

COMMITTEE REPORT

SENATE

1/28/83

FURTHER:

Date:

3/1/83

Mr. President:

The Committee on FINANCE has had SB 21

Relating to grants for water supply, sewerage and solid waste facilities; eff. date.

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for SB (C&RA) same title
 new title
- and recommends do pass with attached amendment
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]

[Signature]

Bob Mulcahy

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]
CHAIRMAN

HFC

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

I. REQUEST
Bill/Resolution No.: Senate Bill 21
Title: An Act relating to grants for Water
Sponsor: Kerttula, Ferguson & Josephson
Requestor: _____
Date of Request: _____

II. FISCAL DETAIL
Agency Affected: Dept. Environmental Conserv.
Program Category Affected: NRMEC
BRU, Program of Subprogram(s) Affected: _____
Facility Construction & Operation

sewer, and solid waste facilities.

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES		173.7	173.7	173.7	173.7	173.7
200 TRAVEL		32.0	32.0	32.0	32.0	32.0
300 CONTRACTUAL		30.0	30.0	30.0	30.0	30.0
400 COMMODITIES		1.0	1.0	1.0	1.0	1.0
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING X\$1,000		236.7	236.7	236.7	236.7	236.7
CAPITAL		32,400.0	35,600.0	39,200.0	43,100.0	47,400.0
REVENUE		GF	GF	GF	GF	GF

FUNDING: (Thousands of Dollars)

GENERAL FUND	32,636.7	35,836.7	39,436.7	43,336.7	47,636.7
FEDERAL FUNDS					
OTHER (Specify Source)					
TOTAL	32,636.7	35,836.7	39,436.7	43,336.7	47,636.7

POSITIONS:

FULL-TIME	3.0	3.0	3.0	3.0	3.0
PART-TIME	0.5	0.5	0.5	0.5	0.5
TEMPORARY					
TOTAL	3.5	3.5	3.5	3.5	3.5

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

General Fund appropriation

IV. ANALYSIS: Attach a separate page for any Analysis:

Prepared By: Gary Hayden Phone: 465-2610
 Division: Facility Construction & Operation Date: December 5, 1983
 Approved by Commissioner: Richard A. New Date: 12.5.83
 Department: Department of Environmental Conservation

Distribution:
 Original to Legislative Finance
 Copy to Office of Management and Budget (for Legislature introduced bills)
 Copy to Department (for Governor introduced bills)
 Copy to Sponsor
 Copy to Requestor (if different from Sponsor)

Fiscal Note Analysis of SB21 (continued)

Assumptions and Analysis

- 1) It is assumed the Legislature wishes to increase the base level to fund the same number of projects but at a higher level. This will necessitate an increase in capital appropriation administered through Environmental Conservation.
- 2) When the State's financial participation in projects increases from 50% to 75%, most of the capital appropriation for water, sewer, and solid waste projects will be administered by the Department of Environmental Conservation. This would result in a substantial increase in the number of projects processed by DEC.
- 3) The department's existing grant program's staff is consistent with the amount of dollars and projects currently administered and any increase in work level will require an appropriate increase in staff resources. This staff increase will be necessary to ensure grants and payments are made in a timely manner and the existing level of service to communities is continued.
- 4) When projects are administered through DEC, 25% local financial participation will be guaranteed. This will result in an overall savings to the State because projects previously funded at 100% as direct grants can now be funded at 75%.
- 5) Staff increases needed include two environmental engineer positions, one administrative assistant, and 0.5 project auditor.
- 6) Capital budget increase above DEC's FY84 \$46.6 million request is estimated to be an additional \$32.4 million. This would provide a total funding level of \$79.01 million. Preceding years are estimated, with a 10% increase.

SENATE AMENDMENT

By Finance Committee

To: CS for SENATE BILL No. 21 (C&RA)

To: _____ HOUSE BILL No. _____

PAGE: 1 LINE: 15, 27 & 28

Line 15

Following the word "facilities" insert:

, and solid waste processing and disposal

Lines 27 & 82

Delete:

including the cost of replacing obsolete facilities,

Offered: 1/28/83
Referred: Finance

Original sponsors: Kerttula, Ferguson
and Josephson

1 IN THE SENATE BY THE COMMUNITY AND
REGIONAL AFFAIRS COMMITTEE

2 CS FOR SENATE BILL NO. 21 (C&RA)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to grants for water supply, sewerage
7 and solid waste facilities; and providing for an
8 effective date."

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

10 * Section 1. AS 46.03.030(b) is amended to read:

11 (b) The department may grant to a municipality, as funds are
12 available, up to 75 [50] percent of eligible costs not financed by the
13 federal government, for public water supply, treatment and distribu-
14 tion systems and public sewage collection, treatment and discharge
15 facilities for which construction has not commenced on or before July
16 1, 1983 [JUNE 21, 1976]. The eligible cost of a project or portions
17 of a project will be as determined by the federal agency granting the
18 most monetary assistance. On projects or portions of projects, for
19 which federal participation is not available, eligible costs will be
20 determined by the department in accordance with (d) of this section.
21 Projects shall be constructed in accordance with plans and specifica-
22 tions approved by the department.

23 * Sec. 2. AS 46.03.030(d) is amended to read:

24 (d) The department shall, by regulation, identify those costs
25 that [WHICH] are eligible costs for the purposes of this section.
26 Eligible costs include the costs that [ESTABLISHED IN A CONSTRUCTION
27 CONTRACT WHICH] are necessary for construction of a project including
28 the costs of replacing obsolete facilities, but do not include the
29 cost of interest and financing and right-of-way acquisition, or costs

1 related to operation, maintenance, and normal repairs. Eligible costs
2 include the costs of the initial purchase of water delivery and honey
3 bucket collection vehicles if the vehicles are determined by the
4 department to be cost effective compared with conventional water
5 supply and sewage collection systems. Eligible costs also include the
6 cost of facilities for the maintenance and storage of those vehicles
7 [REPAIR OR REPLACEMENT OF A PROJECT].

8 * Sec. 3. AS 46.03.030(e) is amended to read:

9 (e) The department may grant to a municipality not more than 75
10 [50] percent of the eligible costs, including costs of obtaining
11 federal waivers from the requirement for secondary treatment plants,
12 that [WHICH] are not paid for by the federal government for solid
13 waste processing or disposal facilities constructed after July 1, 1983
14 [1980]. However, the department may grant a municipality up to 85
15 [60] percent of the eligible costs not paid for by the federal govern-
16 ment for a solid waste processing or disposal facility constructed
17 after July 1, 1983 [1980], if the facility is used for resource recov-
18 ery. The eligible costs of a solid waste processing or disposal
19 facility are determined by the federal agency granting the most mone-
20 tary assistance for construction of the facility. For a solid waste
21 processing or disposal facility for which federal money is not avail-
22 able, the department shall determine the eligible costs in accordance
23 with (d) of this section. A municipality shall construct solid waste
24 processing or disposal facilities financed by grants under this sec-
25 tion according to plans and specifications approved by the department.

26 * Sec. 4. AS 46.03.900(19) is amended to read:

27 (19) "sewer system" or "sewerage system" means pipelines or
28 conduits, pumping stations, and force mains, and all other appurtenant
29 constructions, devices, and appliances used for conducting sewage,

1 industrial waste, or other wastes to a point of ultimate disposal and
2 includes the original purchase of honey bucket collection vehicles and
3 facilities for the maintenance and storage of those vehicles if the
4 vehicles are determined by the department to be cost effective com-
5 pared with conventional sewage collection systems;

6 * Sec. 5. This Act takes effect July 1, 1983.

THE LEGISLATURE OF THE STATE OF ALASKA
THIRTEENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 21
 Title Grants for water and sewer facilities
 Requested by SCRA Date 1/21/83

II. FISCAL DETAIL

Agency Affected Department of Community & Regional Affairs
 Program Category Affected Community Development
 BRU; Program, Or Subprogram(s) Affected _____
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		-0-	-0-	-0-		

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

This bill revises the State share for local water and sewer construction from 50% to 75%. This is a Department of Environmental Conservation program and will result in no additional fiscal obligations for this Department.

RECEIVED

No fiscal impact.

FEB 9 1983

LEGISLATIVE FINANCE

Richard Rainery

IV. DATE 2/1/83

PREPARED BY Richard Rainery
 AGENCY Dept. of Community & Regional Affairs
 PHONE 465-4703

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/82)

OMB Reviewed by: _____

Introduced: 1/18/83
Referred: Community and Regional
Affairs and Finance

BY KERTTULA, FERGUSON
AND JOSEPHSON

1 IN THE SENATE

2

SENATE BILL NO. 21

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to grants for water supply, sewerage
and solid waste facilities; and providing for an
effective date."

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

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* Section 1. AS 46.03.030(b) is amended to read:

11

(b) The department may grant to a municipality, as funds are
available, up to 75 [50] percent of eligible costs not financed by the
federal government, for public water supply, treatment and
distribution systems and public sewage collection, treatment and
discharge facilities for which construction has not commenced on or
before July 1, 1983. If the project is partly financed by the federal
government, a grant under this subsection may not exceed the
difference between the amount of the federal financing for the project
and 87.5 percent of the eligible costs of the project [JUNE 21, 1976].

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The eligible cost of a project or portions of a project will be as
determined by the federal agency granting the most monetary
assistance. On projects or portions of projects, for which federal
participation is not available, eligible costs will be determined by
the department in accordance with (d) of this section. Projects shall
be constructed in accordance with plans and specifications approved by
the department.

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* Sec. 2. AS 46.03.030(e) is amended to read:

28

(e) The department may grant to a municipality not more than 75
[50] percent of the eligible costs, including costs of obtaining

29

1 federal waivers from the requirement for secondary treatment plants,
2 that [WHICH] are not paid for by the federal government for solid
3 waste processing or disposal facilities constructed after July 1, 1983
4 [1980]. However, the department may grant a municipality up to 85
5 [60] percent of the eligible costs not paid for by the federal
6 government for a solid waste processing or disposal facility
7 constructed after July 1, 1983 [1980], if the facility is used for
8 resource recovery. The eligible costs of a solid waste processing or
9 disposal facility are determined by the federal agency granting the
10 most monetary assistance for construction of the facility. For a
11 solid waste processing or disposal facility for which federal money is
12 not available, the department shall determine the eligible costs in
13 accordance with (d) of this section. A municipality shall construct
14 solid waste processing or disposal facilities financed by grants under
15 this section according to plans and specifications approved by the
16 department.

17 * Sec. 3. This Act takes effect July 1, 1983.

POSITION PAPER ON SENATE BILL 21
by the
DEPARTMENT OF ENVIRONMENTAL CONSERVATION
Before the
SENATE FINANCE COMMITTEE
March 1, 1983

Senate Bill No 21 amends existing statute AS 46.03.030. This statute authorizes the Department of Environmental Conservation to award grants up to 50 percent of the eligible costs for water, sewerage, and solid waste facilities. The primary purpose of the amendment is to increase the State's grant percentage from 50 to 75 percent. The bill also provides for an effective date.

This bill contains the same major provisions as SB 252 which passed the Legislature last year and was vetoed by Governor Hammond due to several minor provisions not found in SB 21. In his veto statement Governor Hammond stated his support for the basic legislation and his intent to recommend that the new administration reintroduce the bill this session. The Sheffield administration also supports the concept.

The Department supports this legislation for several reasons:

- 1) Small municipalities are often unable to raise the 50 percent local match required under the existing statute. The proposed amendment will allow many of these municipalities to improve their basic sanitation services.
- 2) Federal matching grants have been drastically reduced. Adoption of SB 21 with the accompanying fiscal note will help offset the impact of decreased federal revenues.

- 3) Alaska's residents will receive a nontaxable financial benefit. An increase in State funds will reduce LID and property assessments, thereby providing a financial benefit. Since there is no direct monetary gain for the taxpayer, there can be no increase in their federal income tax.

The Department respectfully recommends that the committee consider one amendment to SB 21, which will make the Bill consistent with the administration's proposal. We request that SB 21 be amended as follows.

Add a provision in Section 1, AS 46.03.030 after line 19, page 1.

Total State funding, from all sources, shall not exceed 75 percent of eligible project costs not financed by the federal government.

This provision prevents the municipal grants program from fully matching appropriations, which would result in 100 percent project financing by the State. Requiring a minimum of 25 percent local funding will provide for more local project management.

Adoption of SB 21 will result in construction of projects that would not have been built under the 50 percent funding program. As a practical matter, however, there is no means by which we can reliably predict which projects will be affected or their costs. The attached fiscal note estimates that if the base level of funding remains constant at \$30.0 million per year, the effect of this bill will be approximately \$19.5 million in FY-84.

Thank you for the opportunity to present these comments. I will be happy to address any questions you may have.

COMMITTEE REPORT
SENATE

FURTHER FINANCE

1/18/83

Date:

Jan. 27

Mr. President:

The Committee on COMMUNITY & REGIONAL AFFAIRS has had SENATE BILL NO. 21

An Act relating to grants for water supply, sewerage and solid waste facilities; and eff. date.

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for SENATE BILL No. 21 same title
 new title
- and recommends DO PASS
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

1 [Signature]

1 [Signature]

1 [Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

1 [Signature] (Do Pass)
CHAIRMAN