

Introduced: 2/13/79
Referred: Community &
Regional Affairs and Finance

1 IN THE SENATE

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2 SENATE BILL NO. 216

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

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

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

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

10 ARTICLE 5. CULTURAL FACILITIES.

11 Sec. 43.18.500. CULTURAL FACILITY CONSTRUCTION AND DEVELOPMENT
12 GRANTS. (a) There is established within the Department of Commerce and
13 Economic Development a cultural facilities development fund for the pur-
14 pose of providing state assistance in the construction and development
15 of cultural facilities within those municipalities which actively pro-
16 vide support to the arts and humanities. Within the limits of direct
17 appropriations for the purpose or through the appropriation of the
18 proceeds of a general obligation bond issue, the department shall make
19 grants to municipalities for construction and development of cultural
20 facilities.

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

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

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

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

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the municipality;

(2) the commissioner is satisfied that the sponsoring municipality

(A) has the authority under AS 29.41 or AS 29.48 to provide and maintain a cultural facility;

(B) is able to provide the local share of project construction costs; and

(C) will be financially able to maintain and operate the facility upon completion;

(3) the municipality provides plan designs and specifications, together with blueprints or schematics of detail sufficient to enable the commissioner to verify estimates of construction costs; and

(4) the complete application has been submitted

(A) to the state assessor for his determination and verification that the fair market value of any real property claimed as a credit under (f)(4) of this section is accurate; and

(B) to the Advisory Commission on Cultural Facilities (AS 44.33.400 - 44.33.410) for its review.

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

(1) the municipality shall secure, retain and protect title to the site or location on which the facility is to be constructed or developed; for purposes of this paragraph it is sufficient that title is obtained in fee or by lease by the terms of which the municipality enjoys exclusive use of the land and any improvements for the estimated project life of the facility or the period of maturity of any state

1 general obligation bond a portion of the proceeds of which are used to
2 provide financial assistance for the construction or development of the
3 facility;

4 (2) the municipality agrees to provide the local contribution
5 to project cost required by (f) of this section, and to return to the
6 state any excess contribution by the state as required by (h) of this
7 section;

8 (3) the municipality agrees to proceed with and complete the
9 proposed project expeditiously in accordance with plans originally
10 submitted;

11 (4) the municipality will not materially alter or modify
12 plans for the facility or undertake construction in a manner which
13 materially departs from the approved design and plan for construction or
14 development of the facility without first securing the prior written
15 approval of the officially recognized arts and humanities planning
16 organization of the municipality;

17 (5) the municipality agrees to assume responsibility for the
18 maintenance and operation of the facility, directly or by delegation of
19 responsibility to an entity organized by ordinance of the municipality
20 or to a nonprofit corporation dedicated to the arts and recognized by
21 the municipality; the feasibility of the discharge of this obligation
22 shall be demonstrated to the satisfaction of the commissioner before the
23 payment of any state funds; and

24 (6) the parties agree that if property constructed or deve-
25 loped with financial assistance provided under this section is designed
26 or used for purposes other than for principal use as a cultural facil-
27 ity, the state may require the municipality to reimburse the state for
28 that portion of the market value of the property which the state's
29 investment in the property bears to the total of investment from all

1 sources made in the property.

2 (f) A municipality receiving a grant under this section shall
3 contribute to the total cost of the project. The amount of the munic-
4 ipality's contribution is determined by the application of the formula
5 (average per capita assessed valuation of the muni-
6 cipality/average per capita assessed valuation of
7 the state) x contribution percentage
8 to the estimated total project cost as determined by the commissioner at
9 the time of approval of a grant application. For purposes of this
10 subsection

11 (1) the contribution percentage for

12 (A) a municipality having a population of 5,000 or less
13 is 10 per cent;

14 (B) a municipality having a population of 5,001 to
15 10,000 is 20 per cent; and

16 (C) a municipality having a population of more than
17 10,000 is 30 per cent;

18 (2) if an application is submitted for a municipality for
19 which no average per capita assessed valuation has been determined, the
20 commissioner shall request the state assessor to compute the factor and
21 report it to him;

22 (3) the contribution of the municipality may not exceed a
23 rate equal to the contribution percentage established in (1) of this
24 subsection;

25 (4) there shall be allowed as a credit against the municipal-
26 ity's contribution computed under this subsection,

27 (A) for a project involving construction of a new faci-
28 lity, the fair market value of land acquired by the municipality as
29 the site or location for the facility;

1 (B) for a project involving development of an existing
2 structure or facility, the fair market value of the land and im-
3 provements which are acquired by the municipality and committed for
4 use as a cultural facility;

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

9 (g) If funds appropriated or provided by bond issue for grants
10 under this section are not adequate to satisfy amounts required by
11 approved grant applications, funds shall be allocated by the commis-
12 sioner on the basis of priority determined by the Advisory Commission on
13 Cultural Facilities.

14 (h) If, upon completion of the facility, it appears that actual
15 project costs varied substantially from estimated project costs deter-
16 mined by the commissioner under (d)(3) of this section and

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

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

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

29 (j) The commissioner may adopt regulations to carry out the pro-

1 visions of this section.

2 (k) In this section,

3 (1) "commissioner" means the commissioner of commerce and
4 economic development;

5 (2) "construction" means site preparation, erection of a
6 structure, and acquisition and installation of fixtures and necessary
7 fixed equipment, but does not include completion of feasibility studies,
8 site acquisition or facility design;

9 (3) "cultural facility" means a structure or complex the
10 principal purpose of which is to serve the visual and performing arts,
11 including but not limited to a theatre, concert hall or gallery, or to
12 serve as the repository of the historical or contemporary heritage of
13 the community and its people, and which also may be used for compatible
14 activities, including but not limited to, activities relating to educa-
15 tion, community meetings, tourism, and visitor information.

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

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

22 * Sec. 2. AS 44.19.930 is amended by adding a new paragraph to read:

23 (5) to recommend to the governor a list of persons for con-
24 sideration for appointment to the Advisory Commission on Cultural Faci-
25 lities, in accordance with AS 44.33.400.

26 * Sec. 3. AS 44.33 is amended by adding new sections to read:

27 **ARTICLE 9. ADVISORY COMMISSION ON CULTURAL**
28 **FACILITIES.**

29 **Sec. 44.33.400. ADVISORY COMMISSION ON CULTURAL FACILITIES ESTAB-**

1 LISHED. (a) There is in the Department of Commerce and Economic De-
2 velopment the Advisory Commission on Cultural Facilities.

3 (b) The commission consists of five members, appointed by the
4 governor from a list of candidates provided to him for that purpose by
5 the State Council on the Arts. The members of the commission are
6 appointed for overlapping three-year terms, with two of the members
7 first appointed serving three years, two of the members serving two
8 years, and one member serving a term of one year.

9 (c) The commission shall select a chairman and vice-chairman from
10 its membership.

11 Sec. 44.33.405. TRAVEL EXPENSES AND PER DIEM. Members of the
12 Advisory Commission on Cultural Facilities are not entitled to receive
13 compensation for their services, but they shall receive per diem and
14 travel expenses allowed by law for members of boards and commissions for
15 attendance at a maximum of four meetings per year.

16 Sec. 44.33.410. DUTIES. The Advisory Commission on Cultural
17 Facilities shall

18 (1) by regulation, establish criteria for ranking applica-
19 tions for grants to municipalities for the purpose of construction or
20 development of cultural facilities under AS 43.18.500; the regulations
21 shall provide for the assignment of priority among applications trans-
22 mitted by the commissioner, reserving for the highest priority those
23 applications for financial assistance involving the redevelopment or
24 rehabilitation of a structure qualifying as an historic property or a
25 building of historical value which is part of an historical district;
26 the criteria for ranking applications may include facility need and
27 suitability, public support for construction and maintenance of a facil-
28 ity, availability of land, management capacity, alternatives to comple-
29 tion of the facility proposed, and cost;

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(2) by application of the criteria adopted under (1) of this section, advise the commissioner regarding the approval of requests for financial assistance in the construction of cultural facilities submitted in accordance with AS 43.18.500;

(3) at the request of a municipality, provide assistance in the preparation of an assessment of needs and review proposals and plans for construction or development of a cultural facility, for which financial assistance is requested under AS 43.18.500; and

(4) submit an annual report to the commissioner and the legislature summarizing its activities and expenses.

* Sec. 4. AS 44.33.020 is amended by adding a new paragraph to read:

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

* Sec. 5. AS 29.48.030(14) is amended to read:

(14) libraries, visual or performing arts centers, or museums;