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Chapter No.

59

AN ACT

Relating to the definition of certain state receipts, to state fiscal procedures, to the state budget, to agency performance reports, and to appropriation bills, eliminating the authority of a department to award a grant to a recipient other than the one named in the appropriation or allocation for the grant; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1

Approved by the Governor: May 30, 1997

Actual Effective Date: July 1, 1997; section 13 is retroactive to June 29, 1993

AN ACT

1 Relating to the definition of certain state receipts, to state fiscal procedures, to the state
2 budget, to agency performance reports, and to appropriation bills, eliminating the authority of
3 a department to award a grant to a recipient other than the one named in the appropriation or
4 allocation for the grant; and providing for an effective date.

5

6 * **Section 1.** AS 14.11.019 is amended to read:

7 **Sec. 14.11.019. Grant appropriations.** Within the [GENERAL] appropriation
8 bill authorizing capital expenditures submitted to the legislature under
9 AS 37.07.020(a)(3) [AS 37.07.020], the governor shall include an appropriation for
10 grants in the succeeding fiscal year as determined by the six-year capital improvement
11 project grant schedule prepared under AS 14.11.013.

12 * **Sec. 2.** AS 14.11.100(c) is amended to read:

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1 (c) The school construction account is established. Funds to carry out the
2 provisions of this section shall be included within the [GENERAL] appropriation bill
3 authorizing capital expenditures submitted to the legislature under
4 AS 37.07.020(a)(3) [AS 37.07.020] and may be appropriated annually by the
5 legislature to the account. If amounts in the account are insufficient for the purpose
6 of providing the share to which a borough or city is entitled under this section, those
7 funds that are available shall be distributed pro rata among the eligible municipalities,
8 [LOCAL GOVERNMENTS] except that the legislature may direct that additional debt
9 service on refunding bonds that exceeds the total debt service on the refunded bonds
10 be disregarded in whole or in part.

11 * Sec. 3. AS 24.20.140 is amended to read:

12 **Sec. 24.20.140. Appropriations.** Appropriations for carrying out
13 AS 24.20.010 - 24.20.140 shall be set out [FORTH] in the [GENERAL] appropriation
14 bill authorizing operating expenditures submitted to the legislature under
15 AS 37.07.020(a)(2) or [SUCH] other bills as may be necessary. The council may
16 direct the executive director to transfer amounts from one appropriation to another if
17 the transfer is considered necessary to accomplish the work of the council. The
18 council may not exceed the total amount of the authorized appropriation. All
19 expenditures of the council are subject to an independent audit that [WHICH] shall
20 be made annually.

21 * Sec. 4. AS 37.05.146 is amended to read:

22 **Sec. 37.05.146. Definition of program receipts and non-general fund**
23 **program receipts.** (a) In AS 37.05.142 - 37.05.146 and AS 37.07.080, "program
24 receipts" means fees, charges, income earned on assets, and other state money received
25 by a state agency in connection with the performance of its functions, Unless
26 otherwise provided in this section, program receipts are accounted for within, and
27 appropriated from, the general fund of the state.

28 (b) The program receipts listed in this subsection are accounted for
29 separately, and appropriations from these program receipts are not made from
30 the unrestricted general fund [; ALL PROGRAM RECEIPTS EXCEPT THE
31 FOLLOWING ARE GENERAL FUND PROGRAM RECEIPTS]:

- 1 (1) federal receipts;
- 2 (2) University of Alaska receipts (AS 14.40.491);
- 3 (3) **designated program receipts; in this paragraph "designated**
4 **program receipts" means money received by the state from a source other than**
5 **the state or federal government that is restricted to a specific use by the terms of**
6 **a gift, grant, bequest, or contract** [INDIVIDUAL, FOUNDATION, OR
7 CORPORATION GIFTS, GRANTS, OR BEQUESTS THAT BY THEIR TERMS ARE
8 RESTRICTED TO A SPECIFIC PURPOSE];
- 9 (4) receipts of the following [FUNDS]:
- 10 (A) highway working capital fund (AS 44.68.210);
- 11 (B) correctional industries fund (AS 33.32.020);
- 12 (C) loan funds;
- 13 (D) international airport revenue fund (AS 37.15.430);
- 14 (E) **corporate receipts earned or managed by a public**
15 **corporation of the state** [FUNDS MANAGED BY THE ALASKA HOUSING
16 FINANCE CORPORATION (AS 18.56.020), THE ALASKA RAILROAD
17 CORPORATION (AS 42.40.010), THE MUNICIPAL BOND BANK
18 AUTHORITY (AS 44.85.020), THE ALASKA AEROSPACE
19 DEVELOPMENT CORPORATION (AS 14.40.821), OR THE ALASKA
20 INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY
21 (AS 44.88.020)];
- 22 (F) fish and game fund (AS 16.05.100);
- 23 (G) school fund (AS 43.50.140);
- 24 (H) training and building fund (AS 23.20.130);
- 25 (I) retirement funds (AS 14.25, AS 22.25, AS 26.05.222,
26 AS 39.35, and former AS 39.37);
- 27 (J) permanent fund (art. IX, sec. 15, Alaska Constitution);
- 28 (K) public school **trust** fund (AS 37.14.110);
- 29 (L) second injury fund (AS 23.30.040);
- 30 (M) fishermen's fund (AS 23.35.060);
- 31 (N) FICA administration fund (AS 39.30.050);

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1 (O) receipts of the employee benefits program established under
2 AS 39.30.150 - 39.30.180;

3 (P) receipts of the deferred compensation program established
4 under AS 39.45;

5 (Q) clean air protection fund (AS 46.14.260);

6 (R) receipts of the group insurance programs established under
7 AS 39.30.090;

8 (S) mental health trust fund (AS 37.14.031);

9 (T) Alaska children's trust (AS 37.14.200);

10 (U) commercial fisheries test fishing operations
11 (AS 16.05.050(15));

12 (V) Alaska Public Utilities Commission under AS 42.05 and
13 AS 42.06;

14 (5) receipts of or from the trust established by AS 37.14.400 -
15 37.14.450, except reimbursements described in AS 37.14.410.

16 * Sec. 5. AS 37.05.316(a) is amended to read:

17 (a) When an amount is appropriated or allocated to a department as a grant
18 under this section for a named recipient that is not a municipality, the department to
19 which the appropriation or allocation is made shall promptly notify the named recipient
20 of the availability of the grant and request the named recipient to submit a proposal
21 to provide the goods or services specified in the appropriation act for which the
22 appropriation or allocation is made. [AT THE SAME TIME, THE DEPARTMENT
23 MAY ISSUE A REQUEST FOR PROPOSALS FROM OTHER QUALIFIED
24 PERSONS TO PROVIDE THE SAME GOODS OR SERVICES IN THE SAME
25 AREA. THE DEPARTMENT SHALL AWARD THE GRANT TO THE NAMED
26 RECIPIENT UNLESS THE OFFICE OF THE GOVERNOR, WITH DUE REGARD
27 FOR THE LOCAL EXPERTISE OR EXPERIENCE OF THOSE MAKING
28 PROPOSALS, DETERMINES THAT AN AWARD TO A DIFFERENT PARTY
29 WOULD BETTER SERVE THE PUBLIC INTEREST. IF THE GRANT IS
30 AWARDED TO A PARTY OTHER THAN THAT NAMED BY THE
31 LEGISLATURE, THE BASIS OF THAT ACTION SHALL BE STATED IN

1 WRITING AT THE TIME THE GRANT IS ISSUED AND A COPY OF THE
2 WRITTEN STATEMENT SHALL BE SENT TO THE LEGISLATIVE BUDGET
3 AND AUDIT COMMITTEE.] A grant agreement must be executed within 60 days
4 after the effective date of the appropriation or allocation unless the department
5 determines that an award of the grant would not be in the public interest.

6 * Sec. 6. AS 37.07.020(a) is amended to read:

7 (a) The governor shall prepare [AND SUBMIT TO THE LEGISLATURE
8 BEFORE THE FOURTH LEGISLATIVE DAY] a budget for the succeeding fiscal
9 year that [WHICH] must cover all estimated receipts, including all grants, loans, and
10 money received from the federal government [,] and all proposed expenditures of the
11 state government. The budget [SUBMITTED BY THE GOVERNOR] shall be
12 organized so that the proposed expenditures for each agency are presented separately.
13 The budget must be accompanied by the following separate bills: (1) an
14 appropriation bill authorizing the operating and capital expenditures of the state's
15 integrated comprehensive mental health program under AS 37.14.003(a); (2) an
16 appropriation bill authorizing state operating expenditures other than those
17 included in the state's integrated comprehensive mental health program; (3) an
18 appropriation bill authorizing capital expenditures other than those included in
19 the state's integrated comprehensive mental health program; and (4) [A
20 GENERAL APPROPRIATION BILL TO AUTHORIZE THE PROPOSED
21 EXPENDITURES, AND] a bill or bills covering recommendations, if any, in the
22 budget for new or additional revenue. The budget for the succeeding fiscal year and
23 each of the bills [PROPOSED GENERAL APPROPRIATION BILL] shall become
24 public information on December 15 [OF EACH YEAR] at which time the governor
25 shall submit copies to the legislature and make copies available to the public. The
26 bills, identical in content to the copies released on December 15, shall be delivered
27 to the rules committee of each house before the fourth legislative day of the next
28 regular session for introduction.

29 * Sec. 7. AS 37.07.020(b) is amended to read:

30 (b) In addition to the budget and bills submitted under (a) of this section
31 [GENERAL APPROPRIATION BILL], the governor shall submit a capital

1 improvements program and financial plan covering the succeeding six fiscal years.

2 * Sec. 8. AS 37.07.040 is amended by adding a new paragraph to read:

3 (9) for each department in the executive branch, report to the legislature
4 by the 45th day of each regular session the amount of money appropriated to the
5 department that is expected to lapse into the general fund at the end of the current
6 fiscal year.

7 * Sec. 9. AS 37.07.062(a) is amended to read:

8 (a) Each [THE GENERAL] appropriation bill authorizing capital
9 expenditures required to be submitted to the legislature in AS 37.07.020(a) must be
10 accompanied by documents supporting the expenditures [CONTAIN A SEPARATE
11 SECTION FOR CAPITAL OUTLAYS WHICH IS DIVIDED INTO SUBSECTIONS]
12 for each of the capital projects funds (AS 44.42.080), The documents must list
13 [WHICH LISTS], for each project, the (1) project identification number; (2) project
14 title; (3) source of funding; (4) amount expended on the project during the preceding
15 fiscal year, the amount authorized for the current fiscal year, and the amount proposed
16 to be expended during the succeeding fiscal year; (5) estimated start for construction;
17 (6) schedule of bond elections pertaining to the appropriation, including elections
18 previously held. The total appropriation to each capital projects fund must be reflected
19 in the balance sheet of each fund as of June 30 of each fiscal year.

20 * Sec. 10. AS 37.07.062(b) is amended to read:

21 (b) Upon the effective date of each [THE GENERAL] appropriation bill
22 authorizing capital expenditures, the amounts appropriated by the bill for capital
23 outlay shall be paid into the appropriate capital project funds established under
24 AS 44.42.080.

25 * Sec. 11. AS 37.07.070 is amended to read:

26 **Sec. 37.07.070. Legislative review.** The legislature shall consider the
27 governor's proposed comprehensive operating and capital improvements programs and
28 financial plans, evaluate alternatives to the plans, make program selections among the
29 various alternatives and determine, subject to available revenues, the level of funding
30 required to support authorized state services. The operating and capital budgets of
31 each agency shall be separately reviewed. During each regular session of the

1 legislature, legislative review of the governor's supplemental appropriation bills and
2 the governor's budget amendments shall be governed by the following time limits:

3 (1) Requests by the governor for supplemental appropriations for state
4 agency operating and capital budgets for the current fiscal year may be introduced by
5 the rules committee only through the 30th legislative day.

6 (2) Requests by the governor for budget amendments to state agency
7 budgets for the budget fiscal year may be received and reviewed by the finance
8 committees only through the 45th [60TH] legislative day.

9 * **Sec. 12.** AS 37.07.090(b) is amended to read:

10 (b) The office shall summarize the performance reports and forward copies to
11 each member of the legislature by January 10 each year.

12 * **Sec. 13.** AS 44.47.050 is amended by adding a new subsection to read:

13 (d) There is created in the department the Exxon Valdez oil spill
14 unincorporated rural community grant fund. The fund consists of money appropriated
15 to the fund from the Exxon Valdez oil spill restoration fund, the Alyeska settlement
16 fund, or other sources. Appropriations to the fund do not lapse unless otherwise
17 provided by the legislature in the bill making the appropriation to the fund. The
18 department may use the fund to make grants to unincorporated rural communities in
19 the area affected by the Exxon Valdez oil spill for capital projects for purposes of
20 restoring, replacing, or enhancing subsistence resources or services or other services
21 damaged or lost as the result of the Exxon Valdez oil spill. In this subsection,

22 (1) "Alyeska settlement fund" means the trust fund established in the
23 state treasury for the purpose of receiving, holding, and disbursing the settlement
24 proceeds received by the state under the Agreement and Consent Decree in re: The
25 Exxon Valdez, United States District Court, District of Alaska, Case No. A92-175
26 Civil, decree entered November 25, 1992;

27 (2) "Exxon Valdez oil spill restoration fund" means the fund established
28 by the Department of Revenue, to implement the judgment entered by the United
29 States District Court for Alaska in the criminal case United States of America v.
30 Exxon Shipping Company and Exxon Corporation, No. A90-015 CR.

31 * **Sec. 14.** AS 47.30.380 is amended to read:

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1 **Sec. 47.30.380. Appropriation authorized.** Funds to carry out AS 47.30.350
2 - 47.30.400 shall be set out in the [GENERAL] appropriation bill authorizing the
3 operating and capital expenditures of the state's integrated comprehensive mental
4 health program under AS 37.14.003(a) and submitted to the legislature under
5 AS 37.07.020(a)(1).

6 * **Sec. 15.** Section 13 of this Act is retroactive to June 29, 1993.

7 * **Sec. 16.** This Act takes effect July 1, 1997.