

SB 142

SENATE FINANCE COMMITTEE REPORT

DATE: 2/25/91

FURTHER:

Date of 5-Day Notice: 5-8-91
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 5-19-91

The Finance Committee considered SB 142

Special appropriations for a capital project matching grant program for municipalities and unincorporated communities; efd.

and recommended:

replace with _____ CS SB142 (Fin)
 or adopt _____ CS _____

same title
 new title
 technical title change (HB only)

attached amendment(s)
 _____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

ATTACHES NEW FISCAL NOTE(S):
Dept/Date:

fiscal note(s) _____

zero fiscal note(s) _____

APPROVES PREVIOUS:

Dept/Date:

fiscal note(s) _____

zero fiscal note(s) _____

appropriation-no fiscal note

SIGNING DO PASS:

[Signature]
[Signature]
[Signature]
[Signature]
1. [Signature]

OTHER RECOMMENDATIONS:

Al Adams - No Rec - Need COIA Added
[Signature]
[Signature]
2. [Signature] Do pass

Co-Chairs: Signatures and Recommendations

DRAFT

DRAFT

DRAFT

DRAFT

5-19-91
Moved
Adopted

CS FOR SENATE BILL NO. 142 (FINANCE)

"An Act making a special appropriation for a capital project matching grant program for municipalities and unincorporated communities; and providing for an effective date."

* Section 1. The sum of \$48,050,000 is appropriated from the general fund to the municipal capital project matching grant fund for grants for capital projects and capital improvements for municipalities under AS 29.60.500.

* Sec. 2. The sum of \$1,950,000 is appropriated from the general fund to the unincorporated community capital project matching grant fund for grants for capital projects and capital improvements for unincorporated communities under AS 44.47.195.

* Sec. 3. This Act takes effect on the effective date of an Act establishing a capital project matching grant program for municipalities and a capital project matching grant program for unincorporated communities.

CS FOR SENATE BILL NO. 142 (FINANCE)
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:

Referred:

Funding Information:	General Fund	\$ 50,000,000
	Other Funds	<u>-0-</u>
		\$ 50,000,000

Sponsor(s): SENATE RULES/GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act making a special appropriation for the capital project matching grant program
 2 for municipalities and making a special appropriation for the capital project matching grant
 3 program for unincorporated communities; and providing for an effective date."

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

5 * **Section 1.** The sum of \$48,050,000 is appropriated from the general fund to the municipal capital
 6 project matching grant fund (AS 29.60.500) for grants for capital projects and capital improvements for
 7 municipalities.

8 * **Sec. 2.** The sum of \$1,950,000 is appropriated from the general fund to the unincorporated
 9 community capital project matching grant fund (AS 44.47.195) for grants for capital projects and capital
 10 improvements for unincorporated communities.

11 * **Sec. 3.** This Act takes effect on the effective date of an Act establishing a capital project matching
 12 grant program for municipalities and a capital project matching grant program for unincorporated
 13 communities enacted before the convening of the Second Regular Session of the Seventeenth Alaska
 14 State Legislature.

WALTER J. HICKEL
GOVERNOR



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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 25, 1991

The Honorable Richard I. Eliason
President of the Senate
P.O. Box V
Juneau, AK 99811

Dear President Eliason:

In accordance with art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill establishing a capital project matching grant program for municipalities and unincorporated communities.

The capital project matching grant program has two main objectives. One is to encourage a sense of local ownership in capital projects by requiring municipalities and unincorporated communities to participate financially in them. This local participation will help grantees to determine their highest priorities and help ensure that only the most important and cost-effective projects are undertaken. The second objective is to leverage the use of state money in the financing of capital projects, which will be a particularly important policy to adopt given the possibility of declining state revenue in the future.

Essentially, the capital project matching grant program would function as a block grant program for local capital projects, which under this bill would be selected by the grantees. All incorporated and unincorporated communities in Alaska would be entitled to receive a grant under the program, subject to annual appropriations for the program. Under one part of the program, administered by the Department of Administration, every city and borough would receive at least \$25,000 a year. Under the second part of the program, administered by the Department of Community and Regional Affairs, every unincorporated community in the unorganized borough would receive at least \$15,000 a year. Grant entitlements under the program would accumulate from year to year, remaining available to the communities unless no use is made of them for five years.

Annual appropriations for the program would be made to two separate funds established in the bill, one for municipalities and a second for unincorporated communities. Annual grant awards for municipalities would be determined by a pro rata allocation of the annual appropriation amount based on the population of recipient communities; for unincorporated communities located outside municipalities, by a pro rata allocation of the annual

Honorable Richard Eliason - 2 -

appropriation amount based on the number of recipient communities (essentially, the unincorporated communities that participate in the state revenue sharing program).

Each time a municipality draws upon its grant account, the draw would be subject to a local matching requirement based on the grantee's population and relative local per capita wealth (assessed valuation); i.e., the larger and wealthier a municipality is, relative to the statewide average for municipalities, the greater its required matching share would be, and vice versa. The formula for calculating the local share is contained in the bill. The bill also establishes a maximum local share for municipalities of 50 percent of the amount devoted to projects and a minimum local share of 10 percent.

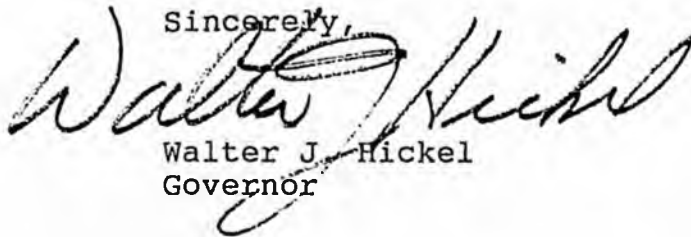
Each time an unincorporated community located outside a municipality draws on its grant account, the draw would be subject to a local matching requirement of 10 percent of the work for which the draw is taken.

For all grant recipients, the local share may be satisfied from federal or municipal money, locally contributed manpower, materials or equipment, or money from any non-state source. The use of state money as the local share is not allowed under the bill, so as not to undercut the fundamental purposes of the program.

The Act would take effect on July 1, 1991. An appropriation bill for the grant programs enacted by the bill is being submitted along with this legislation.

This bill is important because of the precedent it sets in requiring a local stake in capital projects, and because it allows limited state financial resources to support a greater number of needed capital projects and capital improvements than otherwise would be possible. It also is important because it allows local communities to determine the projects which will best suit their local needs. For all of these reasons, I seek and encourage your support for this bill.

Sincerely,



Walter J. Hickel
Governor