



LAWS OF ALASKA

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Chapter No.

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168

AN ACT

Relating to the planning and funding of capital construction projects.

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

* Section 1. AS 35.10.170(3) is amended to read:

(3) make projections of future public facility needs of the state, analyze facilities needed, and establish methodology for program planning and facilities project planning, design and construction, based upon

(A) a justification of the level of service anticipated by the program agency, utilizing population projections and estimates approved by the governor;

(B) consideration of the geographical area to be served by the facility and relevant data concerning the agency's existing public facilities in that area;

(C) the date by which the services are to be provided;

(D) alternative program methods for providing the services; and

(E) pertinent data requested by the department in accordance with procedures developed under sec. 180 of this chapter;

* Sec. 2. AS 37.07.010 is amended by adding a new paragraph to read:

(6) public participation in the development of the annual budget, including opportunity for the public to

review and comment upon the plans and programs of the Office of the Governor and all state agencies in the executive branch, the legislature, the judicial system, the University of Alaska and the public corporations of the state.

* Sec. 3. AS 37.07.020 is repealed and re-enacted to read:

Sec. 37.07.020. RESPONSIBILITIES OF THE GOVERNOR. (a) The governor shall prepare and submit to the legislature before the fourth legislative day a budget for the succeeding fiscal year which shall cover all estimated receipts, including all grants, loans, and money received from the federal government, and all proposed expenditures of the state government. The budget shall be accompanied by a general appropriation bill to authorize the proposed expenditures, and a bill or bills covering recommendations in the budget for new or additional revenues.

(b) In addition to the budget and general appropriation bill, the governor shall submit a capital improvements program and financial plan covering the succeeding six fiscal years.

(c) Proposed expenditures may not exceed estimated revenues for the succeeding fiscal year. The expenditures proposed in the six-year capital improvements program and financial plan shall not exceed the estimated revenues and bond authorizations passed and proposed.

* Sec. 4. AS 37.07.030 is amended to read:

Sec. 37.07.030. RESPONSIBILITIES OF THE LEGISLATURE. The legislature shall

(1) provide for a budget review function;

(2) analyze the comprehensive operating and capital improvements programs and financial plans recommended by the governor;

(3) adopt legislation to authorize implementation of the governor's comprehensive operating and capital improvements programs and financial plans or appropriate alternatives to those plans;

(4) provide for a post-audit function, to cover financial transactions, program accomplishment and compliance with legislative intent;

(5) adopt or revise the estimate or receipts required to balance the succeeding fiscal year's budget in order that proposed expenditures do not exceed estimated receipts for that fiscal year;

(6) adopt, revise, or initiate revenue measures in order to balance the succeeding fiscal year's budget and the capital improvements section of the budget for the succeeding six years.

* Sec. 5. AS 37.07.040(3),(4) and (7) are amended to read:

(3) develop procedures to produce the information

needed for effective policy decision making, including procedures to provide for the dissemination of information about plans, programs and program budget requests to be included in the annual budget and opportunity for public review and comment during the period of budget preparation;

(4) assist state agencies in their statement of goals and objectives, preparation of program plans, program budget requests and reporting of program performance; all documents forwarded by the division to a state agency containing instructions for the preparation of program plans and program budget requests and the reporting of program performance are public information after the date they are forwarded;

(7) provide the legislative finance division with an advance copy of the governor's budget workbooks by the first Monday in January of each year, except that following a gubernatorial election year the advance copy shall be provided by the second Monday in January.

* Sec. 6. AS 37.07.050 is amended by adding a new subsection to read:

(g) All goals and objectives, plans, programs, estimates, budgets and other documents forwarded to the division of budget and management by a state agency under this section are public information after the date they are forwarded.

* Sec. 7. AS 37.07.060 is repealed and re-enacted to read:

Sec. 37.07.060. GOVERNOR'S RECOMMENDATION. (a) The governor shall formulate the operating and capital improvements programs and financial plans required to be recommended to the legislature by sec. 20 of this chapter after considering the state agency proposed program and financial plans, and other programs and alternatives that he considers appropriate. The plans shall include his recommended goals and policies, recommended plans to implement the goals and policies, recommended operating program for the succeeding fiscal year, recommended capital improvements program for the succeeding six fiscal years, and recommended revenue measures to support the programs.

(b) The governor shall present the proposed comprehensive operating and capital improvements programs and financial plans in a message to a joint session of the legislature before the fourth legislative day following the convening of the legislature in regular session. The message shall be accompanied by an explanatory report which summarizes recommended goals, plans, and appropriations. The report shall contain

(1) the coordinated program goals and objectives which the governor recommends to guide the decisions on the proposed program plans and budget appropriations;

(2) his operating program and budget recommendations for the succeeding fiscal year;

(3) his capital improvements program and budget

recommendations for the succeeding fiscal year an improvements program for the succeeding six fiscal years which shall include

(A) a description of each project and the estimated cost for the year construction is to begin and the source of financing;

(B) a summary of projects previously authorized and not yet completed;

(C) a summary, listed by agency, of all previously proposed projects which have been deferred beyond the six years covered by the plan and the year in which construction has been rescheduled to begin;

(D) a forecast of the debt structure of the state and the various debt ratios over the life of the state's bonds outstanding, bonds authorized and to be issued, and bond authorizations recommended in the plan;

(E) a description of additional revenue measures needed to finance the plan in lieu of debt;

(F) bond election bills to authorize the bonds required to fund the projects scheduled for the first three years of the plan;

(G) projections of population of the state and its regions and communities;

(H) economic data and projections necessary for the evaluation of the plan;

(4) a summary of state receipts in the last fiscal year, a revised estimate for the current fiscal year, and an estimate for the succeeding fiscal year;

(5) a summary of expenditures during the last fiscal year, those authorized for the current fiscal year, and an estimate for the succeeding fiscal year;

(6) any additional information which will facilitate understanding of the governor's proposed programs and financial plans by the legislature and the public.

* Sec. 8. AS 37.07 is amended by adding a new section to read:

Sec. 37.07.062. CAPITAL BUDGET. (a) The general appropriation bill required to be submitted to the legislature in sec. 20(a) of this chapter shall contain a separate section for capital outlays which is divided into subsections for each of the capital projects funds (AS 44.42.080) which lists, for each project, the (1) project identification number; (2) project title; (3) source of funding; (4) amount expended on the project during the preceding fiscal year, the amount authorized for the current fiscal year, and the amount proposed to be expended during the succeeding fiscal year; (5) estimated start for construction; (6) schedule of bond elections pertaining to the appropriation,

including elections previously held. The total appropriation to each capital projects fund shall be reflected in the balance sheet of each fund as of June 30 of each fiscal year.

(b) Upon the effective date of the general appropriation bill, the amounts appropriated by the bill for capital outlay shall be paid into the appropriate capital project funds established under AS 44.42.080.

(c) The balance sheet of each capital projects fund (AS 44.42.080) shall, at the end of each fiscal year, contain the following items so as to reflect the status of each fund and that the appropriations to each fund are not based upon a fiscal year:

- (1) cash with treasury--shows a normal debit balance;
- (2) bonds authorized and unissued--shows a normal debit balance; these are assets of each fund and shall be sold in accordance with the election date of each authorization; the proceeds are expended on a first-in, first-out basis;
- (3) bonds to be authorized--shows a normal debit balance; these shall be reflected in general obligation bond or revenue bond Act proposals accompanying each year's capital improvements program revision; the general obligation bond Act proposals are to provide funding for the three fiscal years following the general election date;
- (4) general fund; reserve for capital outlay--shows a normal debit balance; this is the amount required by AS 37.05.157 to be included in the general appropriation bill as the reserve for capital outlay to cover the succeeding six-year planning period;
- (5) general fund; other--shows a normal debit balance; additional appropriations from the general fund above those required by law for capital outlay;
- (6) other funds--shows a normal debit balance; appropriations from other state funds for capital outlay;
- (7) federal aid--shows a normal debit balance; includes funds expected to be received from federal sources for capital projects;
- (8) expenditures, prior fiscal year--shows a normal credit balance;
- (9) encumbrances--shows a normal debit balance;
- (10) reserve for encumbrances--shows a normal credit balance;
- (11) fund balance--shows a normal zero balance.

(d) The annual financial report of the state shall contain the following statements for each capital projects fund:

- (1) balance sheet;
- (2) analysis of changes in bonds authorized and unissued;
- (3) analysis of changes in bonds to be authorized;
- (4) analysis of changes in funds to be provided by others;
- (5) statement of expenditures and encumbrances compared to appropriations.

* Sec. 9. AS 37.07.070 is amended to read:

Sec. 37.07.070. LEGISLATIVE REVIEW. The legislature shall consider the governor's proposed comprehensive operating and capital improvements programs and financial plans, evaluate alternatives to the plans, make program selections among the various alternatives and determine, subject to available revenues, the level of funding required to support authorized state services. During each regular session of the legislature, legislative review of the plans shall be accomplished according to the following schedule:

(1) By the 45th legislative day, the legislature shall have established by concurrent resolution the total amount of state general funds that shall be available for appropriation for the budget year and the tentative allocation of the funds among program categories in both the operating and capital budgets. The resolution shall be introduced by the finance committee of the house in which the general appropriations bill was introduced.

(2) By the 90th legislative day, the house in which the general appropriations bill was introduced by the governor shall have calendared for second reading a version of the general appropriations bill. The bill shall be supported with documentation to explain the proposed appropriations and related statements of intent. In addition, a list of other appropriations or measures with fiscal implications pending before the legislature shall be included with the documentation for the calendared bill.

* Sec. 10. AS 37.05 is amended by adding a new section to read:

Sec. 37.05.157. GENERAL FUND; "RESERVE FOR CAPITAL OUTLAY" ACCOUNT. (a) There is created within the general fund the "reserve for capital outlay" account.

(b) Twenty-five per cent of the annual receipts paid the state from mineral lease bonuses and rentals for state land and royalties derived from minerals produced on state land shall be allocated to the reserve for capital outlay account.

(c) The proceeds of the reserve for capital outlay account are subject to annual appropriation by the general appropriation Act.

* Sec. 11. AS 37.05 is amended by adding a new section to read:

Sec. 37.05.158. GENERAL FUND: "RESERVE FOR ENERGY FACILITIES DEVELOPMENT" ACCOUNT. (a) There is created within the general fund the "reserve for energy facilities development" account.

(b) Five per cent of the annual receipts paid the state from mineral lease bonuses and rentals for state land and royalties derived from minerals produced on state land shall be allocated to the reserve for energy facilities development account.

(c) The proceeds of the reserve for energy facilities development account shall be subject to annual appropriation by the legislature. Plans for expenditures from the account shall be submitted by the governor in accordance with the Executive Budget Act (AS 37.07) as part of his annual budget presentation.

* Sec. 12. AS 37.15 is amended by adding a new section to read:

Sec. 37.15.215. OFFICIAL STATEMENTS. To the extent practicable the official statements and other documentation issued in connection with an offering of state or local government securities shall comply with the guidelines of the Municipal Finance Officers Association or other nationally recognized guidelines.

* Sec. 13. AS 44.42.020(a) is amended by adding a new paragraph to read:

(13) complete and maintain a current inventory of public facilities, including a projection of the serviceability of the facilities and projections of replacements and additions to facilities needed to provide the level of services programmed by the various user agencies, for municipalities with populations of less than 12,000 and for unincorporated communities, and perform those duties on a cooperative basis with larger municipalities.

* Sec. 14. AS 44.42 is amended by adding a new section to read:

Sec. 44.42.055. STATE PUBLIC FACILITIES PLAN. (a) The commissioner shall develop and annually revise a state-wide comprehensive facility procurement plan for public facilities of the state and its municipalities.

(b) In developing and annually revising the facility procurement plan, the commissioner shall

(1) request and receive on an annual basis from all state agencies a projection of the anticipated facility needs of the agency for the next annual capital improvement program;

(2) consult with officials and representatives of municipalities, the federal government, interested corporations and other organizations concerning public facility needs in the state;

(3) develop specific facility procurement plans for projects in each of the following categories:

- (A) sewage transmission and treatment systems;
- (B) water transmission and treatment systems;
- (C) electrical generation and distribution systems;
- (D) health care and social services facilities;
- (E) educational facilities;
- (F) communications facilities and transportation facilities;
- (G) public safety and justice facilities;
- (H) recreational facilities; and
- (I) sanitation facilities;

(4) prepare recommendations to accommodate the various levels of service identified by state agencies and other parties with respect to the services described in (3) of this subsection, to include recommended

- (A) current and future facility needs;
- (B) space standards and design guidelines for the appropriate facility types;
- (C) maintenance and operations standards for the appropriate facility types;
- (D) construction techniques and contracting methods;
- (E) facility project budget requirements; and
- (F) the relative costs of identified alternatives (life cycle cost analysis);

(5) identify common public facility needs among the various user agencies; and

(6) submit its findings, plans and recommendations to the governor and to the appropriate state agency to facilitate the development of agency capital improvement budget requests.

(c) In the preparation and revision of the facility procurement plan, the commissioner may

(1) develop and adopt regulations for use in carrying out the purpose of (b) of this section; regulations may not be adopted under this section unless approval is received from appropriate program agencies;

(2) make recommendations on the total capital improvement program to affected state agencies, local governments, and other interested parties and organizations, and to the divisions of budget and management and policy development and planning.

(d) In this section, "public facility"

(1) means a capital improvement within one of the categories described in (b) of this section which is constructed

(A) for subsequent occupancy or operation by the state, a public corporation of the state, the University of Alaska, a political subdivision, or a regional educational attendance area;

(B) by a political subdivision or any private party with the assistance of financial support provided by the state if funds appropriated or paid by way of a grant or loan in advance of construction of the facility, or any part of it, are 50 per cent or more of the estimated costs of construction of the facility;

(2) does not include projects constructed with the proceeds of one or more loans issued by a loan program administered by the Department of Commerce and Economic Development.

* Sec. 15. AS 44.42 is amended by adding a new section to read:

Sec. 44.42.080. CAPITAL PROJECTS FUNDS. There is created within the department the following capital projects funds:

- (1) educational, cultural, and related facilities;
- (2) transportation and related facilities;
- (3) public institutions and related facilities;
- (4) public safety, justice, and related facilities;
- (5) health, and related facilities;
- (6) natural resource development facilities;
- (7) general purpose facilities.

* Sec. 16. AS 44.47 is amended by adding a new section to read:

Sec. 44.47.092. LAND USE PLANNING AND STATE FACILITY PROCUREMENT PLAN. The department shall make recommendations to the Department of Transportation and Public Facilities and to appropriate program agencies concerning the effect upon the comprehensive plan or other land use plans or proposals of municipalities and unincorporated communities

with respect to the facility procurement plan required to be prepared in accordance with AS 35.10.170 and AS 44.42.055.

- * Sec. 17. AS 02.15.120 is amended to read:

Sec. 02.15.120. ASSISTANCE TO CONSTRUCT, ENLARGE OR IMPROVE AIR NAVIGATION FACILITIES. The department may match available funds with those of municipalities, federal agencies or other state agencies, for project costs relating to the construction, enlargement or improvement of airports. The department may assist persons in the construction, enlargement and improvement of airports and air navigation facilities. The airports and facilities, until they are abandoned as such, shall be at all times available for the use of and accessible to the general public, and maintained as public airports and facilities.

- * Sec. 18. AS 02.15.140 is amended to read:

Sec. 02.15.140. STATE FINANCIAL ASSISTANCE. The department may grant or lend money, subject to the provisions of secs. 60, 70 and 120 of this chapter, to any person or municipality acting jointly for project costs relating to the planning, acquisition, construction, improvement, maintenance or operation of an airport owned or controlled or to be owned or controlled by the municipality or person. Grants or loans may be furnished in connection with federal or other financial aid for the same purpose.

- * Sec. 19. AS 02.15 is amended by adding a new section to art. 3 to read:

Sec. 02.15.155. DEFINITIONS. For the purposes of secs. 120 - 155 of this chapter, "project costs" includes, in addition to costs directly related to the project, the sum total of all costs of financing and carrying out the project. These include, but are not limited to, the costs of all necessary studies, surveys, plans and specifications, architectural, engineering or other special services, acquisition of real property, site preparation and development, purchase, construction, reconstruction and improvement of real property and the acquisition of machinery and equipment as may be necessary in connection with the project; an allocable portion of the administrative and operating expenses of the grantee; the cost of financing the project, including interest on bonds issued to finance the project; and the cost of other items, including any indemnity and surety bonds and premiums on insurance, legal fees, fees and expenses of trustees, depositaries, financial advisors, and paying agents for the bonds issued as the issuer considers necessary.

- * Sec. 20. AS 03.20.010 is amended to read:

Sec. 03.20.010. STATE AID. The state may grant aid to agricultural and industrial fair associations, incorporated under the laws of the state, to assist in the payment of (1) costs of operation and maintenance and (2) project costs for capital improvements of annual agricultural and industrial fairs.

- * Sec. 21. AS 03.20 is amended by adding a new section to read:

Sec. 03.20.080. DEFINITIONS. For purposes of this chapter, "project costs for capital improvements" includes, in addition to costs directly related to the project, the sum total of all costs of financing and carrying out the project. These include, but are not limited to, the costs of all necessary studies, surveys, plans and specifications, architectural, engineering or other special services, acquisition of real property, site preparation and development, purchase, construction, reconstruction and improvement of real property and the acquisition of machinery and equipment as may be necessary in connection with the project; an allocable portion of the administrative and operating expenses of the grantee; the cost of financing the project, including interest on bonds issued to finance the project; and the cost of other items, including any indemnity and surety bonds and premiums on insurance, legal fees, fees and expenses of trustees, depositories, financial advisors, and paying agents for the bonds issued as the issuer considers necessary.

* Sec. 22. AS 18.55.934 is amended by adding a new subsection to read:

(c) For purposes of this section, "cost of the project" includes, in addition to costs directly related to the project, the sum total of all costs of financing and carrying out the project. These include, but are not limited to, the costs of all necessary studies, surveys, plans and specifications, architectural, engineering or other special services, acquisition of real property, site preparation and development, purchase, construction, reconstruction and improvement of real property and the acquisition of machinery and equipment as may be necessary in connection with the project; an allocable portion of the administrative and operating expenses of the grantee; the cost of financing the project, including interest on bonds issued to finance the project; and the cost of other items, including any indemnity and surety bonds and premiums on insurance, legal fees, fees and expenses of trustees, depositories, financial advisors, and paying agents for the bonds issued as the issuer considers necessary.

* Sec. 23. AS 19.30.030 is amended by adding a new subsection to read:

(d) For purposes of (c) of this section, "cost of construction" includes, in addition to costs directly related to the project, the sum total of all costs of financing and carrying out the project. These include, but are not limited to, the costs of all necessary studies, surveys, plans and specifications, architectural, engineering or other special services, acquisition of real property, site preparation and development, purchase, construction, reconstruction and improvement of real property and the acquisition of machinery and equipment as may be necessary in connection with the project; an allocable portion of the administrative and operating expenses of the grantee; the cost of financing the project, including interest on bonds issued to finance the project; and the cost of other items, including any indemnity and surety bonds and premiums on insurance, legal fees, fees and expenses of trustees, depositories, financial advisors, and paying agents for the bonds issued as the issuer considers necessary.

* Sec. 24. AS 43.18.010 is amended by adding a new subsection to read:

(1) For the purposes of (j) of this section, "total project cost" includes, in addition to costs directly related to the project, the sum total of all costs of financing and carrying out the project. These include, but are not limited to, the costs of all necessary studies, surveys, plans and specifications, architectural, engineering or other special services, acquisition of real property, site preparation and development, purchase, construction, reconstruction and improvement of real property and the acquisition of machinery and equipment as may be necessary in connection with the project; an allocable portion of the administrative and operating expenses of the grantee; the cost of financing the project, including interest on bonds issued to finance the project; and the cost of other items, including any indemnity and surety bonds and premiums on insurance, legal fees, fees and expenses of trustees, depositories, financial advisors, and paying agents for the bonds issued as the issuer considers necessary.

* Sec. 25. AS 43.18.100(g)(2) is repealed and re-enacted to read:

(2) "costs of school construction" means the cost of acquiring, constructing, enlarging, repairing, remodeling, equipping or furnishing of public elementary and secondary school buildings and includes the sum total of all costs of financing and carrying out the project; these include, but are not limited to, the costs of all necessary studies, surveys, plans and specifications, architectural, engineering or other special services, acquisition of real property, site preparation and development, purchase, construction, reconstruction and improvement of real property and the acquisition of machinery and equipment as may be necessary in connection with the project; an allocable portion of the administrative and operating expenses of the grantee; the cost of financing the project, including interest on bonds issued to finance the project; and the cost of other items, including any indemnity and surety bonds and premiums on insurance, legal fees, fees and expenses of trustees, depositories, financial advisors, and paying agents for the bonds issued as the issuer considers necessary.

* Sec. 26. AS 43.18.300(h) is amended by adding a new paragraph to read:

(3) "costs of construction" includes, in addition to costs directly related to the project, the sum total of all costs of financing and carrying out the project; these include, but are not limited to, the costs of all necessary studies, surveys, plans and specifications, architectural, engineering or other special services, acquisition of real property, site preparation and development, purchase, construction, reconstruction and improvement of real property and the acquisition of machinery and equipment as may be necessary in connection with the project; an allocable portion of the administrative and operating expenses of the grantee; the cost of financing the project, including interest on bonds issued to finance the project; and the cost of

other items, including any indemnity and surety bonds and premiums on insurance, legal fees, fees and expenses of trustees, depositories, financial advisors, and paying agents for the bonds issued as the issuer considers necessary; it does not include the cost of feasibility studies.

* Sec. 27. AS 43.18.460(2) is repealed and re-enacted to read:

(2) "cost of construction" includes, in addition to costs directly related to the project, the sum total of all costs of financing and carrying out the project; these include, but are not limited to, the costs of all necessary studies, surveys, plans and specifications, architectural, engineering or other special services, acquisition of real property, site preparation and development, purchase, construction, reconstruction and improvement of real property and the acquisition of machinery and equipment as may be necessary in connection with the project; an allocable portion of the administrative and operating expenses of the grantee; the cost of financing the project, including interest on bonds issued to finance the project; and the cost of other items, including any indemnity and surety bonds and premiums on insurance, legal fees, fees and expenses of trustees, depositories, financial advisors, and paying agents for the bonds issued as the issuer considers necessary; it does not include the cost of promotion, travel, or feasibility studies;

* Sec. 28. AS 44.33.150 is amended to read:

Sec. 44.33.150. QUALIFYING FOR MATCHING MONEY. In order to qualify for tourist attraction development matching money, the applicant shall submit and have approved by the director of tourism, a feasibility study of the program to be used for carrying out the development of the tourist attraction. Subject to the provisions of sec. 120(8) of this chapter, matching money may also be secured by an applicant for the cost of construction, improvement or operation of a visitor information center established for the intent of providing Alaska visitors and residents with tourist travel information on a local and statewide basis. This may include printing and distributing travel promotion material about Alaska. In order to qualify for visitor information center matching money, the applicant must first submit and have approved by the director of tourism a feasibility study of the construction, improvement or operation of the visitor information center.

* Sec. 29. AS 44.33.150 is amended by adding a new subsection to read:

(b) For purposes of (a) of this section, "cost of construction" includes, in addition to costs directly related to the project, the sum total of all costs of financing and carrying out the project. These include, but are not limited to, the costs of all necessary studies, surveys, plans and specifications, architectural, engineering or other special services, acquisition of real property, site preparation and development, purchase, construction, reconstruction and improvement of real property and the acquisition of machinery and equipment as may be necessary in connection with the project; an allocable portion of the

administrative and operating expenses of the grantee; the cost of financing the project, including interest on bonds issued to finance the project; and the cost of other items, including any indemnity and surety bonds and premiums on insurance, legal fees, fees and expenses of trustees, depositaries, financial advisors, and paying agents for the bonds issued as the issuer considers necessary.

* Sec. 30. AS 46.03.030(b) is amended to read:

(b) The department may grant to a municipality, as funds are available, up to the lesser of 50 per cent of the eligible cost or 50 per cent of the eligible cost not financed by the federal government, for public water supply, treatment and distribution systems and public sewage collection, treatment and discharge facilities for which construction has not commenced on or before June 21, 1976. The eligible cost of a project or portions of a project will be as determined by the federal agency granting the most monetary assistance. On projects or portions of projects, for which federal participation is not available, eligible costs will be determined by the department in accordance with (d) of this section. Projects shall be constructed in accordance with plans and specifications approved by the department.

* Sec. 31. AS 46.03.030 is amended by adding a new subsection to read:

(d) When not otherwise defined by a federal agency for the purposes of (b) of this section, "eligible costs" includes, in addition to costs directly related to the project, the sum total of all costs of financing and carrying out the project. These include, but are not limited to, the costs of all necessary studies, surveys, plans and specifications, architectural, engineering or other special services, acquisition of real property, site preparation and development, purchase, construction, reconstruction and improvement of real property and the acquisition of machinery and equipment as may be necessary in connection with the project; an allocable portion of the administrative and operating expenses of the grantee; the cost of financing the project, including interest on bonds issued to finance the project; and the cost of other items, including any indemnity and surety bonds and premiums on insurance, legal fees, fees and expenses of trustees, depositaries, financial advisors, and paying agents for the bonds issued as the issuer considers necessary.

* Sec. 32. AS 46.07.040 is amended by adding a new subsection to read:

(c) For the purposes of (a) of this section, "cost of the construction of a facility" includes, in addition to costs directly related to the project, the sum total of all costs of financing and carrying out the project. These include, but are not limited to, the costs of all necessary studies, surveys, plans and specifications, architectural, engineering or other special services, acquisition of real property, site preparation and development, purchase, construction, reconstruction and improvement of real property and the acquisition of machinery and equipment as may be

necessary in connection with the project; an allocable portion of the administrative and operating expenses of the grantee; the cost of financing the project, including interest on bonds issued to finance the project; and the cost of other items, including any indemnity and surety bonds and premiums on insurance, legal fees, fees and expenses of trustees, depositaries, financial advisors, and paying agents for the bonds issued as the issuer considers necessary.

* Sec. 33. AS 47.30.475(c) is amended to read:

(c) Grants shall be awarded in a ratio of 75 per cent state money to 25 per cent community money, except that in communities designated as poverty areas the ratio shall be 90 per cent state money to 10 per cent community money, for the costs of providing staff and limited improvement, renovation or new construction of facilities for alcoholic detoxification, rehabilitation or "half-way house" care. No grant for improving, renovating or constructing may exceed \$50,000 except when there is a lack of applicants for available money and then only with the approval of the Advisory Board on Alcoholism. The department is not required to award all money available under this program, or the full percentage specified in this subsection, when another source of money is available or could reasonably be made available to the applicant.

* Sec. 34. AS 47.30.500 is amended by adding a new paragraph to read:

(5) "costs of improvement, renovation or new construction of facilities" includes, in addition to costs directly related to the project, the sum total of all costs of financing and carrying out the project; these include, but are not limited to, the costs of all necessary studies, surveys, plans and specifications, architectural, engineering or other special services, acquisition of real property, site preparation and development, purchase, construction, reconstruction and improvement of real property and the acquisition of machinery and equipment as may be necessary in connection with the project; an allocable portion of the administrative and operating expenses of the grantee; the cost of financing the project, including interest on bonds issued to finance the project; and the cost of other items, including any indemnity and surety bonds and premiums on insurance, legal fees, fees and expenses of trustees, depositaries, financial advisors, and paying agents for the bonds issued as the issuer considers necessary.

* Sec. 35. AS 35.10.200(3) is repealed.