

CS FOR HOUSE BILL NO. 20(RLS)

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY THE HOUSE RULES COMMITTEE

Offered: 5/2/02

Referred: Today's Calendar

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 for unincorporated**
2 **communities, and to municipal dividends."**

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

1 for a fiscal year, the entitlement for each unincorporated community under this
 2 subsection for that year equals \$40,000. Otherwise, the entitlement equals \$25,000.

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

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

7 (c) The department may pay an entitlement under (a) of this section for an
 8 unincorporated community in a borough or unified municipality only if the borough or
 9 unified municipality on a service area basis provides at least three of the following
 10 services within the community:

- 11 (1) fire protection and emergency services;
- 12 (2) water and sewer;
- 13 (3) solid waste management and disposal;
- 14 (4) public road or ice road maintenance;
- 15 (5) public health.

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

17 **Sec. 29.60.330. Municipal dividend fund.** There is established in the
 18 department the municipal dividend fund consisting of municipal dividends transferred
 19 to the fund under AS 37.13.145(e). Each fiscal year, the legislature may appropriate
 20 money in the municipal dividend fund for the organization grant program
 21 (AS 29.05.200), municipal tax resource equalization program (AS 29.60.010 -
 22 29.60.080), priority revenue sharing for municipal services program (AS 29.60.100 -
 23 29.60.180), and revenue sharing for safe communities program (AS 29.60.350 -
 24 29.60.375). Any balance in the fund may be appropriated for

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

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

29 (e) On or after July 1 and after all the other transfers under this section, the
 30 corporation shall, subject to appropriation, transfer a municipal dividend from the
 31 earnings reserve account to the municipal dividend fund established under

1 AS 29.60.330. The municipal dividend equals the lesser of
2 (1) the amount calculated by multiplying \$100 by the number of
3 permanent fund dividends paid by the Department of Revenue during the calendar
4 year immediately preceding the year the transfer is made under this subsection; or
5 (2) the balance of the earnings reserve account on the date of the
6 transfer under this subsection.

7 * **Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to
8 read:

9 **APPLICABILITY.** This Act applies beginning fiscal year 2003 and thereafter.