

**CS FOR HOUSE BILL NO. 20(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 3/25/02

Referred: Rules

Sponsor(s): REPRESENTATIVES MOSES, Davies, Foster, Wilson, Hudson, Mulder, Bunde, Stevens, Joule, Lancaster, James, Kapsner

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to organization grants to cities, to state aid to unincorporated**  
2 **communities, and to municipal dividends; and providing for an effective date."**

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

4 \* **Section 1.** AS 29.05.180(a) is amended to read:

5 (a) To defray the cost of transition to city government and to provide for  
6 interim government operations, each city incorporated after **June 30, 2002,**  
7 [DECEMBER 31, 1985] is entitled to [AN] organization **grants** [GRANT OF \$50,000  
8 FOR THE FIRST FULL OR PARTIAL FISCAL YEAR] after incorporation **as**  
9 **follows:**

10 **(1) \$100,000 for the city's first full or partial fiscal year;**

11 **(2) \$50,000 for the city's second fiscal year; and**

12 **(3) \$25,000 for the city's third fiscal year.**

13 \* **Sec. 2.** AS 29.05.180(b) is amended to read:

14 (b) To defray the cost of reclassification, each second class city in the

1 unorganized borough incorporated before January 1, 1986, that reclassifies as a first  
 2 class city or adopts a home rule charter after **June 30, 2002**, [DECEMBER 31, 1985]  
 3 is entitled to [AN] organization **grants** [GRANT EQUAL TO \$50,000 FOR THE  
 4 FIRST FULL OR PARTIAL FISCAL YEAR] after reclassification **as follows:**

5 **(1) \$200,000 for the city's first full or partial fiscal year;**

6 **(2) \$100,000 for the city's second fiscal year;**

7 **(3) \$50,000 for the city's third fiscal year.**

8 \* **Sec. 3.** AS 29.60.140 is amended to read:

9 **Sec. 29.60.140. State aid to unincorporated communities.** (a) **Subject to**  
 10 **(c) of this section, the** [THE] department shall pay to each unincorporated community  
 11 an entitlement each fiscal year to be used for a public purpose. The department with  
 12 advice from the Department of Law shall determine whether there is in each  
 13 unincorporated community an incorporated nonprofit entity or a Native village council  
 14 that will agree to receive and spend the entitlement. **If the community is located in a**  
 15 **borough or a unified municipality, the department may pay the entitlement only**  
 16 **to the entity that has been approved by the assembly, and the department must**  
 17 **have written evidence of that approval.** If there is more than one qualified entity in  
 18 an unincorporated community **in the unorganized borough**, the department shall pay  
 19 the money under the entitlement to the entity that the department finds most qualified  
 20 to receive and spend the money. The department may not pay money under an  
 21 entitlement to a Native village council unless the council waives immunity from suit  
 22 for claims arising out of activities of the council related to the entitlement. A waiver  
 23 of immunity from suit under this subsection must be on a form provided by the  
 24 Department of Law. If there is no qualified incorporated nonprofit entity or Native  
 25 village council in an unincorporated community that is willing to receive money under  
 26 an entitlement, the entitlement for that unincorporated community may not be paid.  
 27 Neither this subsection nor any action taken under it enlarges or diminishes the  
 28 governmental authority or jurisdiction of a Native village council. If at least  
 29 \$41,472,000 is appropriated for all entitlements under as 29.60.010 - 29.60.310 for a  
 30 fiscal year, the entitlement for each unincorporated community under this subsection  
 31 for that year equals \$40,000. Otherwise, the entitlement equals \$25,000.

1 (b) In this section "unincorporated community" means a place [IN THE  
2 UNORGANIZED BOROUGH] that is not incorporated as a city and in which 25 or  
3 more persons reside as a social unit.

4 \* **Sec. 4.** AS 29.60.140 is amended by adding a new subsection to read:

5 (c) The department may pay an entitlement under (a) of this section for an  
6 unincorporated community in a borough only to a qualified entity that provides at least  
7 three of the following services within the community:

- 8 (1) fire protection;
- 9 (2) emergency medical;
- 10 (3) water and sewer;
- 11 (4) solid waste management;
- 12 (5) public road or ice road maintenance;
- 13 (6) public health;
- 14 (7) search and rescue.

15 \* **Sec. 5.** AS 29.60 is amended by adding a new section to article 3 to read:

16 **Sec. 29.60.330. Municipal dividend fund.** There is established in the  
17 department the municipal dividend fund consisting of municipal dividends transferred  
18 to the fund under AS 37.13.145(e). Each fiscal year, the legislature may appropriate  
19 money in the municipal dividend fund for the organization grant program  
20 (AS 29.05.200), municipal tax resource equalization program (AS 29.60.010 -  
21 29.60.080), priority revenue sharing for municipal services program (AS 29.60.100 -  
22 29.60.180), and revenue sharing for safe communities program (AS 29.60.350 -  
23 29.60.375). Any balance in the fund may be appropriated for

- 24 (1) capital project matching grants (AS 37.06.010 - 37.06.090);
- 25 (2) payments to municipalities for costs of confinement and care of  
26 state prisoners.

27 \* **Sec. 6.** AS 37.13.145 is amended by adding a new subsection to read:

28 (e) At the end of the fiscal year, after the transfers under (b) and (c) of this  
29 section and subject to appropriation, the corporation shall transfer a municipal  
30 dividend from the earnings reserve account to the municipal dividend fund established  
31 under AS 29.60.330. The municipal dividend equals the lesser of

1                   (1) the amount calculated by multiplying \$100 by the number of  
2 permanent fund dividends paid by the Department of Revenue during the calendar  
3 year immediately preceding the year the transfer is made under this subsection; or

4                   (2) the balance of the earnings reserve account on the date of the  
5 transfer under this subsection.

6 \* **Sec. 7.** This Act takes effect June 29, 2002.