AN ACT

Relating to the municipal harbor facility grant program; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1

Enrolled SB 291
AN ACT

Relating to the municipal harbor facility grant program; and providing for an effective date.

*Section 1.* AS 29.60 is amended by adding new sections to read:

Article 10. Municipal Harbor Facility Grant Program.

Sec. 29.60.800. Municipal harbor facility grant fund. (a) There is established the municipal harbor facility grant fund consisting of money appropriated to the fund. Each fiscal year, the legislature may appropriate money to the fund from the watercraft fuel tax account (AS 43.40.010(f)) and from the fisheries business tax collected under AS 43.75.015 after payments to municipalities are made under AS 43.75.130. The legislature may make other appropriations to the fund. The legislature may appropriate to the fund income earned on money in the fund.

(b) Money appropriated to the municipal harbor facility grant fund may be expended by the Department of Transportation and Public Facilities for municipal
harbor facility grants without further appropriation. Money in the fund does not lapse and remains available for expenditure in successive fiscal years.

(c) Each fiscal year, the Department of Transportation and Public Facilities shall use an amount equal to at least 50 percent of the balance of the municipal harbor facility grant fund on June 30 of the preceding fiscal year for municipal harbor facility grants.

Sec. 29.60.810. Grant applications. A municipality that owns a harbor facility may submit to the Department of Transportation and Public Facilities an application for a municipal harbor facility grant to be used for construction, expansion, major repair, or major maintenance of a harbor facility. The application must include information about the project requested by the department. For a proposed project to be eligible for a grant, the municipality must provide evidence acceptable to the department that the

(1) proposed project is a capital improvement project and not part of a preventive maintenance program or regular custodial care program;

(2) municipality will provide 50 percent of the total project cost as matching funds for the state grant and that money received by the municipality from the state will not be used for the matching funds except money received under

(A) AS 29.60.010 - 29.60.080 (municipal tax resource equalization);

(B) AS 29.60.350 - 29.60.375 (safe communities program); and

(C) AS 29.60.450, AS 43.75.130, and 43.75.137 (shared fisheries business taxes);

(3) municipality has secured and will maintain adequate property loss insurance for the replacement cost of the harbor facility or has an adequate program of insurance;

(4) municipality has a preventive maintenance plan for the harbor facility and will be adequately adhering to the preventive maintenance plan after completion of the proposed project.

Sec. 29.60.820. Award of grants. (a) The Department of Transportation and Public Facilities may award a municipal harbor facility grant during a fiscal year only
for a proposed project eligible under AS 29.60.810 based on a grant application filed during the immediately preceding fiscal year before February 1. The total amount of grant money made available to a municipality during a fiscal year may not exceed $5,000,000.

(b) The Department of Transportation and Public Facilities shall award a grant for every proposed project eligible under AS 29.60.810 that is for repair and major maintenance of a harbor facility that was transferred by the state to a municipality before grants may be made for other proposed harbor facility projects during a fiscal year. However, after the department makes a grant for the repair and major maintenance of a harbor facility under this subsection, no other grants for the repair and major maintenance of that facility may be made during the same or any other fiscal year.

(c) The Department of Transportation and Public Facilities shall establish priorities for the award of grants for proposed municipal harbor facility projects under (b) of this section and priorities for the award of grants for other proposed harbor facility projects, with new construction projects having the lowest priority. The department shall award grants in the order of priority established. In establishing priorities, the department shall include at least the following, in the order listed:

(1) the extent to which the municipality can demonstrate that it will have sufficient revenue to operate and maintain the harbor facility in the future without state aid;

(2) public safety and emergency factors;

(3) the amount spent by the municipality on maintenance of the harbor facility;

(4) other options that would reduce or eliminate the need for the proposed project; and

(5) whether alternative harbor projects would better serve the public interest.

(d) The Department of Transportation and Public Facilities may suggest modifications to a project request to achieve cost savings or to better serve the public interest and, if the municipality agrees, award the municipal harbor facility grant for
the proposed project as modified.

* Sec. 2. This Act takes effect July 1, 2006.