

Introduced: 4/5/78  
Referred: Community &  
Regional Affairs and  
Finance

1 IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE

2 SENATE BILL NO. 578

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state aid for municipal capital im-  
7 provement; and providing for an effective date."

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

9 \* Section 1. AS 43.18 is amended by adding new sections to read:

10 Sec. 43.18.200. MUNICIPAL CAPITAL IMPROVEMENT ACCOUNT. The muni-  
11 cipal capital improvement account is established. The account consists  
12 of appropriations for distribution under secs. 200 - 295 of this chapter  
13 to municipalities to assist in paying the costs of municipal capital  
14 improvement projects for which no bonding, notes, or other indebtedness  
15 was incurred before July 1, 1978.

16 Sec. 43.18.210. GRANTS TO MUNICIPALITIES. (a) During each fiscal  
17 year, the state shall allocate to each municipality in the state an  
18 amount equal to 50 per cent of the annual principal and interest owing  
19 by that municipality on its general obligation bonded indebtedness for  
20 which bonding, notes or other indebtedness was incurred on or after  
21 July 1, 1978, or, if funds are available, make a grant to the muni-  
22 cipality of 50 per cent of the costs of the capital improvement which the  
23 municipality seeks to construct or acquire.

24 (b) State funds may not be committed to nor expended for construc-  
25 tion cost overruns or other costs in excess of the original project  
26 estimated cost.

27 (c) Subject to (a) of this section, a municipality may, for a  
28 proposed municipal capital improvement eligible for state assistance  
29 under this section, obtain from the state a grant for the capital

1 improvement in an amount equal to 50 per cent of the cost of the project  
2 or 50 per cent of the amount that would be the local share not financed  
3 by other programs, whichever is the lesser. The municipal share of the  
4 funding of the capital improvement may be obtained by the municipality  
5 from any source lawfully available to it, including but not limited to  
6 the sale of general obligation bonds.

7 Sec. 43.18.220. LIMITATION ON GRANTS. (a) No more may be allo-  
8 cated to a municipality from the municipal capital improvement account  
9 than

10 (1) \$3,000 per capita on the first 1,000 population;

11 (2) \$2,000 per capita on population over 1,000 but less than  
12 10,000;

13 (3) \$1,000 per capita on population of 10,000 and more.

14 (b) When a municipality has been allocated the maximum amount  
15 provided in (a) of this section for that municipality, it is no longer  
16 eligible to obtain grants from the municipal capital improvement account  
17 regardless of population changes within the municipality after that  
18 time.

19 Sec. 43.18.230. APPLICATION FOR AID. (a) The commissioner shall  
20 prescribe the necessary forms and procedures to be used in applying for  
21 grants under secs. 200 - 295 of this chapter.

22 (b) A municipality seeking aid under secs. 200 - 295 of this  
23 chapter must apply to the department by September 15 of the prior fiscal  
24 year.

25 (c) The department may not adopt regulations, review applications  
26 from municipalities, or otherwise administer secs. 200 - 295 of this  
27 chapter in a manner that diminishes the authority of a municipality, in  
28 its sole discretion, to determine what types, priorities or design of  
29 capital improvements are appropriate for its community. No state

1 judgment as to the appropriateness of a particular capital improvement  
2 in a particular community is a factor in determining eligibility of  
3 capital improvements for funding under secs. 200 - 295 of this chapter.

4 Sec. 43.18.240. CONDITIONS OF GRANTS. (a) Funds distributed to a  
5 municipality under secs. 200 - 295 of this chapter must be received,  
6 held, and expended by the municipality in accordance with the applicable  
7 provisions of law and of regulations adopted by the department. Funds  
8 provided under secs. 200 - 295 of this chapter, but which are not re-  
9 quired for the project for which they were granted or which are in  
10 excess of that municipality's entitlement for grants under sec. 220 of  
11 this chapter must be returned to the department and deposited in the  
12 general fund.

13 (b) Each municipality shall maintain financial records of the  
14 receipt and disbursement of state funds received under secs. 200 - 295  
15 of this chapter and money provided toward local effort. The records  
16 must be in the form prescribed by the department and are subject to  
17 audit by it at any time.

18 Sec. 43.18.250. RESPONSIBILITY TO MAINTAIN AND OPERATE CAPITAL  
19 IMPROVEMENT. Every municipality obtaining funds under secs. 200 - 295  
20 of this chapter shall, by accepting such funds, be solely responsible  
21 for the maintenance and operation of the capital improvement. Nothing  
22 in secs. 200 - 295 of this chapter obligates the state to participate in  
23 or contribute to the cost of operation and maintenance of the capital  
24 improvement.

25 Sec. 43.18.260. SUBMISSION OF CAPITAL IMPROVEMENT PLAN REQUIRED.

26 (a) No funds may be made available under secs. 200 - 295 of this chap-  
27 ter unless the municipality submits to the department a five-year capital  
28 improvement plan showing the capital improvements planned for the muni-  
29 cipality during the next five years, the planned sources of revenues to

1 pay for the capital improvements, and operational costs of the capital  
2 improvements. The department may make no determinations of eligibility  
3 based upon its evaluation of the desirability or priority of a project.

4 Sec. 43.18.270. NOTICE OF GRANTS. The municipality shall furnish  
5 a notice with tax statements mailed for the fiscal year for which state  
6 grants for general obligation bonded indebtedness or cash grants for  
7 capital improvements are received under secs. 200 - 295 of this chapter  
8 setting out the amount made available by the state to the municipality  
9 for that fiscal year. This information shall be incorporated in any  
10 notice to the taxpayer required under sec. 30 of this chapter in connec-  
11 tion with state aid to local governments.

12 Sec. 43.18.280. CONSTRUCTION AND IMPLEMENTATION. (a) Sections  
13 200 - 295 of this chapter may not be construed so as to create a debt of  
14 the state.

15 (b) Funds to carry out the provisions of secs. 200 - 295 of this  
16 chapter may be appropriated annually by the legislature into the muni-  
17 cipal capital improvement account. If amounts in the account are in-  
18 sufficient to meet the allocations authorized by the commissioner under  
19 secs. 200 - 295 of this chapter, the funds available shall be distributed  
20 pro rata among each municipality based upon its computed entitlement.

21 Sec. 43.18.290. REGULATIONS. The department shall adopt regula-  
22 tions necessary to carry out the provisions of secs. 200 - 295 of this  
23 chapter.

24 Sec. 43.18.295. DEFINITIONS. In secs. 200 - 295 of this chapter,  
25 unless the context requires otherwise,

26 (1) "commissioner" means the commissioner of community and  
27 regional affairs;

28 (2) "department" means the Department of Community and Re-  
29 gional Affairs;

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(3) "municipality" means a unified municipality or a home rule borough or a general law borough or city of any class incorporated under the laws of the state.

\* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-070(c).