

**CS FOR SENATE BILL NO. 264(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 3/30/98

Referred: Rules

Sponsor(s): SENATORS TORGERSON, Pearce, Sharp

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to municipal highway construction grants, to minimum payments  
2 under certain municipal aid programs, to aid for municipal road maintenance, and  
3 to the transfer of roads to municipalities; and providing for an effective date."

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

5 \* **Section 1.** AS 19.20 is amended by adding a new section to read:

6 **Sec. 19.20.100. Municipal highway construction grants.** (a) Each fiscal  
7 year, \$10,000,000 of federal funds may be appropriated to the department for  
8 municipal road construction grants. The department shall make grants of the federal  
9 funds to municipalities for construction projects for highways that are under municipal  
10 jurisdiction. To qualify for a grant, a municipality must

11 (1) apply for the grant in the manner prescribed by the department; and

12 (2) meet all federal matching and other federal requirements for receipt  
13 and expenditure of the funds.

14 (b) The amount of a municipal road construction grant is based on each mile

1 of highway maintained by the municipality, excluding (1) the official state highway  
 2 system, (2) highways not dedicated to public use, (3) highways maintained under  
 3 AS 19.30.111 - 19.30.251 (local service road program), (4) alleyways as defined in  
 4 regulations adopted by the department, and (5) highways not used by automotive  
 5 equipment. The grant for each municipality equals \$2,500 per mile of road maintained  
 6 by the municipality. If amounts appropriated are insufficient to pay each  
 7 municipality's grant in full, the amounts that are available shall be distributed pro rata  
 8 among eligible municipalities.

9 (c) The department may adopt regulations under AS 44.62 (Administrative  
 10 Procedure Act) to carry out the purposes of this section.

11 \* **Sec. 2.** AS 29.45.020(a) is amended to read:

12 **Sec. 29.45.020. Taxpayer notice.** (a) If a municipality levies and collects  
 13 property taxes, the governing body shall provide the following notice:

14 "NOTICE TO TAXPAYER

15 For the current fiscal year the (city)(borough) has been allocated the following amount  
 16 of state aid for school and municipal purposes under the applicable financial assistance  
 17 Acts:

18	PUBLIC SCHOOL FOUNDATION PROGRAM	
19	ASSISTANCE (AS 14.17)	\$
20	STATE AID FOR RETIREMENT OF SCHOOL	
21	CONSTRUCTION DEBT (AS 14.11.100)	\$
22	MUNICIPAL TAX RESOURCE EQUALIZATION	
23	(AS 29.60.010 - 29.60.080)	\$
24	PRIORITY REVENUE SHARING FOR	
25	MUNICIPAL SERVICES (AS 29.60.100 - 29.60.180)	\$
26	REVENUE SHARING FOR SAFE COMMUNITIES	
27	(AS 29.60.350 - 29.60.375)	\$
28	<b><u>AID FOR MUNICIPAL ROAD MAINTENANCE</u></b>	
29	<b><u>(AS 29.60.700 - 29.60.730)</u></b>	<b>\$</b>
30	TOTAL AID	\$

31 The millage equivalent of this state aid, based on the dollar value of a mill in the

1 municipality during the current assessment year and for the preceding assessment year,  
 2 is:

	MILLAGE EQUIVALENT	
	PREVIOUS YEAR	THIS YEAR
3		
4		
5	PUBLIC SCHOOL FOUNDATION	
6	PROGRAM ASSISTANCE	. . . . MILLS . . . . MILLS
7	STATE AID FOR RETIREMENT	
8	OF SCHOOL CONSTRUCTION	
9	DEBT	. . . .MILLS . . . .MILLS
10	MUNICIPAL TAX RESOURCE	
11	EQUALIZATION	. . . .MILLS . . . .MILLS
12	PRIORITY REVENUE SHARING	
13	FOR MUNICIPAL SERVICES	
14	REVENUE SHARING FOR SAFE	
15	COMMUNITIES	
16	<u>AID FOR MUNICIPAL ROAD</u>	
17	<u>MAINTENANCE</u>	
18	TOTAL MILLAGE	<u>. . . .MILLS . . . .MILLS</u>
19	EQUIVALENT	. . . .MILLS . . . .MILLS"

20 Notice shall be provided

21 (1) by furnishing a copy of the notice with tax statements mailed for  
 22 the fiscal year for which aid is received; or

23 (2) by publishing in a newspaper of general circulation in the  
 24 municipality a copy of the notice once each week for a period of three successive  
 25 weeks, with publication to occur not later than 45 days after the final adoption of the  
 26 municipality's budget.

27 \* **Sec. 3.** AS 29.60.290(c) is amended to read:

28 (c) The department shall pay to each municipality eligible to receive a  
 29 minimum payment under this section an amount equal to the difference between the  
 30 minimum payment determined under (a) and (b) of this section and the sum of the  
 31 amounts payable for the same fiscal year under AS 29.60.010 - 29.60.080, [AND]

1           29.60.100 - 29.60.180, and 29.60.700 - 29.60.720.

2       \* **Sec. 4.** AS 29.60.372(a) is amended to read:

3           (a) If a municipality qualifies for a payment during a fiscal year under  
4 AS 29.60.350 and also under AS 29.60.010 - 29.60.080, 29.60.100 - 29.60.180, or  
5 29.60.290, and if the total amount payable to the municipality under those sections is  
6 less than a minimum entitlement of \$40,000, the department shall pay to the  
7 municipality an amount equal to the difference between \$40,000 and the total amount  
8 payable under AS 29.60.350, 29.60.010 - 29.60.080, 29.60.100 - 29.60.180, 29.60.290,  
9 and 29.60.700 - 29.60.720 [THOSE SECTIONS AND \$40,000] as adjusted under  
10 AS 29.60.373.

11       \* **Sec. 5.** AS 29.60 is amended by adding new sections to read:

12                               **Article 9. Aid for Municipal Road Maintenance.**

13           **Sec. 29.60.700. Aid for municipal road maintenance.** (a) The department  
14 shall pay to a municipality that has the power to provide for road maintenance and  
15 exercises that power a grant based on each mile of road, street, or highway maintained  
16 by the municipality excluding

17                               (1) the official state highway system;

18                               (2) roads, streets, or highways not dedicated to public use;

19                               (3) roads, streets, or highways maintained under AS 19.30.111 -  
20 19.30.251 (local service road program);

21                               (4) alleyways; and

22                               (5) roads, streets, or highways not used by automotive equipment.

23           (b) The amount of a grant to a municipality under this section for a year  
24 equals \$1,000 for each mile of road, street, or highway maintained by the municipality  
25 during that year.

26           **Sec. 29.60.710. Municipal road maintenance account.** (a) The municipal  
27 road maintenance account is established in the department. Money to carry out the  
28 provisions of AS 29.60.700 - 29.60.730 may be annually appropriated by the  
29 legislature from proceeds of the revenue from the tax on motor fuel under  
30 AS 43.40.010(m) or from federal or other sources. If amounts in the account are  
31 insufficient to pay each municipality's grant authorized under AS 29.60.700, the

1 amounts that are available shall be distributed pro rata among eligible municipalities.

2 (b) Unless otherwise provided in the appropriation, money appropriated to the  
3 municipal road maintenance account for a fiscal year that exceeds the amount required  
4 to fully fund grants authorized under AS 29.60.700 for that fiscal year shall be  
5 allocated by the Department of Community and Regional Affairs to the Department  
6 of Transportation and Public Facilities for road improvements under AS 29.60.730(b).

7 **Sec. 29.60.720. Regulations.** The department shall adopt regulations necessary  
8 to carry out the purposes of AS 29.60.700 - 29.60.730. The regulations must include  
9 minimum road maintenance standards required for eligibility for grant money. The  
10 department shall require a municipality to submit a performance report adequate to  
11 demonstrate to the department that maintenance was performed by the municipality and  
12 that the maintenance meets minimum standards prescribed by regulation.

13 **Sec. 29.60.730. Transfer of roads to municipalities.** (a) On application to  
14 the Department of Transportation and Public Facilities by a municipality, a road, street,  
15 or highway located within the boundaries of the municipality may be transferred to that  
16 municipality by the Department of Transportation and Public Facilities if, after the  
17 transfer, the municipality will qualify for a grant to maintain the road, street, or  
18 highway under AS 29.60.700.

19 (b) Within 60 days after receiving a request from a municipality for the  
20 transfer of a road, street, or highway, the Department of Transportation and Public  
21 Facilities shall determine, and notify the municipality, whether the road, street, or  
22 highway needs grading, surfacing, or other improvements before it is transferred to the  
23 municipality under this section. Within 60 days after receiving the notification, the  
24 municipality may withdraw its request for the transfer. If the Department of  
25 Transportation and Public Facilities determines that the road, street, or highway may  
26 be transferred after improvements are made to it and if the municipality does not  
27 withdraw its request for the transfer, the Department of Transportation and Public  
28 Facilities shall make those improvements, subject to appropriations for that purpose,  
29 and transfer the road, street, or highway after the improvements are made. Money to  
30 carry out this section shall be annually appropriated.

31 \* **Sec. 6.** AS 43.40.010(g) is amended to read:

1 (g) The proceeds of the revenue from the tax on all motor fuels, except as  
 2 provided in (e), (f), [AND] (j), and (m) of this section, shall be deposited in a special  
 3 highway fuel tax account in the state general fund. The legislature may appropriate  
 4 funds from it for expenditure by the Department of Transportation and Public Facilities  
 5 directly or as matched with available federal-aid highway money for maintenance of  
 6 highways, construction of highway projects and ferries included in the program  
 7 provided for in AS 19.10.150, including approaches, appurtenances and related  
 8 facilities and acquisition of rights-of-way or easements, and other highway costs  
 9 including surveys, administration, and related matters. All departments of the state  
 10 government authorized to spend funds collected from taxes imposed by this chapter  
 11 shall perform, when feasible, all construction or reconstruction projects by contract  
 12 after the projects have been advertised for competitive bids, except that, when feasible,  
 13 arrangements shall be made with political subdivisions to carry out the construction  
 14 or reconstruction projects. If it is not feasible for the work to be performed by state  
 15 engineering forces, the commissioner of transportation and public facilities may  
 16 contract on a professional basis with private engineering firms for road design, bridge  
 17 design, and services in connection with surveys. If more than one private engineering  
 18 firm is available for the work, the contracts shall be entered into on a negotiated basis.

19 \* **Sec. 7.** AS 43.40.010 is amended by adding a new subsection to read:

20 (m) Thirty-seven and one-half percent of the proceeds of the revenue from the  
 21 taxes on motor fuel used in motor vehicles licensed to be operated on public ways,  
 22 excluding the amount determined to have been spent by the state in its collection, shall  
 23 be deposited in a special municipal road maintenance account in the state general fund.  
 24 The legislature may appropriate funds from this account for grants to municipalities  
 25 under AS 29.60.700 and for road improvements under AS 29.60.730(b).

26 \* **Sec. 8.** AS 29.60.110(a) is repealed.

27 \* **Sec. 9.** This Act takes effect July 1, 1998.