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Referred: Community & Regional  
Affairs and Finance

1 IN THE HOUSE

BY PARR

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SS HOUSE BILL NO. 769  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act authorizing state aid to municipalities for the construction and development of cultural facilities."

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

\* Section 1. AS 43.18 is amended by adding a new section to read:

ARTICLE 5. CULTURAL FACILITIES.

Sec. 43.18.500. CULTURAL FACILITY CONSTRUCTION AND DEVELOPMENT

GRANTS. (a) There is established within the Department of Commerce and Economic Development a cultural facilities development fund for the purpose of providing state assistance in the construction and development of cultural facilities within those municipalities which actively provide support to the arts and humanities. Within the limits of direct appropriations for the purpose or through the appropriation of the proceeds of a general obligation bond issue, the department shall make grants to municipalities for the purpose of construction and development of cultural facilities.

(b) A grant for only one project may be awarded to a municipality under this section.

(c) Application for a grant shall be made in the form required by the commissioner.

(d) No application for a grant may be considered for approval by the commissioner and no funds paid by him under this section unless

(1) the project is endorsed by resolution of the governing body of the sponsoring municipality on its own behalf or on behalf of the officially recognized arts and humanities planning organization of

1 the municipality;

2 (2) the commissioner is satisfied that the sponsoring municipi-  
3 pality

4 (A) has the authority under AS 29.48 to provide and  
5 maintain a cultural facility; and

6 (B) is able to provide the local share of project con-  
7 struction costs from public and private sources in accordance with  
8 (f) of this section and is financially able to maintain and operate  
9 the facility upon completion; and

10 (3) the municipality provides plan designs and specifica-  
11 tions, together with blueprints or schematics of detail sufficient to  
12 enable the commissioner to verify estimates of construction costs.

13 (e) The grant to a municipality shall be disbursed in accordance  
14 with the terms of an agreement between the commissioner, on behalf of  
15 the state, and the governing body of the municipality receiving the  
16 grant. The agreement may include any provision agreed upon by the  
17 parties, but shall include in substance the following provisions:

18 (1) the municipality shall secure, retain and protect title  
19 to the site or location on which the facility is to be constructed or  
20 developed; for purposes of this paragraph it is sufficient that title is  
21 obtained in fee or by lease by the terms of which the municipality  
22 enjoys exclusive use of the property for the estimated project life of  
23 the facility or the period of maturity of any state general obligation  
24 bond a portion of the proceeds of which are used to provide financial  
25 assistance for the construction or development of the facility;

26 (2) the municipality agrees to provide the local contribution  
27 to project cost required by (f) of this section, and to return any  
28 excess contribution by the state as required by (h) of this section;

29 (3) the municipality agrees to proceed with and complete the

1 proposed project expeditiously in accordance with plans originally  
2 submitted;

3 (4) the municipality will not materially alter or modify  
4 plans for the facility or undertake construction in a manner which  
5 materially departs from the approved design and plan for construction or  
6 development of the facility without first securing the prior written  
7 approval of the officially recognized arts and humanities planning  
8 organization of the municipality;

9 (5) the municipality agrees to assume responsibility for the  
10 maintenance and operation of the facility, directly or by delegation of  
11 responsibility to an entity organized by ordinance of the municipality  
12 or a nonprofit corporation recognized by the municipality, and that the  
13 feasibility of the discharge of this obligation shall be demonstrated to  
14 the satisfaction of the commissioner before the payment of any state  
15 funds; and

16 (6) the parties agree that if property constructed or de-  
17 veloped with financial assistance provided under this section is used  
18 for purposes other than a cultural facility, the state may require the  
19 municipality to reimburse the state for that portion of the market value  
20 of the property which the state's investment in the property bears to  
21 the total of investment from all sources made in the property.

22 (f) A municipality receiving a grant under this section shall con-  
23 tribute to the total cost of the project. The amount of the munici-  
24 pality's contribution is determined by the application of the formula

25 (average per capita assessed valuation of the muni-  
26 cipality/average per capita assessed valuation of  
27 the state) x maximum contribution percentage

28 to the estimated total project cost as determined by the commissioner at  
29 the time of approval of a grant application. For purposes of this

1 subsection

2 (1) the maximum contribution required of

3 (A) a municipality having a population of 5,000 or less  
4 is 10 per cent (0.10);

5 (B) a municipality having a population of 5,001 to  
6 10,000 is 20 per cent (0.20); and

7 (C) a municipality having a population of more than  
8 10,000 is 30 per cent (0.30);

9 (2) if an application is submitted for a municipality for  
10 which no average per capita assessed valuation has been determined, the  
11 commissioner may request the state assessor to compute the factor and  
12 report it to him;

13 (3) the rate of contribution of the municipality may not  
14 exceed the maximum established in (1) of this subsection;

15 (4) the fair market value of land acquired by the munici-  
16 pality as the site or location for the construction or development of a  
17 facility may not be allowed as a credit against the contribution re-  
18 quired by the municipality under (1) of this subsection; and

19 (5) the grant awarded by the state may not exceed the esti-  
20 mated project cost verified by the commissioner under (d)(3) of this  
21 section less the contribution by the municipality determined in accor-  
22 dance with this subsection.

23 (g) If funds appropriated or provided by bond issue for grants  
24 under this section are not adequate to satisfy amounts required by  
25 approved grant applications, funds shall be allocated by the commis-  
26 sioner on the basis of priority established by the department by regula-  
27 tion.

28 (h) If, upon completion of the facility, it appears that actual  
29 project costs varied substantially from estimated project costs deter-

1           mined by the commissioner under (d)(3) of this section and

2                   (1) if the actual contribution of the state exceeds the per-  
3           centage of project costs payable by the state determined under (f)(5) of  
4           this section, the commissioner shall require the municipality to pay an  
5           amount to the state sufficient to reduce the state contribution to the  
6           percentage of state contribution required by (f)(5) of this section;

7                   (2) if the actual project costs exceed estimates, the commis-  
8           sioner may provide additional financial assistance to the municipality;  
9           the additional state grant may not exceed an amount equal to the ratio  
10          originally determined under (f)(5) of this section applied to the in-  
11          cremental project costs.

12                   (i) The commissioner shall provide an annual report to the legis-  
13          lature with respect to grants made under this section.

14                   (j) The commissioner may adopt regulations to carry out the pro-  
15          visions of this section.

16                   (k) In this section,

17                           (1) "commissioner" means the commissioner of commerce and  
18          economic development;

19                           (2) "construction" means site preparation, erection of a  
20          structure, and acquisition and installation of fixtures and necessary  
21          fixed equipment, but does not include completion of feasibility studies,  
22          site acquisition or facility design;

23                           (3) "cultural facility" means a structure or complex the  
24          principal purpose of which is to serve the visual and performing arts,  
25          including but not limited to a theatre, concert hall or gallery, or to  
26          serve as the repository of the historical or contemporary heritage of  
27          the community and its people;

28                           (4) "department" means the Department of Commerce and Eco-  
29          nomic Development;

1 (5) "development" means the acquisition and preservation, re-  
2 modeling or redevelopment of an existing structure or facility, together  
3 with the acquisition and installation of fixtures and necessary fixed  
4 equipment, for use as a cultural facility.

5 \* Sec. 2. AS 44.33.020 is amended by adding a new paragraph to read:

6 (22) administer the program of state assistance for the  
7 construction and development of cultural facilities in accordance with  
8 AS 43.18.500.