

**SENATE BILL NO. 20**

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY SENATORS TORGERSON, Pearce, Kelly

Introduced: 1/16/95

Referred: CRA, FIN

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act establishing the Alaska municipal basic services program, relating to  
2 certain programs of state aid to municipalities and recipients in the unorganized  
3 borough; and providing for an effective date."

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

5 \* Section 1. AS 29.20.640(b) is amended to read:

6 (b) Compliance with the provisions of this section is a prerequisite to receipt  
7 of an entitlement under the Alaska basic municipal services program under  
8 AS 29.60.011 - 29.60.330 [MUNICIPAL TAX RESOURCE EQUALIZATION  
9 ASSISTANCE UNDER AS 29.60.010 - 29.60.080 AND STATE AID FOR  
10 MISCELLANEOUS MUNICIPAL SERVICES UNDER AS 29.60.100 - 29.60.180].

11 If a municipality does not comply with this section, the department shall withhold the  
12 entitlement [ALLOCATIONS] until the required reports are filed.

13 \* Sec. 2. AS 29.45.020 is amended to read:

14 Sec. 29.45.020. TAXPAYER NOTICE. (a) If a municipality levies and

1 collects property taxes, the governing body shall provide the following notice:

2 "NOTICE TO TAXPAYER

3 For the current fiscal year the (city)(borough) has been allocated the following amount  
4 of state aid for school and municipal purposes under the applicable financial assistance

5 Acts:

6	PUBLIC SCHOOL FOUNDATION PROGRAM	
7	ASSISTANCE (AS 14.17)	\$
8	STATE AID FOR RETIREMENT OF SCHOOL	
9	CONSTRUCTION DEBT (AS 14.11.100)	\$
10	<b><u>ALASKA MUNICIPAL BASIC SERVICES</u></b>	
11	<b><u>(AS 29.60.011 - 29.60.330)</u></b>	
12	[MUNICIPAL TAX RESOURCE EQUALIZATION	
13	ASSISTANCE (AS 29.60.010 - 29.60.080)	\$
14	STATE AID FOR MISCELLANEOUS MUNICIPAL	
15	SERVICES (AS 29.60.100 - 29.60.180)]	\$
16	TOTAL AID	\$

17 The millage equivalent of this state aid, based on the dollar value of a mill in the  
18 municipality during the current assessment year and for the preceding assessment year,  
19 is:

20		MILLAGE EQUIVALENT	
21		PREVIOUS YEAR	THIS YEAR
22	PUBLIC SCHOOL FOUNDATION		
23	PROGRAM ASSISTANCE	. . . . MILLS	. . . .
24	.MILLS		
25	STATE AID FOR RETIREMENT		
26	OF SCHOOL CONSTRUCTION		
27	DEBT	. . . .MILLS	. . . .MILLS
28	<b><u>ALASKA MUNICIPAL BASIC SERVICES</u></b>		
29	[MUNICIPAL TAX RESOURCE		
30	EQUALIZATION ASSISTANCE	. . . .MILLS	. . . .MILLS
31	STATE AID FOR MISCELLANEOUS		

1 MUNICIPAL SERVICES] . . . .MILLS . . .  
 2 .MILLS  
 3 TOTAL MILLAGE  
 4 EQUIVALENT . . . .MILLS . . .  
 5 .MILLS"

6 Notice shall be provided  
 7 (1) by furnishing a copy of the notice with tax statements mailed for  
 8 the fiscal year for which aid is received; or

9 (2) by publishing in a newspaper of general circulation in the  
 10 municipality a copy of the notice once each week for a period of three successive  
 11 weeks, with publication to occur not later than 45 days after the final adoption of the  
 12 municipality’s budget.

13 (b) Compliance with the provisions of this section is a prerequisite to receipt  
 14 of an entitlement under the Alaska municipal basic services program under  
 15 AS 29.60.011 - 29.60.330 [MUNICIPAL TAX RESOURCE EQUALIZATION  
 16 ASSISTANCE UNDER AS 29.60.010 - 29.60.080 AND STATE AID FOR  
 17 MISCELLANEOUS MUNICIPAL SERVICES UNDER AS 29.60.100 - 29.60.180].  
 18 The department shall withhold annual allocations under those sections until municipal  
 19 officials demonstrate that the requirements of this section have been met.

20 \* **Sec. 3.** AS 29.45.660(b) is amended to read:

21 (b) Compliance with the provisions of this section is a prerequisite to receipt  
 22 of an entitlement under the Alaska municipal basic services program under  
 23 AS 29.60.011 - 29.60.330 [MUNICIPAL TAX RESOURCE EQUALIZATION  
 24 ASSISTANCE UNDER AS 29.60.010 - 29.60.080 AND STATE AID FOR  
 25 MISCELLANEOUS MUNICIPAL SERVICES UNDER AS 29.60.100 - 29.60.180].  
 26 The department shall withhold annual allocations under those sections until municipal  
 27 officials demonstrate that the requirements of this section have been met.

28 \* **Sec. 4.** AS 29.60 is amended by adding new sections to read:

29 Sec. 29.60.011. ALASKA MUNICIPAL BASIC SERVICES PROGRAM.  
 30 The Alaska municipal basic services program is established in the department. The  
 31 department shall deposit appropriations for the program in the municipal basic services

1 account. During each state fiscal year the department shall compute entitlements under  
2 AS 29.60.013 - 29.60.330 for payment the following state fiscal year based upon  
3 appropriations for the program. Money in the account shall be fully distributed by the  
4 department each year for entitlements under the program.

5 Sec. 29.60.013. ENTITLEMENTS FOR MUNICIPAL BASIC SERVICES.

6 (a) The department shall reserve from appropriations for the Alaska municipal basic  
7 services program amounts necessary to fully fund entitlements under AS 29.60.130,  
8 29.60.140, and 29.60.290. The balance shall be allocated among the municipal basic  
9 services categories as follows:

- 10 (1) police - 18 percent;
- 11 (2) water and sewer operation and maintenance - 14 percent;
- 12 (3) roads and ice roads operation and maintenance - 13 percent;
- 13 (4) waste management operation and maintenance - 12 percent;
- 14 (5) fire and emergency medical services - 11 percent;
- 15 (6) assessment and taxation, finance, land use planning - 10 percent;
- 16 (7) transportation facilities operation and maintenance, other than roads  
17 and ice roads - 8 percent;
- 18 (8) community services, including operation and maintenance of parks,  
19 libraries, and other recreational, educational, or cultural facilities, and health and social,  
20 recreational, and cultural services - 7 percent;
- 21 (9) health facilities operation and maintenance - 7 percent.

22 (b) A municipality that provides services within one of the municipal basic  
23 service categories listed in (a) of this section qualifies for a share of the amount  
24 allocated to that category based upon the population, amount expended on the services,  
25 and ability to pay for the services in each of the taxing units in which the services are  
26 provided. The municipality's share for each category is determined by applying the  
27 following formula to each of the taxing units within which the services are provided  
28 and adding the resulting amounts:  $share = (P \times E) \div R$ , where (1) P = population of  
29 the taxing unit; (2) E = the amount of local expenditures in the municipal basic  
30 services category; and (3) R = one-tenth of one percent of the full and true value of  
31 the assessed property in the taxing unit; however, the per capita property value used

1 under this subsection may not be less than 30 percent nor more than 300 percent of  
2 the statewide average per capita full and true assessed property value.

3 Sec. 29.60.015. DETERMINATION OF THE AMOUNT OF LOCAL  
4 EXPENDITURES. (a) For purposes of AS 29.60.013(b) the amount of local  
5 expenditures on municipal basic services is the amount of actual expenditures made  
6 for all services and the maintenance and operation of all facilities included in the  
7 particular municipal basic services category during the municipal fiscal year  
8 immediately preceding the year in which the municipality's share of the money  
9 allocated to that category is being computed.

10 (b) Except for money received by a municipality under AS 41.15.180, a local  
11 contribution for schools made by a municipality under AS 14.17.025 shall be treated  
12 as a local expenditure for municipal basic services for purposes of AS 29.60.013(b).  
13 The amount of the local contribution spent by the municipality for schools during the  
14 municipal fiscal year immediately preceding the year the municipality's share of the  
15 money allocated to each municipal basic services category is being computed shall be  
16 divided up and added on a proportional basis to other amounts spent by the  
17 municipality for services within each category. This subsection does not apply to  
18 money received by a municipality under AS 41.15.180.

19 (c) If water, sewer, or waste management services are provided by a private  
20 business in a municipality and the municipality makes no expenditures for the services,  
21 for purposes of AS 29.60.013(b) the municipality shall receive credit for a local  
22 expenditure for that service. The amount of the credit is equal to the municipality's  
23 population multiplied by a figure determined by the department to be the per capita  
24 average cost of providing the service by other municipalities with similar populations  
25 and other relevant characteristics.

26 \* **Sec. 5.** AS 29.60.020 is amended to read:

27 Sec. 29.60.020. DETERMINATION OF POPULATION. For purposes of  
28 AS 29.60.011 - 29.60.330 [AS 29.60.010 - 29.60.080], the population of a taxing  
29 unit shall be determined annually by the latest figures of the United States Bureau of  
30 the Census or other population data that in the judgment of the department is reliable.

31 \* **Sec. 6.** AS 29.60.030(d) is amended to read:

1 (d) The full and true assessed property value shall be determined by the  
2 department in the manner provided for the computation of state aid to education under  
3 AS 14.17.140. [WHEN THE DETERMINATION OF LOCALLY GENERATED  
4 REVENUE INCLUDES REVENUE OF A UTILITY RECEIVED UNDER  
5 AS 29.60.010(c)(1)(E), THE FULL AND TRUE ASSESSED PROPERTY VALUE  
6 MUST INCLUDE THE COMPUTED ASSESSED VALUE OF THE UTILITY,  
7 DETERMINED BY DIVIDING THE AMOUNT OF THE PAYMENT IN PLACE OF  
8 TAXES MADE BY THE UTILITY BY THE MILLAGE RATE THAT WOULD  
9 APPLY TO THE UTILITY IF THE UTILITY WERE SUBJECT TO LEVY AND  
10 COLLECTION OF TAXES UNDER AS 29.45.]

11 \* **Sec. 7.** AS 29.60.030(e) is amended to read:

12 (e) In addition to the computation for municipalities that levy and collect a  
13 property tax, the department shall determine an estimated full and true assessed  
14 property value under (d) of this section for

15 (1) each municipality that is a school district and that does not levy and  
16 collect a property tax;

17 (2) each second class city with a population of 750 or more persons;  
18 however, a computation is not required under this paragraph more often than once  
19 during a period of three successive calendar years; and

20 (3) all other second class cities, by determining the average per capita  
21 full and true assessed property value of all **second class** cities having a population of  
22 less than 750 persons in which an assessment has been completed **within the last**  
23 **three calendar years** by a municipality or **the department** [FOR WHICH A  
24 DETERMINATION IS NOT MADE UNDER (1) OR (2) OF THIS SUBSECTION].

25 \* **Sec. 8.** AS 29.60.040 is amended to read:

26 Sec. 29.60.040. REPORTS. A payment of an [EQUALIZATION] entitlement  
27 may not be made to a municipality under **AS 29.60.011 - 29.60.330** [AS 29.60.010 -  
28 29.60.080] until the municipality has submitted its certificate of **local annual**  
29 **municipal basic services expenditures** [ESTIMATED REVENUE] and its financial  
30 report to the department for the municipal fiscal year preceding the year in which the  
31 department's **computation of entitlements under the Alaska municipal basic**

1 services program [DETERMINATION OF THE MILLAGE RATE EQUIVALENT]  
2 is made [UNDER AS 29.60.030], together with the municipality's budget for the fiscal  
3 year for which an entitlement is sought. The financial report must include a listing of  
4 local annual municipal basic services expenditures for the appropriate taxing unit  
5 [GENERAL REVENUE COLLECTED FROM TAXES LEVIED AND ASSESSED  
6 AND ANY OTHER REVENUE] that, in the opinion of the municipal officials, is  
7 eligible for inclusion in computations of the local municipal basic services  
8 expenditures [LOCALLY GENERATED REVENUE] of the taxing unit.

9 \* **Sec. 9.** AS 29.60.070(a) is amended to read:

10 (a) The department shall [MAY] adopt regulations necessary to implement  
11 AS 29.60.011 - 29.60.330 [AS 29.60.010 - 29.60.080]. The regulations must include,  
12 among other provisions,

13 (1) procedures and filing dates for submitting certification and financial  
14 reports;

15 (2) procedures for obtaining information required to compute and  
16 determine the municipality's entitlement [MILLAGE RATE EQUIVALENT]; [AND]

17 (3) procedures by which the department shall notify a municipality in  
18 writing of the reasons for a proposed disallowance or adjustment of any factor bearing  
19 upon the determination of the municipality's entitlement and by which the municipality  
20 will be provided reasonable time in which to respond or to challenge the department's  
21 determination; and

22 (4) classification of expenditures that qualify as local expenditures  
23 for municipal basic services.

24 \* **Sec. 10.** AS 29.60.070(b) is amended to read:

25 (b) The department shall make reasonable efforts to advise and assist  
26 municipalities in collecting information and completing reports necessary for the  
27 determination of entitlements under AS 29.60.011 - 29.60.330 [AS 29.60.010 -  
28 29.60.080].

29 \* **Sec. 11.** AS 29.60.120(a) is amended to read:

30 (a) The department shall pay

31 (1) to a municipality that has the power to provide hospital facilities

1 and services and that exercises that power, \$1,000 per bed for each bed actually used  
2 for patient care, limited to the number of beds provided for in the construction design  
3 of the hospital, or \$250,000 a hospital for those hospitals with 10 or more beds, or  
4 \$50,000 a hospital for those hospitals with less than 10 beds, as the municipality may  
5 elect; money received under this paragraph may be used only for hospitals and shall  
6 be apportioned among qualifying hospitals as the municipality determines;

7 (2) on the basis set out in (1) of this subsection to a municipality for  
8 a nonprofit hospital not operated by a municipality if the municipality first certifies to  
9 the department that the nonprofit hospital is in compliance with all standards for  
10 hospitals that have been adopted by the municipality; money may not be paid on  
11 behalf of a nonprofit hospital without this certification; payments to the municipality  
12 shall be transferred to the nonprofit hospital in accordance with the basis by which the  
13 payment was generated by the hospital, and shall be applied to the annual cost of  
14 operation and maintenance of the hospital or for the provision of health care service  
15 at the hospital as the directors of the hospital determine;

16 (3) to a municipality in which a health facility is operated, \$2,000 per  
17 bed for each bed actually used for patient care [, LIMITED TO THE NUMBER OF  
18 BEDS PROVIDED FOR IN THE CONSTRUCTION DESIGN OF THE HEALTH  
19 FACILITY,] or \$8,000 per health facility as the municipality determines.

20 \* **Sec. 12.** AS 29.60.120 is amended by adding a new subsection to read:

21 (g) Only money allocated under AS 29.60.013(a)(9) to the municipal basic  
22 services category for health facilities operation and maintenance may be used for  
23 entitlements under this section. If the amount allocated to that category is insufficient  
24 to pay each entitlement or if the amount exceeds that required to pay each entitlement,  
25 the amount available shall be distributed pro rata among eligible municipalities.

26 \* **Sec. 13.** AS 29.60.130(a) is amended to read:

27 (a) The department shall pay to a volunteer fire department registered with the  
28 state fire marshal and serving an area not in an organized municipality a sum for  
29 protection purposes equal to \$5 [\$10] per capita for the population served by the fire  
30 department, as determined by the Department of Community and Regional Affairs  
31 [STATE FIRE MARSHAL].

1 \* **Sec. 14.** AS 29.60.140(a) is amended to read:

2 (a) The department shall pay to each unincorporated community an entitlement  
3 each fiscal year to be used for a public purpose. The department with advice from the  
4 Department of Law shall determine whether there is in each unincorporated community  
5 an incorporated nonprofit entity or a Native village council that will agree to receive  
6 and spend the entitlement. If there is more than one qualified entity in an  
7 unincorporated community, the department shall pay the money under the entitlement  
8 to the entity that the department finds most qualified to receive and spend the money.  
9 The department may not pay money under an entitlement to a Native village council  
10 unless the council waives immunity from suit for claims arising out of activities of the  
11 council related to the entitlement. A waiver of immunity from suit under this  
12 subsection must be on a form provided by the Department of Law. If there is no  
13 qualified incorporated nonprofit entity or Native village council in an unincorporated  
14 community that is willing to receive money under an entitlement, the entitlement for  
15 that unincorporated community may not be paid. Neither this subsection nor any action  
16 taken under it enlarges or diminishes the governmental authority or jurisdiction of a  
17 Native village council. **The** [IF AT LEAST \$41,472,000 IS APPROPRIATED FOR  
18 ALL ENTITLEMENTS UNDER AS 29.60.010 - 29.60.310 FOR A FISCAL YEAR,  
19 THE] entitlement for each unincorporated community under this subsection for **each**  
20 [THAT] year equals **\$10,000** [[40,000. OTHERWISE, THE ENTITLEMENT  
21 EQUALS \$25,000].

22 \* **Sec. 15.** AS 29.60.290(a) is amended to read:

23 (a) A municipality qualifying for an entitlement under **AS 29.60.013** [AS  
24 29.60.010 - 29.60.080] or **29.60.120** [29.60.100 - 29.60.180] shall receive a minimum  
25 payment **of \$50,000** [PLUS AN AREA COST-OF-LIVING DIFFERENTIAL] for each  
26 fiscal year if

27 (1) the municipality has conducted a regular election during the state  
28 fiscal year preceding the year in which the department's **computation**  
29 [DETERMINATION] of the municipality's **entitlement** [MILLAGE RATE  
30 EQUIVALENT ] is made [UNDER AS 29.60.030] and has reported the results of the  
31 election to the commissioner;

1 (2) regular meetings of the governing body are held in the municipality  
2 during the state fiscal year preceding the year in which the department's **computation**  
3 [DETERMINATION] of the municipality's **entitlement** [MILLAGE RATE  
4 EQUIVALENT] is made [UNDER AS 29.60.030] and a record of the proceedings is  
5 maintained;

6 (3) a municipal budget has been adopted for the fiscal year during  
7 which payment of an entitlement is authorized by **AS 29.60.013** [AS 29.60.010 -  
8 29.60.080] or **29.60.120** [29.60.100 - 29.60.180] and an audit or financial statement for  
9 the fiscal year preceding the year in which the department's **computation**  
10 [DETERMINATION] of the municipality's **entitlement** [MILLAGE RATE  
11 EQUIVALENT] is made [UNDER AS 29.60.030] has been prepared and furnished to  
12 the department in accordance with AS 29.20.640(a); [AND]

13 (4) local ordinances adopted by the municipality have been codified in  
14 accordance with AS 29.25.050; **and**

15 **(5) the municipality is providing services in at least two of the nine**  
16 **municipal basic services categories listed on AS 29.60.013(a).**

17 \* **Sec. 16.** AS 29.60.290(c) is amended to read:

18 (c) The department shall pay **under this section** to each municipality eligible  
19 to receive a minimum payment [UNDER THIS SECTION] an amount equal to the  
20 difference between **\$50,000** [THE MINIMUM PAYMENT DETERMINED UNDER  
21 (a) AND (b) OF THIS SECTION] and the sum of the amounts payable for the same  
22 fiscal year under **AS 29.60.013** [AS 29.60.010 - 29.60.080] and **29.60.120** [29.60.100  
23 - 29.60.180] .

24 \* **Sec. 17.** AS 29.60 is amended by adding a new section to read:

25 Sec. 29.60.295. INDIAN RESERVES ORGANIZED UNDER FEDERAL  
26 LAW. (a) An Indian reserve organized under federal law that existed before  
27 enactment of 43 U.S.C. 1618(a) and is continued in existence under that subsection is  
28 eligible for an entitlement under AS 29.60.013 and 29.60.120 under the conditions  
29 applicable to a municipality that, in the determination of the department, are  
30 appropriately applied to the reserve, and subject to the following additional  
31 requirements:

1 (1) the reserve must have adopted a budget for the fiscal year in which  
2 the entitlement is payable and provided a copy to the department;

3 (2) the reserve must have prepared an audit for the fiscal year  
4 preceding the year the amount of the entitlement is computed by the department and  
5 provided a copy to the department;

6 (3) during the fiscal year in which the entitlement is payable the reserve  
7 must be providing services in at least two of the municipal basic services categories  
8 listed in AS 29.60.013(a); and

9 (4) the reserve must have formed a community development  
10 corporation with authority to determine how the entitlement will be used and ensure  
11 that the use complies with all applicable law, and the corporation must have

12 (A) delivered to the department a written waiver of sovereign  
13 immunity from legal action by the state to recover all or a portion of the  
14 entitlement;

15 (B) during the state fiscal year preceding the year in which the  
16 entitlement computation is made by the department, conducted an election for  
17 members of its board of directors open to all residents of the reserve who are  
18 registered and qualified to vote in state elections; and

19 (C) provided a copy of the results of the election held under  
20 (B) of this paragraph to the department.

21 (b) The department may pay an entitlement under this section only to the  
22 community development corporation formed by the Indian reserve. If the department  
23 pays an entitlement under this section during a fiscal year, no other entity in the  
24 reserve may receive an entitlement during the same fiscal year under AS 29.60.130 or  
25 29.60.140.

26 (c) A reserve that qualifies for an entitlement under this (a) of this section  
27 during a fiscal year qualifies for a minimum payment of \$50,000 for that year. The  
28 department shall pay under this subsection to the community development corporation  
29 of a reserve that qualifies for a minimum payment the difference between \$50,000 and  
30 the amount of entitlement the reserve qualifies for under (a) of this section.

31 \* **Sec. 18.** AS 29.60.310 is amended to read:

1           Sec. 29.60.310. TIME OF PAYMENT. The department shall make payments  
2 under AS 29.60.011 - 29.60.330 [AS 29.60.010 - 29.60.300] no later than July 31,  
3 based upon the entitlement calculations made during the preceding fiscal year.

4 \* **Sec. 19.** AS 29.60 is amended by adding a new section to article 3 to read:

5           Sec. 29.60.330. DEFINITION. In AS 29.60.011 - 29.60.310, "taxing unit"  
6 means a municipality, and

7                   (1) in a borough or unified municipality, a service area or the entire  
8 area outside cities;

9                   (2) in a city, a differential tax zone.

10 \* **Sec. 20.** AS 37.06.030(a) is amended to read:

11           (a) For each draw made by a municipality under AS 37.06.010, the  
12 municipality shall contribute a local share to the cost of the capital project for which  
13 the draw is made. The amount of the local share equals the local share percentage as  
14 calculated under (1) of this subsection, divided by the state share percentage as  
15 calculated under (2) of this subsection, multiplied by the amount of the draw. For  
16 purposes of this subsection,

17                   (1) the local share percentage is

18                           (A) 30 percent for a municipality with a population of 5,000 or  
19 more;

20                           (B) for a municipality with a population of 1,000 - 4,999, the  
21 greater of

22                                   (i) 15 percent; or

23                                   (ii) the percentage obtained by dividing the amount that  
24 would be received by the municipality from a property tax levy of 1/1000th of  
25 a mill per \$1,000 of grant funds received by the sum of that first amount plus  
26 the amount of the grant or draw, but not more than 30 percent;

27                           (C) for a municipality with a population of under 1,000, the  
28 greater of

29                                   (i) five percent; or

30                                   (ii) the percentage obtained by dividing the amount that  
31 would be received by the municipality from a property tax levy of 1/1000th of

1 a mill per \$1,000 of grant funds received by the sum of that first amount plus  
2 the amount of the grant or draw, but not more than 30 percent;

3 (2) the state share percentage equals one minus the local share  
4 percentage;

5 (3) the local share to be contributed by a municipality may be satisfied  
6 with (A) federal, municipal, or local money; (B) labor, materials, or equipment used  
7 directly in the construction of the project, or land, including land transferred by the  
8 state to the municipality; the department shall determine the value of a contribution  
9 under this subparagraph; (C) money from another nonstate source; (D) money received  
10 by the municipality under AS 29.60.011 - 29.60.330 (Alaska municipal basic services  
11 program) [AS 29.60.010 - 29.60.375]; (E) state taxes refunded or reimbursed to the  
12 municipality whose use for the purposes of this subsection is not prohibited; (F)  
13 allocations of state aid for the costs of school construction debt under AS 14.11.100;  
14 and (G) money obtained from the sale or lease of land or other assets transferred by  
15 the state to the municipality; except as provided in this paragraph, the local share may  
16 not be satisfied with money from, or with the portion of an asset that was obtained  
17 with money from, an appropriation, allocation, entitlement, grant, or other payment  
18 from the state.

19 \* **Sec. 21.** AS 37.06.030(b) is amended to read:

20 (b) For each draw made by an entity or council under AS 37.06.020, the  
21 incorporated entity or Native village council that makes the draw shall contribute a  
22 local share of the cost of the capital project for which the draw is made. The amount  
23 of the local share equals the local share percentage as calculated under (1) of this  
24 subsection, divided by the state share percentage as calculated under (2) of this  
25 subsection, multiplied by the amount of the draw. For purposes of this subsection,

26 (1) the local share percentage is five percent;

27 (2) the state share percentage equals one minus the local share  
28 percentage;

29 (3) the local share may be satisfied from (A) federal or local money;  
30 (B) labor, materials, or equipment used directly in the construction of the project, or  
31 land, including land transferred by the state; the department shall determine the value

1 of a contribution under this subparagraph; (C) money from another nonstate source;  
2 (D) money received by the unincorporated community under AS 29.60.011 - 29.60.330  
3 (Alaska municipal basic services program) [AS 29.60.010 - 29.60.375]; or (E)  
4 money obtained from the sale or lease of land or other assets transferred by the state;  
5 except as provided in this paragraph, the local share may not be satisfied with money  
6 from, or with the portion of an asset that was obtained with money from, an  
7 appropriation, allocation, entitlement, grant, or other payment from the state.

8 \* **Sec. 22.** AS 41.15.180(d) is amended to read:

9 (d) From the percentage of the unorganized borough national forest receipts  
10 fund allocated to public roads under (b) of this section, the commissioner shall pay to  
11 each

12 (1) home rule city, first class city, or second class city that exercises  
13 road powers, that is located within the unorganized borough and within a national  
14 forest or within 20 miles of a national forest, a share of the income from the roads  
15 allocation of the fund; a home rule city, first class city, or second class city's share  
16 shall be calculated as the proportion of the number of road miles within municipal  
17 boundaries over which the community exercises road powers plus the number of state  
18 road miles maintained by the municipality under agreement with the state compared  
19 to the total number of road miles maintained by state or local governments in the  
20 unorganized borough and within the national forest or within 20 miles of the national  
21 forest;

22 (2) [MUNICIPALITY ORGANIZED UNDER FEDERAL LAW  
23 AS AN] Indian reserve organized under federal law that existed before the enactment  
24 of 43 U.S.C. 1618(a) and is continued in existence under that subsection and that has  
25 formed a community development corporation under AS 29.60.295(a) [AS 29.60.365],  
26 that exercises road powers and that is located within the unorganized borough and  
27 within the national forest or within 20 miles of the national forest a share of the  
28 income from the roads allocation of the fund; the share due a reserve  
29 [MUNICIPALITY] organized under federal law that exercises road powers shall be  
30 calculated as the proportion of the number of road miles within reserve  
31 [MUNICIPAL] boundaries over which the community exercises road powers plus the

1 number of state road miles maintained by the reserve [MUNICIPALITY] under  
2 agreement with the state compared to the total number of road miles maintained by  
3 state or local governments in the unorganized borough and within the national forest  
4 or within 20 miles of the national forest; however, the commissioner may pay income  
5 from national forest receipts under this paragraph only after the community  
6 development corporation has delivered a written waiver of sovereign immunity from  
7 legal action by the state to recover all or a portion of the money distributed under this  
8 section.

9 \* **Sec. 23.** AS 29.10.200(49); AS 29.60.010, 29.60.030(a), 29.60.030(c), 29.60.050,  
10 29.60.060, 29.60.070(c), 29.60.080, 29.60.100, 29.60.110, 29.60.130(b), 29.60.150, 29.60.160,  
11 29.60.170, 29.60.180, 29.60.280, 29.60.290(b), 29.60.290(d), 29.60.290(e), 29.60.300,  
12 29.60.350, 29.60.360, 29.60.365, 29.60.370, and 29.60.375 are repealed.

13 \* **Sec. 24.** This Act takes effect July 1, 1995.