin noted, but when it came to spending bills, the legislature "found a loophole."

Legislators, though, believe that the institution responded, grudgingly perhaps, with more bipartisanship.

Sandy Hume, a Republican from Boulder, was the only member of the Senate caucus who refused to participate in the caucus straw votes—because he felt it violated the new amendment. Says Hume: "I think it is eminently reasonable that we could function quite adequately under GAVEL. I think it would vastly decrease the influence of partisan politics."

And Senate Caucus Chairman Allard says this year's budget bill, in the Senate at least, was "more bipartisan—because it's done on the floor instead of in caucus." And without a chairman's pocket veto in committee, "everybody in that committee has to take responsibility for voting."

House Minority Leader Wright says GAVEL helped the other party, too. "GAVEL also relieved Republicans from the kind of pressures leadership could put on them to toe the line or otherwise your bill doesn't get out of Rules. I think the Republicans were able to be more independent," she says. "Things were just wide open on the floor. We even killed one of the speaker's bills." ■

REPRESENTATIVE LOREN LEMAN

District 9 - West Anchorage

2699 Nathaniel Court • Anchorage, Alaska 99517

243-2000

M E M O R A N D U M

TO: Representative Gene Kubina
Chairman, House State Affairs Committee

CC: Pam Stoops, LAA

FROM: Representative Loren Leman *Loren*

RE: LAA Fiscal Note
House Joint Resolution 5, Legislative Action on Bills and
Resolutions and Legislative Caucuses.

DATE: February 1, 1991

=====

Attached is a copy of the Fiscal Note prepared by the Legislative Affairs Agency by request of the House State Affairs Committee.

The fiscal note ascribes the cost of \$85,200 a year to the effect of this legislation. I strongly disagree with the argument that the legislation will require any additional personnel or related expenses by the legislature.

The purpose of the resolution is not to require extensive preparation for hearings on legislation that is without merit or support. Rather, its purpose is to provide the full committee the opportunity for input on legislative priorities. By requiring each bill referred to a committee to be calendared and heard, even briefly, we ensure that no one legislator can unilaterally dictate the progress of a piece of legislation.

Although I am certain that the fiscal note was prepared in good faith, its assumption is incorrect. It is detrimental to the legislation by suggesting that it increases the cost of government.

Although HJR 5 does increase the quality and responsiveness of the legislative process, it does not do so at additional government expense. If LAA will not revise the fiscal note, I request that you do so when State Affairs hears the resolution.

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO: HJR 5

Revision Date: _____
 Title: Proposing amendments... relating to
legislative... bills & resolutions & legislative caucuses.
 Sponsor: Representative Leman
 Requestor: House State Affairs

Department Affected: Legislative Affairs Agency
 BRU: Legislative Council

Component: Session Expenses and
Public Services

COMPONENT SERIAL NO: 782 & 779

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	60.2	60.2	60.2	60.2	60.2	60.2
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	25.0	25.0	25.0	25.0	25.0	25.0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	85.2	85.2	85.2	85.2	85.2	85.2

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	85.2	85.2	85.2	85.2	85.2	85.2
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	85.2	85.2	85.2	85.2	85.2	85.2

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	4	4	4	4	4	4
TEMPORARY	0	0	0	0	0	0

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary) HJR 5 proposes amendments to the Constitution relating to legislative action on bills, resolutions & legislative caucuses. Every bill or resolution referred to a committee shall be considered by the committee at a public hearing held within appropriate deadlines established by the Legislature. It is estimated there would be additional committee staff needed to prepare the bills or resolutions for a public hearing. This could also include an increase in the number of teleconferences held each session. Estimated increase in staff are 4 session secretarial positions for the committees of 1st referral. Additional contractual funds are requested for the increase in communication costs for teleconferenced public hearings.

Prepared By: Pamela A. Stoops, Director
 Division: Administrative Services

Pamela A. Stoops

Phone: 465-3850
 Date: 1/29/91

Approved By: Warren W. Endicott, Executive Director
 Agency: Legislative Affairs Agency

Warren W. Endicott

Date: 1/29/91

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

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. HJR5

Revision Date: 01/28/91 Department Affected: Office of the Governor - Elections
 Title: Amend. to Const.-Legislative BRU: Elections
 Action-Bills, Resolutions & Legis. Caucuses Component: II - Primary and General Elections
 Sponsor: Representative Leman
 Requestor: State Affairs COMPONENT SERIAL NO. 0 0 2 2

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL		2.2*				
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		2.2*				

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND		2.2*				
FEDERAL FUNDS						
OTHER						
TOTAL		2.2*				

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: -0-

ANALYSIS: (Attach a separate page if necessary.) * This figure covers cost of inclusion of information about this issue in the Official Election Pamphlet as required by AS 15.58, and programming for DataVote counting of votes cast on this measure. However, only 4 measures can be printed on a single ballot card. Should this measure require printing an additional ballot card, the fiscal impact would be: 53.4.

Prepared By: Linda Edgeworth, Information Officer Phone: 465-4611
 Division: Division of Elections Date: 01/28/91

Approved by Commissioner: Charles E. Mickelson
 Agency: Division of Elections Date: 1-29-91

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

FISCAL NOTE

BILL NO. HJR 5

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Revision Date: 01/13/92 Department Affected: Office of the Governor-Elections
 Title: Amendment to the Constitution RE: Committee Action on Bills; Caucuses BRU: Division of Elections
 Component: II-Primary and General Elections
 Sponsor: Representative Leman
 Requestor: House State Affairs

COMPONENT SERIAL NO.

0	0	2	2
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	2.2*	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	2.2*	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	2.2*	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE:	0	0	0	0	0	0
TOTAL	2.2*	0	0	0	0	0

POSITIONS:

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

Estimate of current year impact: 0

ANALYSIS: (Attach a separate page if necessary.) * This figure covers cost of inclusion of information about this issue in the Official Elections Pamphlet as required by AS 15.58, and programming for DataVote counting of votes cast on this measure. However, only 4 measures can be printed on a single ballot card. Should this measure require printing an additional ballot card, the fiscal impact would be: 53.4.

Prepared by: Elizabeth Ziegler, Deputy Director Phone: 465-4611
 Division: Elections Date: 01/13/92

Approved by Commissioner: *Charles E. Guichard*
 Agency: Office of the Governor Date: 01-13-92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. Ofc., & Impacted Agency(ies).

HJR

6


REPRESENTATIVE LOREN LEMAN

District 9 - West Anchorage

2699 Nathaniel Court • Anchorage, Alaska 99517

243-2000

SPONSOR STATEMENT

BY: Representative Loren Leman 
SUBJECT: HJR 6, Limiting Session Length to 90 Days
DATE: January 28, 1991
=====

HJR 6 proposes a constitutional amendment to reduce the length of the regular session from the existing 121 days to 90 days. I believe that the work of the Legislature, if organized properly, can be completed well within this revised limit.

The benefits to reducing the session length are substantial. First, legislative service will be possible for more people. Most people who own a business or work a job for a salary have substantial difficulty in taking the time necessary to serve as a legislator. Reducing the session length by one month will make it possible for more people to serve. This I believe will be a big step in the right direction toward improving representative government.

Second, it will save us money. At \$50,000 per day, a 31-day reduction will save the State \$1.55 million.

Third, it will make it easier for others to do business with us. Traveling to Juneau and communicating with us is expensive. The more concentrated we make our legislative session, the easier it is for others who are interested in the legislative process.

Opponents of a reduction in the session length argue that this will just place more power in the hands of the Administration. I heartily disagree. The Legislature still has control of the State's purse strings via the budgeting process. Additionally, we as legislators still have authority and responsibility even when we are not in session. That will continue.

Shortening the session length will force us to establish a work plan for completing our work within the 90-day limit.

I believe that passage of this resolution and voter approval of the constitutional amendment will help make the Legislature a more responsive, representative and open institution.

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. HJR6

Revision Date: 01/28/91 Department Affected: Office of the Governor - Election
 Title: Amendment to Constitution BRU: Elections
 Duration of a Regular Session _____ Component: II - Primary and General Elections
 Sponsor: Representative Leman
 Requestor: State Affairs COMPONENT SERIAL NO.

0	0	2	2
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL		2.2*				
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		2.2*				

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND		2.2*				
FEDERAL FUNDS						
OTHER						
TOTAL		2.2*				

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: -0-

ANALYSIS: (Attach a separate page if necessary.) * This figure covers cost of inclusion of information about this issue in the Official Election Pamphlet as required by AS 15.58, and programming for DataVote counting of votes cast on this measure. However, only 4 measures can be printed on a single ballot card. Should this measure require printing an additional ballot card, the fiscal impact would be: 53.4.

Prepared By: Linda Edgeworth, Information Officer Phone: 465-4611
 Division: Division of Elections Date: 01/28/91
 Approved by Commissioner: *Charles E. Pickston*
 Agency: Division of Elections Date: 1-29-91

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

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO: HJR 6

Revision Date: _____
 Title: Proposing an amendment...
 ...duration of a regular session.
 Sponsor: Representative Leman
 Requestor: House State Affairs

Department Affected: Legislative Affairs Agency
 BRU: Legislative Council
 Component: Session Expenses, Legal Svcs,
Sal & Allow, Admin Svcs & Public Svcs

COMPONENT SERIAL NO: 782

Expenditures/Revenues: (Thousands of Dollars)

	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
OPERATING						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	-1500.0	-1500.0	-1500.0	-1500.0	-1500.0

CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
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REVENUE	0.0	0.0	0.0	0.0	0.0	0.0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0.0	-1500.0	-1500.0	-1500.0	-1500.0	-1500.0
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	-1500.0	-1500.0	-1500.0	-1500.0	-1500.0

POSITIONS:

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

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary)

HJR 6 reduces the length of the legislative session from 120 days to 90 days. The estimated daily cost of the session is \$50,000 a day. If the session is reduced by 30 days a savings of \$1,500,000 is calculated.

Prepared By: Pamela A. Stoops, Director
 Division: Administrative Services

Pamela A. Stoops

Phone: 465-3850
 Date: 1/25 91

Approved By: Warren W. Endicott, Executive Director
 Agency: Legislative Affairs Agency

Warren W. Endicott

Date: 1/25 91

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

REPRESENTATIVE LOREN LEMAN

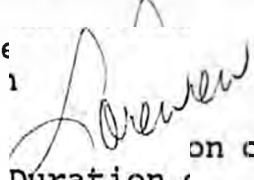
District 9 - West Anchorage

2699 Nathaniel Court • Anchorage, Alaska 99517

243-2000

M E M O R A N D U M

TO: Representative Gene Kubina
Chairman, House State Affairs Committee

FROM: Representative Loren Lemman 

RE: Request for Hearing
House Joint Resolution 6 on of a Regular Session.
Duration (

DATE: January 25, 1991

Please schedule HJR 6 for a hearing by the State Affairs Committee at your earliest convenience.

HJR 6 proposes a constitutional amendment to reduce the session length from the existing 121 days to 90 days. This reduction will, I believe, make legislative service possible for more Alaskans and reduce costs without placing unreasonable restriction on the Legislature's ability to do its work.

Attached, as you requested, are the following:

1. Sponsor Statement
2. Fiscal Note by the Division of Elections.
3. Position papers and backup information.

For any questions please contact me or my Legislative Aide, Mark Dinneen, at 465-2095.

1989 LEGISLATIVE SESSION DATES

	Scheduled to Convene	Time Limit (Days)	
		Regular Session	Special Session
Alabama	Feb 7	30	12
Alaska	Jan. 9	121 120a	30
Arizona	Jan. 9	None	None
Arkansas	Jan. 9	60a	b
California	Jan. 2	None	None
Colorado	Jan. 4	None	None
Connecticut	Jan. 4	June 7	None
Delaware	Jan. 10	June 30	None
Florida	Apr. 4	60a	20a
Georgia	Jan. 9	40	40c
Hawaii	Jan. 18	60a	30a
Idaho	Jan. 9	60	20
Illinois	Jan. 11	None	None
Indiana	Jan. 3	61	30
Iowa	Jan. 9	None	None
Kansas	Jan. 9	90a	None
Kentucky	No regular session		
Louisiana	Apr. 17	60d	30
Maine	Dec. 7, 1988	June 21a	None
Maryland	Jan. 11	90a	30
Massachusetts	Jan. 4	None	None
Michigan	Jan. 11	None	None
Minnesota	Jan. 3	120e	None
Mississippi	Jan. 3	90	None
Missouri	Jan. 4	June 30	None
Montana	Jan. 2	90a	None
Nebraska	Jan. 4	90a	None
Nevada	Jan. 16	60	20
New Hampshire	Jan. 4	45	15
New Jersey	Jan. 10	None	None
New Mexico	Jan. 17	60	30c
New York	Jan. 4	None	None
North Carolina	Jan. 11	None	None
North Dakota	Jan. 10	80f	None
Ohio	Jan. 2	None	None
Oklahoma	Jan. 3	90	None
Oregon	Jan. 9	None	None
Pennsylvania	Jan. 3	None	None
Puerto Rico	Jan. 9	Apr. 30a	20
Rhode Island	Jan. 3	60	60
South Carolina	Jan. 10	40	40
South Dakota	Jan. 10	40	None
Tennessee	Jan. 10	90	30
Texas	Jan. 10	140	30
Utah	Jan. 9	45	30
Vermont	Jan. 4	None	None
Virginia	Jan. 11	60a,g	30
Washington	Jan. 9	105	30h
West Virginia	Jan. 11	60a	None
Wisconsin	undetermined	None	None
Wyoming	Jan. 10	40	None

(a) May be extended

(b) 15 days after disposal of subjects on governor's call
(c) Legislature convening itself — 30 day limit

(d) 60 legislative days within 85 calendar days

(e) Limited to 120 legislative days during 2-year period. Must adjourn by May 22, 1989

(f) Preliminary session convenes in Dec. following election of members for organizational purposes. Bill introduction permitted

(g) Limited to 30 days

(h) Legislature may convene itself with unlimited subject agenda

LEGISLATURES

Legislative Operations, Organization, and Procedures

The increase in the capacity and willingness of legislatures to deal with modern societal problems has involved more than changes in patterns of representation. Legislative organization and procedures are constantly evolving. Many legislatures regularly review their structures and procedures, often through a Rules Committee or an interim study. Many procedural changes in recent years have had the objective either of opening and formalizing the process and providing more information to both the public and members of the legislative body, or of more effectively using legislative time.

Concern about legislative use of time has been motivated by at least two issues: How much time should a legislature spend in session, and should it be considered "full-time" or "part-time" in nature? And, how can the legislature most effectively use the time available and avoid the end-of-session logjam that occurs in many states?

Length of Legislative Sessions

Twelve states place no limit on session length, while 32 operate with constitutional limits (two of these, Colorado and Kansas, limit only the second year), and six states (Arizona, Iowa, Nevada, Rhode Island, Tennessee and Vermont) have statutory or indirect limitations based on cutoffs in legislator's salaries or per diem expense payments.

The argument about session limitations often is couched in terms of preserving the "citizen" nature of state legislatures, as opposed to developing "professional" or full-time legislatures on the congressional model. There is no question that the amount of time spent in session and the level of compensation affect the composition of the membership of the legislative bodies. Many argue it is desirable that the predominant occupation of members of the legislature not be that of "legislator," but that legislative bodies represent a broad spectrum of vocations. However, the growing demands on state legislatures and the greater legislative role in policy initiation, budgeting and program oversight have increased the pressure on legislative time.

The 1960s and 1970s were a time of elimination or relaxation of the limits on legislative sessions. More recently, however, there has been a mixed response to the question of session length. In 1984, Alaska adopted a 120-day limit, replacing its previously unlimited sessions. In 1982, Colorado adopted a limit of 140 days for the second year of the session, and in 1981, Washington included session limitations when it moved from biennial to annual sessions. In 1984, Utah lengthened its sessions by

ten days per biennium when it changed from a 60-day (first year) 20-day (second year) system to 45 days per session. New Hampshire adopted annual sessions effective in 1986. Several legislatures, notably Arizona and Iowa, have limited their sessions by legislative rule or statute. Movements to adopt more restrictive session limits surface periodically. Michigan has experienced several attempts to limit sessions. Montana held annual sessions for one biennium in the 1970s, then returned to a biennial schedule. Colorado is considering further limitations on session days and there is a serious proposal in New Hampshire to return to biennial sessions.

"Full-time" Legislatures and Legislators

Whether a legislature is full-time in nature generally can be measured by factors such as time spent in session, level of compensation and occupational self-definition of members. Moreover, full-time legislatures are likely to have a pattern of considerable legislator time spent in district offices and a high priority placed on constituent service functions.

The legislatures of California, Illinois, Massachusetts, Michigan, New Jersey, New York, Ohio, Pennsylvania and Wisconsin have lengthy sessions, relatively high legislator salaries and many members whose primary occupation is "legislator." None of these states have constitutionally-imposed session limitations, although both California and Wisconsin adopt a systematic schedule of committee and floor activity, as well as recess periods at the beginning of each biennium. Many of the legislatures which have longer sessions meet only two or three days per week, while in other states with more restricted sessions, five- and six-day work weeks are common. Several of the medium-sized states spend as many actual days in session as do the full-time legislatures. Twenty-nine legislatures today have the authority to convene themselves in special session without being dependent on the governor.

The number of legislators who define their occupation as "legislator" is increasing. An occupational survey of state legislators conducted by the National Conference of State Legislatures in 1986 found that more than 60 percent of the legislators in New York and Pennsylvania define their occupation as "legislator" and more than half the legislators in the Middle Atlantic states are full-time. The study also indicated that in larger states the number of

"business owners" who are members of the legislature is much smaller than it is in the states with more limited session lengths. Lawyer legislators exist in greatest numbers in the South, with Virginia having the largest number (45 percent). In a number of states, members engaged in "education" outnumber those coming from any other professional background. Individuals engaged in "agriculture" still are found in every legislature but are in greatest number in the rural Midwestern and mountain states. In rank order, the largest occupational categories are "attorney" (16 percent), "business owner" (14 percent), "full-time legislator" (11 percent), "agricultural occupations" (10 percent) and "educator" (8 percent).

The category of full-time legislator would exceed 20 percent if those who list themselves as "retired," "homemaker" or "student" were included. The increased time demands and complexity of legislative activity as well as stringent conflict of interest and disclosure laws have likely contributed to the continuing decline in lawyer legislators. The number of women and minorities in the legislatures continues to increase each biennium. In 1987, 1,157 of the 7,461 state legislators were female (15.5 percent). The number of women legislators is highest in New Hampshire, Colorado, Maine, Washington and Vermont. Female representation is smallest in Alabama, Kentucky, Louisiana, Mississippi and Pennsylvania. Minority membership in state legislatures now exceeds 400 (5.4 percent).

Bill J. Allen
Publisher and Chairman

Hugh Cunningham
Editor

William J. Tobin
Editor, Editorial Page

Paul Jenkins
Managing Editor

60th legislative day

THE ALASKA Legislature is at the midway point today of its 120-day journey in Juneau.

A number of state legislatures only meet for 60 days a year — or every other year, in some cases. But in Alaska, where the lawmaking job has been transformed by the legislators themselves into virtually a full-time occupation, the legislative sessions last for four full months every year.

It's a terrible waste of time and money.

The job could be done annually in half the time. Most of the legislators will privately admit that, even if they won't say it publicly.

We have sung this same song many times over the years in these columns, and it's worth echoing the refrain one more time just as a reminder that there is a better way to do things.

FIRST OF all, of course, there needs to be a commitment on the part of the legislative leadership to settle down to a disciplined work schedule from the very first day of the session.

This legislature convened last Jan. 8.

And in all kindness, not much has been accomplished.

Sure, there have been floor sessions and committee meetings and roll calls and bills and resolutions introduced by the score. There has been no end of political posturing and tugs-of-war between the majority and the minority caucuses and between Republicans and Democrats.

But there has been little in the way of productive accomplishment.

Nothing, really, worthy of two months of very, very expensive operations.

In the old days — and we acknowledge that issues of the territorial past cannot be likened to the challenges of

today — Alaska's lawmakers handled the legislative function in just 60 days, and then only every other year.

We acknowledge, too, that biennial sessions probably make no realistic sense.

But shorter annual sessions certainly do — 90 days at the maximum, and probably 60 days every other year or so. There are, after all, only a few more than 500,000 people in Alaska — and they require only so much lawmaking every year. And the governor and the administration do need time to try to run the state, without the legislature demanding their constant attention.

WHAT IS going to happen now is what happens every other year in Juneau.

The legislators are going to do everything they have to do in the next 60 days.

And the point is perfectly clear to just about everybody but the legislators themselves.

They could have skipped the first 60 days and started at what now is the midpoint of the session. And the results would be exactly the same — without millions of dollars being spent on staff, travel, tons of paper grinding through the legislative print shop and all the other items that make the legislative process one of the state's most expensive operations.

The real fact is that most of the work will be done in the last 45 to 30 days of the session — ignoring the mad frenzy that will turn the legislative chambers and offices into a mad asylum on the final two or three days.

But let's thank heaven for small favors. Before the voters finally rose up in outrage and anger and forced lawmakers to accept a 120-day limit on the length of the sessions, legislatures were running beyond the 160-day mark.

Robert B. Atwood
President and Publisher

Elaine Atwood
Assistant Publisher

William J. Tobin
Vice-President, Editor-in-Chief

Aloha, legislators

FOR SOME weekend food for thought, we offer a tidbit of information about the legislative process.

Not Alaska's legislative process.

Hawaii's.

Down in the 50th State, where prosperity blooms, there is a 60-day limit on the length of the annual legislative session.

And the system works very well.

This year, the Hawaiian legislature convened on Jan. 21, a Wednesday, and will adjourn — no ifs, ands or buts — on April 27, a Monday.

And midway through the session — if you can believe such radical stuff — the legislators of Hawaii took a mandatory five-day recess. It extended from March 17 to March 23, and took all the lawmakers back to their home districts and out of the pressure cooker for a little exposure once again to the reality of life.

HOW'S IT work? Just fine, say legislative leaders.

Because of the deadlines imposed to meet the 60-day requirement, one influential senator from Honolulu says, members of the Hawaii House and Senate are forced to concentrate on priority issues.

They aren't inundated by hundreds and hundreds of pieces of legislation, because the members know the practice of papering the record

with campaign bills is counterproductive to an effective session.

At the start of each session, the president of the Senate and the speaker of the House — this year, the respective posts are held by Sen. Richard S.H. Wong and Rep. Richard A. Kawakami — sign off on a schedule that everybody abides by until adjournment comes.

AMONG OTHER things, these rules provide that no new bill can be introduced after the 22nd day of the session. Period. End of discussion. In other words, just a little more than one-third of the session can be used for bill introduction — and just about a full two-thirds for consideration of the legislation that has been put on the table.

And not all of those bills hang around until the very end.

Throughout the 60-day period, there are checkpoints along the way. If bills don't clear those hurdles, they're dead ducks.

That's how the major, priority items get handled in due order, with time for deliberation and thoughtful consideration.

Why can't Alaska legislators get the message that there is a better way to do business — and they don't have to reinvent the wheel to get there?

The Anchorage Times

Bill J. Allen, Publisher
William J. Tobin, Assistant Publisher
Gene R. Arshart, General Manager

J. Randolph Murray, Editor
Paul Jenkins, Managing Editor
Deane Fradley, Editor, Editorial Pages

Robert B. Atwood, Publisher Emeritus

ALASKAN OWNED AND OPERATED SINCE 1915

SHORTENING THE LEGISLATURE

Put lid on at 75 days

WHEN IT COMES to reforms that would improve the way the state of Alaska functions, put high on the list a reduction in the length of time the Legislature stays in session every year.

The new suggestion is for a 75-day limit.

Let's endorse that, and urge all Alaskans to think in that time frame.

Clearly it will take a voter revolt to reduce the length of legislative session, because lawmakers themselves will never do so on their own. They like being in session for four months each year, and they cultivate the appearance of working full time — complete with full-time staffs and offices — the other eight months of the year.

And before the people of the state brought enough pressure to bear to force a 120-day limit on the annual sessions, the legislators were delighted to stay in Juneau for much longer periods of time — more than 180 days on three occasions, in fact.

THAT KIND OF time spent legislating each year for a half a million people is a frightful disgrace.

So, too, is 120 days each year.

The truth is, and most legislators will privately acknowledge the reality, nothing much is accomplished in the first 30 days of any session — and often not much in 60, besides a great deal of posturing and pandering to each other's egos.

And while the legislators are in Juneau, doing whatever they do to occupy the time, the wheels of government essentially stop turning.

The result is that for three months at the start of every year, the administrative departments of government — which are supposed to be running things — drop everything else and concentrate on being at the beck and call of the lawmakers.

Then once the Legislature has adjourned, the administrative branches of government spend the next three months trying to figure out what happened to them as a result of legislative actions — and changing regulations and whatnot to conform to changes in the law. Not a whole lot of progressive actions are accomplished during this part of the year.

By the time the last three months are at hand, the administrative offices have to start getting ready for the next legislative session — spending three months building their defenses or trying to concoct arguments in favor of some new program or spending plan.

IT'S NO WONDER that the state winds up running in circles, accomplishing little for the good of the people — but spending an enormous amount of dollars in the process.

The governor — whoever the governor might be — has little time to develop programs and to effectuate leadership goals. Juneau's whole attention is on the legislators — not on the administration and the governor, charged by the Alaska Constitution to lead and direct the state's welfare and future.

Walter J. Hickel, who now occupies the governor's office, has endorsed the 75-day legislative limit. He recognizes there is much to be done and that huge challenges are out there — with great opportunities awaiting if only the state could focus on the goals.

The one-third-of-year legislative session indeed can be shortened. But it will take action by the voters — speaking loudly and with force — to make it happen.

Speaking out



Clymer

Lopez

Grabowski

Q. Should the Alaska Legislature's 120-day session be further reduced to a 75-day limit?

• "Yes. They need to reduce the length. They're taking too long. I think 75 days is sufficient time for them to legislate."

— Chlora Clymer, Kodiak

• "Yes. It takes them too long to make decisions."

— Nga Lopez, Anchorage

• "Yes. I always feel it takes them too long to make decisions. I think we need to reduce the session."

— Sue Grabowski, Anchorage

Alaska State Legislature

Legislative Research Agency



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November 8, 1991

MEMORANDUM

TO: Representative Eugene Kubina
FROM: Gordon S. Harrison, Director *gsh*
RE: The Case For and Against a 90-Day Legislative Session

You asked for a brief discussion of the pros and cons of a 90-day limit to the length of legislative sessions.

Arguments For a 90-day Session

Legislators constrained to an annual session of 90 days will presumably work faster and more productively than they do under a 120-day limit. Those people--legislators and nonlegislators alike--who support a 90-day limit believe that a good deal of time is wasted during the session: for example, committees hold too many hearings; legislators "sit on" legislation too long; staff produce too much information and too many amendments and committee substitutes to bills; and everyone devotes too much time to organization, unimportant legislation and petty bickering. According to this line of argument, the business of the state can be transacted more efficiently than it is now, and a 90-day session limit would compel the necessary efficiency.

Fewer days in session would cost less. Legislators' per diem and session staff salaries would be reduced. The director of administrative services of the Legislative Affairs Agency estimates that 120-day sessions now cost approximately \$50,000 per day. Curtailing sessions by 30 days could therefore save something in the neighborhood of \$1.5 million per year.

Also, a shorter session would make legislative service less disruptive to many legislators with families that must be uprooted and businesses that must be left behind for the session. It may be argued that a 90-day session might make legislative service feasible, or at least more appealing, to many people who cannot devote four months per year to sessions in Juneau.

Arguments Against a 90-day Session

The main argument against short sessions is that bad legislation is more likely to result from the hurried consideration of complex policy issues. Opponents of a shorter session do not believe that time is wasted during a 120-day session. While the legislative process may not be as rigorously efficient as

Representative Kubina
November 8, 1991
Page 2

a well-run business, the objective of government is not efficiency but good laws and wise public policy. Contemporary society is complex, and attempts to find rational legislative solutions to social ills is time-consuming. The social and economic cost to Alaska of ill-conceived, poorly crafted legislation is potentially far higher than the inconvenience to some legislators and the cost to the state of 120-day sessions.

Opponents of a 90-day session argue that legislatures that are unduly constrained--in time, frequency of meeting, financial and staff resources--are weak vis-a-vis the executive branch. Legislators working in an environment of constraint are unable to master complex subjects, and consequently they must defer to the opinions, data and analyses of the governor and his staff. Also, according to this argument, legislators without the time necessary to study and fully understand policy issues tend to be overly dependent upon their own professional staff and lobbyists for information and ideas.

Comment

The delegates to the Alaska Constitutional Convention deliberately created a strong legislature to counterbalance a strong governor. They pointedly allowed the legislature to meet annually in sessions of unlimited length. The constitution was amended in 1984 to limit sessions to 120 days. My impression is that the amendment is generally regarded as a positive step: it did wring wasted time from the legislative process and enforced some efficiency measures without upsetting the fundamental balance between the legislative and executive branches.

The question now is whether a further reduction of the session length will cripple the legislature as an institution. On this question people of good will may disagree.

I hope this brief discussion is sufficient for your purposes. I will be pleased to analyze the issue at greater length if desired.



REPRESENTATIVE LOREN LEMAN West Anchorage

3111 C Street Anchorage, AK 99503 561-7614 During Session: P.O. Box V Juneau, AK 99811 465-2095

November 29, 1991

The Honorable Gene Kubina
PO Box 2463
Valdez, AK 99686

Dear Representative Kubina:

Thank you for hearing HJR6 in Palmer. Formal discussion within our ranks has been limited on this topic, and I was delighted to have it receive some exposure.

Please schedule additional hearings for HJR6. I would appreciate your including HJR5 and HJR7 as well. I also ask that teleconference sites be made available throughout the state.

Many Alaskans are concerned about legislative reform, yet the Legislature has been conspicuously non-responsive on this topic. It's no wonder that many people are accusing the Legislature of being self-serving.

Let's use these resolutions to show those who criticize our Legislature that we do care, and are willing to change to improve our function and responsiveness.

Sincerely,


Loren Leman

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. HJR 6

Revision Date: 01/13/92
Title: Amendment to the Constitution RE: 90 Day Session Limit
Sponsor: Representative Leman
Requestor: House State Affairs

Department Affected: Office of the Governor-Elections
BRU: Division of Elections
Component: II-Primary and General Elections

COMPONENT SERIAL NO.

0	0	2	2
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	2.2*	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	2.2*	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	2.2*	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE:	0	0	0	0	0	0
TOTAL	2.2*	0	0	0	0	0

POSITIONS:

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

Estimate of current year impact: 0

ANALYSIS: (Attach a separate page if necessary.) * This figure covers cost of inclusion of information about this issue in the Official Elections Pamphlet as required by AS 15.58, and programming for DataVote counting of votes cast on this measure. However, only 4 measures can be printed on a single ballot card. Should this measure require printing an additional ballot card, the fiscal impact would be: 53.4.

Prepared by: Elizabeth Ziegler, Deputy Director
Division: Elections

Phone: 465-4611
Date: 01/13/92

Approved by Commissioner: *Charles E. Thickett*
Agency: Office of the Governor

Date: 01-13-92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. Ofc., & Impacted Agency(ies).