

Original sponsor: Rules/Governor

1 IN THE SENATE BY THE COMMUNITY AND REGIONAL
2 AFFAIRS COMMITTEE
3 CS FOR SENATE BILL NO. 263 (C&RA)
4 IN THE LEGISLATURE OF THE STATE OF ALASKA
5 FIFTEENTH LEGISLATURE - FIRST SESSION
6 A BILL
7 For an Act entitled: "An Act relating to grant administration; and pro-
8 viding for an effective date."
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
10 * Section 1. AS 37.05.315(a) is amended to read:
11 (a) When an amount is appropriated or allocated as a grant to a
12 municipality, the Department of Community and Regional Affairs [ADMIN-
13 ISTRATION] shall promptly notify the municipality of the availability
14 of the grant. When the department [DEPARTMENT OF ADMINISTRATION]
15 receives an agreement executed by the municipality that [WHICH] pro-
16 vides that the municipality (1) will spend the grant for the purposes
17 specified in the appropriation or allocation; (2) will allow, on
18 request, an audit by the state of the uses made of the grant; and (3)
19 assures that, to the extent consistent with the purpose of the appro-
20 priation or allocation, the facilities and services provided with the
21 grant will be available for the use of the general public, the depart-
22 ment [DEPARTMENT OF ADMINISTRATION] shall pay the grant directly to
23 the municipality. The agreement executed by a municipality under this
24 section shall be on a form furnished by the department [DEPARTMENT OF
25 ADMINISTRATION] and shall be executed within 60 days after the effec-
26 tive date of the appropriation or allocation if possible.
27 * Sec. 2. AS 37.05.315(b) is amended to read:
28 (b) An appropriation or allocation for a grant to a municipality
29 for construction of a public facility lapses if substantial, ongoing
work on the project has not begun within three [FIVE] years after the

1 effective date of the appropriation or allocation.

2 * Sec. 3. AS 37.05.316(a) is amended to read:

3 (a) When an amount is appropriated or allocated to a department
4 as a grant for a named recipient that is not a municipality, the
5 department to which the appropriation or allocation is made shall
6 promptly notify the named recipient of the availability of the grant
7 and request the named recipient to submit a proposal to provide the
8 goods or services specified in the appropriation act for which the
9 appropriation or allocation is made. At the same time, the department
10 may issue a request for proposals from other qualified persons to
11 provide the same goods or services in the same area. The department
12 shall award the grant to the named recipient unless the Office of the
13 Governor, with due regard for the local expertise or experience of
14 those making proposals, determines that an award to a different party
15 would better serve the public interest. If the grant is awarded to a
16 party other than that named by the legislature, the basis of that
17 action shall be stated in writing at the time the grant is issued and
18 a copy of the written statement shall be sent to the Legislative
19 Budget and Audit Committee. A grant agreement must be executed within
20 60 days after the effective date of the appropriation or allocation if
21 possible.

22 * Sec. 4. AS 37.05.318 is repealed and reenacted to read:

23 Sec. 37.05.318. REGULATIONS. The commissioner of adminis-
24 tration shall adopt regulations that establish requirements and proce-
25 dures that are necessary to implement, interpret, make specific, or
26 otherwise carry out the provisions of AS 37.05.315 - 37.05.317.

27 * Sec. 5. AS 37.05 is amended by adding new sections to read:

28 Sec. 37.05.331. GRANT REQUIREMENTS. (a) A contract for a grant
29 awarded under AS 37.05.315 - 37.05.317 must require that the recipient

1 spend grant money without discriminating on the basis of race, color,
2 religion, sex, or national origin, and that any facility constructed
3 wholly or in part with grant money be open to the public without
4 discrimination on any of these grounds.

5 (b) A contract for a grant awarded under AS 37.05.315 - 37.05.-
6 317 to a Native traditional or Indian Reorganization Act council, or
7 to any other entity that claims sovereign immunity, must require that
8 the council or entity waive its sovereign immunity, if any, for all
9 purposes connected with the grant, including enforcement of the grant
10 terms and liability arising from activities in connection with the
11 grant. Acceptance of a waiver of sovereign immunity by the state does
12 not imply recognition of the existence of the immunity. The Depart-
13 ment of Law shall provide a suitable form for the waivers.

14 Sec. 37.05.336. PERIODIC REPORTS AND DOCUMENTATION. (a) Each
15 recipient of a grant awarded under AS 37.05.315 - 37.05.317 shall
16 submit to the grantor department progress and financial reports on a
17 periodic basis.

18 (b) Each recipient of grant money shall maintain for a period of
19 three years, or until final resolution of any audit findings, claims,
20 or litigation related to the grant, documentation to support the
21 receipt and disbursement of all money related to the grant. Documen-
22 tation shall be made available, within 30 days after it is requested
23 by the grantor department, to an authorized representative of that de-
24 partment.

25 (c) Grant money, beyond initial advance payments, may not be
26 provided to a recipient unless the recipient has submitted the period-
27 ic progress and financial reports under (a) of this section and has
28 accounted for the use of grant money.

29 Sec. 37.05.341. STATUS REPORT; UNEXPENDED BALANCES. (a) Each

1 recipient of grant money under AS 37.05.315 - 37.05.317 shall submit
2 to the grantor department a status report on each grant within 90 days
3 after the end of the recipient's fiscal year or after completion of
4 the grant project, whichever occurs first. This report must include
5 each grant awarded under AS 37.05.315 - 37.05.317 that has an unex-
6 pended or unobligated balance at the recipient's fiscal year end or at
7 the grant project's completion.

8 (b) An unexpended or unobligated balance identified under (a) of
9 this section that is determined by the head of the grantor department
10 to be no longer needed for the original grant purpose shall be re-
11 turned to the grantor department within 30 days after that determina-
12 tion, for deposit in the state general fund.

13 Sec. 37.05.346. AUTHORITY OF DEPARTMENT HEADS; CRIMINAL PROSE-
14 CUTION. (a) The head of each principal executive department shall
15 determine the allowability of recipient costs incurred under grants
16 awarded by that department under AS 37.05.315 - 37.05.317 and shall
17 require disallowed amounts to be returned to the department.

18 (b) For grants awarded before July 1, 1987, repayment of disal-
19 lowed amounts may be made in a single lump-sum amount or may be made
20 on an installment basis, at the discretion of the department head. If
21 repayment is made on an installment basis, the department head shall
22 require recipients to pay the disallowed amount, in equal payments,
23 over a period not to exceed 10 years, with no interest. If, after
24 five years of payment in conformity with the repayment schedule, the
25 recipient provides an auditor's report that expressly provides satis-
26 factory evidence of adequate internal controls and compliance with
27 grant requirements, the remaining debt is forgiven.

28 (c) In the event of potential or impending default of a recip-
29 ient in the repayments required under (b) of this section, a

1 department head may renegotiate the terms for repayment of the debt
2 and may release the recipient from repayment of disallowed amounts or
3 a portion of them if

4 (1) the recipient has submitted a resolution to the grantor
5 department

6 (A) passed by the governing body, if the recipient is
7 a municipality;

8 (B) passed by the council, if the recipient is a
9 Native traditional or Indian Reorganization Act council;

10 (C) passed by the board of directors, if the recipient
11 is a nonprofit corporation;

12 (2) the recipient provides in the resolution submitted
13 under (1) of this subsection a statement that the relief is needed
14 because the recipient does not have the resources to repay all or part
15 of the disallowed amounts or the repayments would create a significant
16 financial burden for the recipient; and

17 (3) the recipient provides a corrective action plan accept-
18 able to the department head.

19 (d) A department head shall withhold from a grant awarded after
20 July 1, 1987, under AS 37.05.315 - 37.05.317 10 percent of the total
21 amount of the grant. However, this amount may not be withheld if the
22 grant recipient has

23 (1) in the preceding year, submitted an audit report in
24 which no material internal control weakness or instance of noncompli-
25 ance was identified; and

26 (2) complied with AS 37.05.336(a) and (b).

27 (e) If, under (d) of this section, a department head withholds
28 money from a grant, the department head may use the money withheld to
29 offset amounts disallowed under (a) of this section in connection with

1 that grant or for accounting and auditing costs incurred by the
2 grantees in connection with the grant.

3 (f) Amounts disallowed and returned to the grantor department
4 shall be deposited in the state general fund.

5 Sec. 37.05.360. DEFINITIONS. In AS 37.05.315 - 37.05.360,
6 "allocation" and "appropriation" have the meanings given in AS 37.07.-
7 120.

8 * Sec. 6. AS 37.05.315(d) and 37.05.325 are repealed.

9 * Sec. 7. This Act takes effect immediately under AS 01.10.070(c).