

SENATE BILL NO. 171

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH LEGISLATURE - FIRST SESSION

BY SENATOR WILKEN

Introduced: 4/12/05

Referred: Community and Regional Affairs, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act amending the National Petroleum Reserve - Alaska special revenue fund; and**
2 **establishing the Special Legislative Oil and Gas NPR-A Development Impact Review**
3 **Committee and defining its powers and duties."**

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

5 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
6 to read:

7 LEGISLATIVE INTENT. It is the intent of the legislature to provide temporary
8 emergency financial assistance to municipalities for the purpose of meeting certain
9 extraordinary operating and capital improvement expenditures necessitated by oil and gas
10 development under 42 U.S.C. 6508.

11 * **Sec. 2.** AS 24.20 is amended by adding a new section to read:

12 **Article 4A. Special Legislative Oil And Gas NPR-A Development Impact Review**
13 **Committee.**

14 **Sec. 24.20.580. Special Legislative Oil and Gas NPR-A Development**

1 **Impact Review Committee.** (a) There is established the Special Legislative Oil and
 2 Gas NPR-A Development Impact Review Committee. The committee is composed of
 3 three members of the senate appointed by the president of the senate and three
 4 members of the house of representatives appointed by the speaker of the house. The
 5 membership from each house shall include at least one member from the minority
 6 caucus of that house. The committee members may be appointed only from the
 7 finance committee of each house. The committee shall select its own chair.

8 (b) The committee shall be organized within 15 days after the organization of
 9 each legislature. Members serve for the duration of the legislature during which they
 10 are appointed. If a committee member is reelected or the member's term of office
 11 extends into the next succeeding legislature, the member continues to serve until
 12 reappointed or until the member's successor is appointed.

13 (c) The committee may meet during sessions of the legislature and during the
 14 interim between sessions at times and places in the state as the committee chair may
 15 determine.

16 (d) Members of the committee may receive, for the minimum time required to
 17 get to and from meetings and for the period while attending meetings, the same travel
 18 and per diem allowances provided by law for members of the legislature when
 19 attending sessions. However, members of the committee do not receive per diem for
 20 committee meetings during legislative sessions other than the per diem paid to
 21 members of the legislature.

22 (e) A majority of the members of the committee appointed from each house

23 (1) constitutes a quorum for the purpose of carrying out the
 24 committee's duties under this section; and

25 (2) is necessary to approve and forward to the respective finance
 26 committees in each house the committee's recommendations for award of grants.

27 (f) The committee may consult with the Department of Commerce,
 28 Community, and Economic Development about grant applications submitted under
 29 AS 37.05.530.

30 * **Sec. 3.** AS 37.05.530(c) is amended to read:

31 (c) The Department of Commerce, Community, and Economic Development

1 shall adopt regulations under which municipalities **that are most directly and**
 2 **severely** impacted by National Petroleum Reserve - Alaska oil and gas development
 3 under 42 U.S.C. 6508 **or that demonstrate extraordinary municipal and**
 4 **educational operating expenditures attributable to oil and gas development in the**
 5 **National Petroleum Reserve - Alaska that are beyond the municipality's**
 6 **reasonable capability to meet from growth in receipts from current municipal**
 7 **revenue sources** may apply for and be eligible to receive grants to alleviate the impact
 8 **or expense. The department shall receive the applications and, after conducting**
 9 **a preliminary evaluation of each application against the standard set out in this**
 10 **subsection, within 10 days after the convening of each regular session of the**
 11 **legislature, shall submit to the Special Legislative Oil and Gas NPR-A**
 12 **Development Impact Review Committee (1) a list of all qualifying projects, a**
 13 **recommendation regarding new or additional grants for the projects, and a**
 14 **written justification for each new or additional grant, and (2) a list of all**
 15 **municipalities that have already received grants and written justification for each**
 16 **previous grant. Within 45 days after receipt of the information submitted by the**
 17 **department, the special committee shall forward to the respective finance**
 18 **committees in each house the special committee's recommendations for award of**
 19 **grants under this section. When, under this subsection, the department has been**
 20 **advised of the special committee's recommendations for award of grants, the**
 21 [THE] department shall **notify municipalities of that action** [GIVE PRIORITY IN
 22 THE ALLOCATION OF GRANTS TO MUNICIPALITIES THAT ARE
 23 EXPERIENCING OR WILL EXPERIENCE THE MOST DIRECT OR SEVERE
 24 IMPACT FROM OIL AND GAS DEVELOPMENT UNDER 42 U.S.C. 6508
 25 WITHIN THE NATIONAL PETROLEUM RESERVE - ALASKA. THE
 26 DEPARTMENT SHALL FUND ALL MERITORIOUS GRANT APPLICATIONS
 27 OUT OF THE MONEY APPROPRIATED TO IT EACH YEAR. WITHIN 10 DAYS
 28 AFTER THE CONVENING OF EACH REGULAR SESSION OF THE
 29 LEGISLATURE, THE DEPARTMENT SHALL SUBMIT TO THE LEGISLATURE
 30 A LIST OF ALL MUNICIPALITIES THAT HAVE RECEIVED GRANTS, A LIST
 31 OF ALL MUNICIPALITIES DETERMINED BY THE DEPARTMENT TO BE

1 ELIGIBLE FOR FURTHER GRANTS, A RECOMMENDATION OF THE
 2 AMOUNT OF MONEY TO BE GRANTED FOR THOSE ADDITIONAL
 3 APPLICATIONS, AND WRITTEN JUSTIFICATION OF EACH PAST AND
 4 POTENTIAL GRANT].

5 * **Sec. 4.** AS 37.05.530(d) is repealed and reenacted to read:

6 (d) Grants under this section may be made only upon application by the
 7 municipality to the Department of Commerce, Community, and Economic
 8 Development. Each grant application must state the intended use for which the grant
 9 will be expended. When a municipality

10 (1) applies for a grant under this subsection, the municipality shall also
 11 submit to the department a financial report covering the expenditure of any grant made
 12 under this section that the municipality has already received; a subsequent grant may
 13 not be made without submission of the financial report covering the prior
 14 expenditures; and

15 (2) receives a grant under this section, the municipality

16 (A) shall maintain a separate account for each grant received;

17 (B) shall provide for an independent audit of the separate
 18 accounts maintained for each grant except that, for a grant that is not more than
 19 \$250,000, the municipality shall provide for an independent unaudited review
 20 of the accounts maintained for the grant;

21 (C) shall submit a copy of the independent audit report or
 22 independent review to the department; and

23 (D) may not use the grant substantially for the municipality's
 24 basic government operations.

25 * **Sec. 5.** AS 37.05.530(f) is amended to read:

26 (f) **Grants made** [FUNDS APPROPRIATED] under [(d) OF] this section
 27 may not be used **directly or indirectly to reduce current municipal tax rates or to**
 28 **retire existing** [FOR THE RETIREMENT OF] municipal debt.

29 * **Sec. 6.** AS 37.05.530(g) is amended to read:

30 (g) Amounts received by the state under 42 U.S.C. 6508 [AND NOT
 31 APPROPRIATED FOR GRANTS TO MUNICIPALITIES UNDER (d) OF THIS

SECTION] shall be deposited at the end of each fiscal year as follows: (1) 25 percent to the principal of the Alaska permanent fund; and (2) .5 percent to the public school trust fund (AS 37.14.110). **If the amounts awarded for temporary emergency impact grants exceed available funds, the** [THE] amounts remaining after the deposits to the Alaska permanent fund, [AND] the public school trust fund, **and the amounts appropriated for and approved as temporary emergency impact grants to municipalities shall be allocated pro rata among the fund deposits and grants.** **Unless the amounts awarded for temporary emergency impact grants exceed available funds, the amounts remaining after the deposits to the Alaska permanent fund, the public school trust fund, and the amounts appropriated for and approved as temporary emergency impact grants to municipalities** may be appropriated to the power cost equalization and rural electric capitalization fund (AS 42.45.100). The amounts remaining after any appropriation to the power cost equalization and rural electric capitalization fund shall lapse into the general fund for use by the state for the following facilities and services: planning; construction, maintenance, and operation of essential public facilities; and other necessary public services.

* **Sec. 7.** AS 37.05.530 is amended by adding a new subsection to read:

(i) Unless otherwise provided by law, in the Act making the appropriation from the National Petroleum Reserve - Alaska special revenue fund, the unexpended balance of an appropriation made in an Act making an appropriation from that fund lapses on June 30 of the fiscal year for which appropriated. The Department of Commerce, Community, and Economic Development may not otherwise modify the terms of a grant to change the purpose or objective of the grant or the terms and conditions under which the grant may be expended. The provisions of AS 37.25.010(a) and (b) apply to the unexpended balances of appropriations that are lapsed as described in this subsection. Amounts lapsed under this subsection shall revert to the general fund except that, if amounts lapsed are derived from appropriations that had been allocated pro rata among the principal of the Alaska permanent fund, the public school trust fund, and the amounts awarded for temporary emergency impact grants as authorized by (g) of this section, the commissioner of

1 administration shall first apply the lapsing amounts to restore previously prorated
2 allocations to the Alaska permanent fund and the public school trust fund to the
3 amounts due each of those funds as calculated under (g)(1) and (g)(2) of this section.