

SENATE BILL NO. 141

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 2/25/91
Referred: CRA and Finance

A BILL**FOR AN ACT ENTITLED**

1 "An Act establishing a capital project matching grant program for municipalities and
2 unincorporated communities; authorizing the adoption of regulations; and providing for an
3 effective date."

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

5 * **Section 1.** AS 37.05 is amended by adding a new section to read:

6 Sec. 37.05.322. MUNICIPAL CAPITAL PROJECT MATCHING GRANT PROGRAM
7 AND FUND. (a) The municipal capital project matching grant program and fund are established
8 within the Department of Administration. Subject to annual appropriations to the fund, each
9 municipality is eligible to receive a grant under this section. Amounts for each municipality shall
10 be allocated to individual accounts within the fund. The amount of each municipality's grant is
11 determined by multiplying the annual appropriation for the program by a fraction, the numerator
12 of which is the population of the municipality and the denominator of which is the population
13 of all municipalities eligible for a grant under this section. A municipality receiving a grant
14 under this section may draw amounts from its account for purposes of planning, design, and

1 construction of capital projects or capital improvements, as defined in AS 37.07.120, that will
2 be used for a public purpose. For each draw, the grantee must make a contribution, as
3 determined under (d) of this section, to pay for the local share of the project or improvement
4 financed by the draw.

5 (b) Except as provided in (i) of this section, money appropriated to the fund established
6 in (a) of this section remains in the fund until drawn against by a grantee. Interest earned on
7 grant money in the fund accrues to the general fund.

8 (c) In accepting a grant under (a) of this section, a grantee covenants with the state that
9 it will operate and maintain the capital projects and capital improvements for which the grant is
10 used for the practical life of those projects or improvements, and that the grantee will not rely
11 on the state to operate or maintain those projects or improvements or pay for operation or
12 maintenance. This requirement does not apply to use of the grant money for repair or
13 improvement of an existing facility that is operated or maintained by the state at the time that
14 a draw against the grant for that purpose is taken, if the repair or improvement for which the
15 grant is used will not substantially increase the operating or maintenance costs to the state.

16 (d) Except as provided in (f) of this section, for each draw against a grant awarded under
17 (a) of this section, the amount of the local share equals the local share factor multiplied by the
18 draw, where

19 (1) the local share factor

20 (A) equals the local share percentage divided by the state share percentage;

21 (B) equals 1.0 if the population factor is 1.0 and the local wealth factor
22 is greater than 1.0; or

23 (C) equals 0.11 if the local wealth factor is 0;

24 (2) the local share percentage equals the grantee's population factor multiplied
25 by its local wealth factor; for purposes of this paragraph,

26 (A) the population factor of the grantee is 0.1 if its population is less than
27 1,000 persons, 0.3 if its population is between 1,000 and 4,999 persons, 0.7 if its
28 population is between 5,000 and 10,000 persons, and 1.0 if its population is more than
29 10,000 persons;

30 (B) the local wealth factor of the grantee is the number obtained by
31 dividing its per capita taxable real and personal property valuation by the statewide

1 average per capita taxable real and personal property valuation for municipalities in the
2 state; and

3 (C) if the grantee is an organized borough, both the population data and
4 the taxable real and personal property valuation used for the calculations in (A) and (B)
5 of this paragraph do not include the components of them that are attributable to
6 incorporated communities located within the borough;

7 (3) the state share percentage equals one minus the local share percentage.

8 (e) A grant awarded under (a) of this section may not be less than \$25,000.

9 (f) The amount of the local share calculated under (d) of this section must be adjusted,
10 if necessary, so that it

11 (1) does not exceed 50 percent of the cost of the planning, design, and
12 construction for which the draw is taken under (a) of this section; or

13 (2) is not less than 10 percent of the cost of the planning, design, and construction
14 for which the draw is taken under (a) of this section.

15 (g) For purposes of (a) in this section, the local share may be satisfied from federal or
16 municipal money, locally contributed manpower, materials, or equipment the value of which has
17 been established by the Department of Administration, or money from any other non-state source.
18 The local share may not be satisfied from money derived from appropriations, allocations,
19 entitlements, grants, or payments from the state.

20 (h) The population data and the community full and true assessed valuation data used by
21 the Department of Community and Regional Affairs to establish state revenue-sharing allocations
22 under AS 14.70.140, AS 29.45.110 and AS 29.60.140 - 29.60.150 shall be used to determine the
23 amount of the grant awards made under (a) of this section and the local share under (d) of this
24 section.

25 (i) A municipality shall repay grant money drawn from a grant awarded under (a) of this
26 section for use on a capital project or improvement to the account established under (a) of this
27 section if substantial, ongoing work on the project or improvement is not started within five years
28 after the effective date of the appropriation of the grant. An appropriation or allocation for a
29 grant lapses to the general fund if no draw is taken against a grant awarded under (a) of this
30 section for a period of five years.

31 (j) A municipality awarded a grant under (a) of this section, or agents, or contractors with

1 whom the recipient may contract or subcontract, shall comply with the hiring preferences under
2 AS 36.10 for employment generated by the grant.

3 (k) In this section

4 (1) "appropriation" and "allocation" have the meaning defined for them in
5 AS 37.07.120;

6 (2) "local share" means the contribution required by (a) of this section; and

7 (3) "municipality" has the meaning set out in AS 29.71.800(13).

8 * **Sec. 2.** AS 37.05.318 is repealed and reenacted to read:

9 **Sec. 37.05.318. REGULATIONS AND AUDITS.** Subject to the Administrative
10 Procedure Act (AS 44.62), the Fiscal Procedures Act (AS 37.05), the Executive Budget Act
11 (AS 37.07), and requirements of the federal government for participation in federal programs, the
12 Department of Administration may adopt regulations and impose additional requirements or
13 procedures, including provisions for mandatory auditing and reporting, in order to implement,
14 interpret, make specific, or otherwise carry out the provisions of AS 37.05.315 - 37.05.322.

15 * **Sec. 3.** AS 44.47 is amended by adding a new section to art. 3 to read:

16 **Sec. 44.47.195. UNINCORPORATED COMMUNITY CAPITAL PROJECT MATCHING**
17 **GRANT PROGRAM AND FUND.** (a) The unincorporated community capital project matching
18 grant program and fund is established within the Department of Community and Regional Affairs.
19 Subject to annual appropriations to the fund, unincorporated communities entitled to receive state
20 aid under AS 29.60.140 are eligible to receive a grant under this section. The amount of each
21 unincorporated community's grant shall be determined by dividing the annual appropriation for
22 the program by the number of communities eligible for the program. Amounts for each
23 community shall be allocated to individual accounts within the fund. An unincorporated
24 community receiving a grant under this section may draw amounts from its account for purposes
25 of planning, design, and construction of capital projects or capital improvements, as defined in
26 AS 37.07.120, that will be used for a public purpose. For each draw, the grantee must make a
27 contribution, as provided under (f) of this section, to pay for the local share of the project or
28 improvement financed by the draw.

29 (b) Except as provided in (d) and (h) of this section, money appropriated to the fund
30 established in (a) of this section remains in the fund until drawn against by grantees. Interest
31 earned on grant money in the fund accrues to the general fund.

1 (c) In accepting a grant under (a) of this section, a grantee covenants with the state that
2 it will operate and maintain the capital projects and capital improvements for which the grant is
3 used for the practical life of those projects or improvements, and that the grantee will not rely
4 on the state to operate or maintain those projects or improvements or pay for operation or
5 maintenance. This requirement does not apply to use of the grant money for repair or
6 improvement of an existing facility that is operated or maintained by the state at the time that
7 a draw against the grant for that purpose is taken, if the repair or improvement for which the
8 grant is used will not substantially increase the operating or maintenance costs to the state.

9 (d) The department, with advice from the Department of Law, shall determine whether
10 there is in each unincorporated community an incorporated nonprofit entity or a Native village
11 council that will agree to receive and spend grant money awarded under (a) of this section. If
12 there is more than one qualified entity in an unincorporated community, the department shall pay
13 the money awarded under (a) of this section to the entity that the department finds most qualified
14 to receive and spend the money. The department may not pay the money to a Native village
15 council unless the council waives immunity from suit for claims arising out of activities of the
16 council related to the grant award. A waiver of immunity from suit under this subsection must
17 be on a form provided by the Department of Law. If there is no qualified incorporated nonprofit
18 entity or Native village council in an unincorporated community that is willing to receive money
19 for a grant awarded under (a) of this section, the grant award for that unincorporated community
20 may not be paid and the amount of the award lapses to the general fund. Neither this subsection
21 nor any action taken under it enlarges or diminishes the governmental authority or jurisdiction
22 of a Native village council.

23 (e) Subject to appropriation, a grant awarded under (a) of this section may not be less
24 than \$15,000.

25 (f) The local share required under (a) of this section is 10 percent of the cost of the
26 planning, design, and construction for which the draw is taken under (a) of this section.

27 (g) For purposes of (a) of this section, the local share may be satisfied from federal or
28 local money, locally contributed manpower, materials or equipment the value of which has been
29 established by the Department of Community and Regional Affairs, or money from any other
30 non-state source. The local share may not be satisfied from money derived from appropriations,
31 allocations, entitlements, grants, or payments from the state.

1 (h) An unincorporated community shall repay amounts drawn from a grant awarded under
2 (a) of this section for use on a capital project or improvement to the grantee's account established
3 under (a) of this section if substantial, ongoing work on the project or improvement is not started
4 within five years after the effective date of the appropriation of the grant. An appropriation or
5 allocation for a grant lapses to the general fund if no draw is taken against a grant awarded under
6 (a) of this section for a period of five years.

7 (i) An unincorporated community or entity receiving a grant under (a) of this section, or
8 agents, or contractors with whom the community or entity may contract or subcontract, shall
9 comply with the hiring preferences provided under AS 36.10 for employment generated by the
10 grant.

11 (j) Subject to the Administrative Procedure Act (AS 44.62), the Fiscal Procedures Act
12 (AS 37.05), the Executive Budget Act (AS 37.07), and requirements of the federal government
13 for participation in federal programs, the Department of Community and Regional Affairs may
14 adopt regulations and impose additional requirements or procedures, including provisions for
15 mandatory auditing and reporting, in order to implement, interpret, make specific, or otherwise
16 carry out the provisions of this section.

17 (k) The limitations set out in AS 44.47.140 do not apply to grants made under this
18 section.

19 (l) In this section

20 (1) "appropriation" and "allocation" have the meaning set out in AS 37.07.120;

21 (2) "local share" means the matching contribution required by (a) of this section;

22 and

23 (3) "unincorporated community" has the meaning set out in AS 29.60.140(b).

24 * Sec. 4. This Act takes effect July 1, 1991.