

LEG. FINANCE - BILLS 1979 - 1980 1127

CASH 578 cont. 1127

would have done what they were required to do.

SENATOR JALMAR KERTTULA - No, but suppose it was really a sensitive breach of contract, they misused the funds, maybe not through knowledge . . .

ROD PEGUES - That's the point, you have to write a contract, or have a court imply a contract, say "Here's the minimum you were required to do," which of course you don't like to do . . . it'll be very minimum if the court does it. So it would be up to the Department of Administration in one, I mean, they're going to need a couple of new positions to be grants administrators to write these--what you're going to do with the money. Because that's the only way you can really enforce these things. The outright crook you could prosecute.

SENATOR JALMAR KERTTULA - Mr. Chairman, there's one thing that occurs to me and that is the following, and it's been a long time experience of mine that if people you make grants to, and you had the political leadership . . . taken the leadership in making them, and they misuse them, it occurs to your negative satisfaction and, you know you really get blemished by that.

SENATOR BILL RAY - It makes you look like a jackass!

SENATOR JALMAR KERTTULA - Yah, and you're pretty soon watching that sort of thing. You just don't give them to just anybody. You make certain there's some public entity. I've got a case in example: Sutton community hall, which took all summer. Just \$10,000. We had a fire code problem. They have no local tax

base, but they pay a lot of taxes in the borough. Couldn't make anything stick, so we put \$10,000 in. Like a lot of these, those people have been in business for 35 years, since the coal mines, and they're honest as the day is long. Every dime is going to be spent the way it's supposed to be. They're now a legal entity, I guess. They're sort of a non-profit, like a library association or something. We make a good point when you say you don't want them to go through a \$5,000 audit, on the other hand, you'd kind of like to know they did it right. Eventually we used the borough, a second class borough, which probably has no real legal powers either, to pull through the money.

ROD PEGUES - Well you see Sutton was easy because Sutton was building a physical structure. Department of Natural Resources, I think, administered the money.

SENATOR JALMAR KERTTULA - Wasn't easy to get it going.

ROD PEGUES - They had trouble finding a community club to take care of it, but they did find one. It was a mountaineering club or something like that. And, they were willing to take the money and be responsible for building the building. And all you had to do was drive by one day and see the building.

SENATOR JALMAR KERTTULA - Well, yes, but that isn't the specific. The building is there, it just needed some firewalls.

ROD PEGUES - Yah, put in there, do the work. So, that's easy to check. Other things are much more difficult to check.

DICK SMITH - Although I understand what you say, that presumably the regulations that were proposed are not as clear and as simplified as you'd like them, basically, the intent of those was to indicate that a number of problems that have occurred in the past were because rules and regulations did not exist. Now the intent, and maybe it wasn't satisfied by drafting up those rules and regulations there, were to simplify, I understand you have a problem--those weren't adopted as far as I know, but were to simplify that monitoring process between the grantee and the state. And the reason for having a simplified set of procedures (inaudible) limit the amount of work to the grantee, but at the same time be able to provide the state with a way to monitor the activity of that grant progressively through its expenditure, and say "If something is going wrong, let us be able to speak up now." It was a tool for monitoring. As they say, they've become much too complex, but they were not intended to be that. It was to be a reporting system between the grantee and the grantor for us to monitor.

SENATOR GLEN HACKNEY - Mr. Chairman, we hear that constantly. And, I'd like to address that comment to Mr. Pegues. It appears to me that the attorney general's office is terribly protective of the regulation writers. You don't want anybody to get at them in any way.

ROD PEGUES - No. I wish they'd all be put on a desert island. We have to review those things. It's terrible. I'm just talking about the practical problem of administering the law. I mean, I'd rather do it with forms. It's so much easier to

do it with forms. But in order to adopt a form, you have to adopt a regulation. I mean you could give these people-- especially small grant people--a form to send in periodically that they would certify at the bottom what they spent the money for. Just a simple recitation, and they'd send it in two, three, four times a year depending upon the size of the grant and the nature of the project. And the grants administrator decides at the outset--just gives them a book of forms and says "Here, we expect to hear from you." Then if the guy takes the money and runs to Venezuela after certifying that he spent it for a public purpose, you can at least prosecute him. But we can't do that.

SENATOR BILL SUMNER - Why not?

ROD PEGUES - Well, because you have to adopt a regulation.

SENATOR BILL SUMNER - Mr. Chairman.

SENATOR JOHN SACKETT - Senator Sumner, then Senator Ray.

SENATOR BILL SUMNER - Somewhere between . . . you know if that was the attitude of the department, you wouldn't see 47 pages of an item here, you'd have seen a form and we wouldn't be holding this discussion.

ROD PEGUES - They're trying to cover everything; they're trying to cover all the grants and packages for the whole thing. I'm just talking about this one aspect of it--checking on progress.

SENATOR BILL SUMNER - I understand, but then I wouldn't want to see a form for every \$10 increment of a project. Why couldn't that be done in terms of the form, if you just explain very

simply, very straightforward and be done with it.

ROD PEGUES - It could be done.

SENATOR JOHN SACKETT - Got a good suggestion here. Why don't you draft a one-page form of what is required, and we'll incorporate that as a part of the legislation. And we've done that in the past, before, with municipal revenue sharing where we incorporated the form that was supposed to be used.

ROD PEGUES - Okay. On these grants, I wonder if we could go back to this problem. . .

SENATOR JOHN SACKETT - Can you do that?

ROD PEGUES - Yah, I think we can. I think we can. Community and Regional Affairs has some of those things too, and I think we can.

SENATOR BILL RAY - With the proviso, Mr. Chairman, that when they get this form, that we should be able to look at that form, because they might put stuff in that form that nobody could comply with.

SENATOR JOHN SACKETT - Oh yah, no, it would be part of the law.

ROD PEGUES - No, we'll bring it back here.

SENATOR BILL RAY - All right, but when you get down to subsection (b) here again, you better add the words "administrative policy," or you're going to have a . . . the same old bureaucracy again.

SENATOR JOHN SACKETT - Yah. Can you do that?

ROD PEGUES - Yes.

SENATOR JOHN SACKETT - Form for both municipalities and non-profits. Very good.

SENATOR BILL RAY - And make the necessary change about administrative . . . the only thing that we require is the things that are on that form, and then all the rest of it we aren't interested in.

SENATOR BILL SUMNER - (inaudible) to that amendment?

SENATOR JOHN SACKETT - Go ahead.

SENATOR BILL SUMNER - . . . or any other restrictive procedures . . . (inaudible) I don't care what you call it. I know you guys (inaudible).

(Laughter)

ROD PEGUES - On the other question about what, what eventually . . . be ruled about the direct grants for carrying out governmental programs, or programs by contracts, it probably would help get a favorable ruling if the method of application for these grants were standardized by the legislature. If people would apply on a form that would explain where they're coming from, what they intend to do, how much money they need for this project. It would probably help if that were included in the budget process. In other words, write this in (END OF TAPE #33).

(BEGIN TAPE # 34)

SENATOR BILL RAY - . . . 37 to see . . . and also the allowable duties of the commissioner there is to make regulations consistent with and bla, bla, bla. Be sure we cover that so that they don't . . . so that we aren't just covering the Administrative Procedures Act, the fiscal procedures act, and the executive budget act, and leaving under the grant act all the right and title and will make regulations or we'll have them back with us. You know what I'm saying. Make it air tight.

SENATOR JOHN SACKETT - How does that sound?

ROD PEGUES - Nothing's air tight. (Laughter) But, yes, I know what you want here and I don't see . . . that doesn't present a real problem. But I mean we have to figure out some simple but effective way of managing the program. I mean the use of grants as a functional matter, obviously, brings a lot of flexibility to government, and should be encouraged.

SENATOR JOHN SACKETT - Okay. Thank you very much. You'll work on that and have it to us by tomorrow?

ROD PEGUES - If I can find . . . I want to look at Community and Regional Affairs, and I don't know if anybody is down there today.

SENATOR JOHN SACKETT - Oh, that's right you have a holiday today. Well, we'll be meeting tomorrow at about 2:15.

ROD PEGUES - I think we can have something here, at least enough for the committee to look at and say that this is the type of thing . . .

SENATOR JOHN SACKETT - A work draft?

ROD PEGUES - Yes.

SENATOR BILL RAY - If we could just call Mr. Pegues' attention . . . 'cause I have the feeling that he wrote the majority of this letter that was sent to the President of the Senate and Speaker of the House in reference to the budget. And in there on page 2, he talks about the use of the appropriations bill for pass-through grants where a grants program has not been established by law creates both legal and administrative problems because of the absence of standards for determining recipients

and amounts. Could you establish us those standards, and we'll provide the amounts.

ROD PEGUES - (inaudible due to overvoices) . . . that's in my own mind the solution I came up with as the way to do it. You either have to have a program with standards--that is a statute which provides . . .

SENATOR BILL RAY - You wrote this whole thing.

ROD PEGUES - Oh, I probably had a little to do with it.

SENATOR BILL RAY - You wrote it all, I remember discussing it with you (laughter). Correct the problems that you've helped us with.

SENATOR KERTTULA - Rod, can a second class borough that doesn't have certain rights, only those voted in beyond a couple allotted them under the law (inaudible), can they do some of the things? Do they have the rights to handle funds passed through and so on (inaudible) (overvoices).

SENATOR BILL SUMNER - I think he's got the answer. One last sentence that says, "Thou shalt not do anything that the legislature wishes not done."

SENATOR JOHN SACKETT - Let's take a three-minute break, okay?

(END OF MEETING)

TRANSCRIPT
SENATE FINANCE COMMITTEE MEETING
APRIL 29, 1980
RELATING TO CSHB 578 am

SENATOR GEORGE HOHMAN - Mr. Chairman.

SENATOR JOHN SACKETT - Senator Hohman.

SENATOR GEORGE HOHMAN - The attorney general was up asking if we'd seen the amendments (inaudible due to mixture of voices). Mr. Kocsis is here. He can update us.

SENATOR JOHN SACKETT - Good.

(Brief discussion of budget review)

SENATOR BILL RAY - Aw no, no, no, no, no, no.

SENATOR JOHN SACKETT - Can I get a copy?

ROB KOCSIS - I'm sorry Mr. Chairman . . .

SENATOR BILL SUMNER - No, absolutely not. That the . . .

SENATOR BILL RAY - Not if the contract is awarded to another party, then they're making the award again. God damn it.

SENATOR JOHN SACKETT - (Reading from draft bill) "Shall contract with the named recipient unless the" . . . Do you want him up here? Do you want him up here, Av?

SENATOR BILL RAY - Why yah, just tell . . . yah get him up here.

SENATOR BILL SUMNER - This is so far from what we . . .

SENATOR BILL RAY - Now this is going right back to the Mickey Mouse first deal again. They'll make the determination where the grant goes. Bull (inaudible) they will!

SENATOR JOHN SACKETT - (Presumably on the telephone) John Sackett. Hi, can you come up here for a minute? Un huh, no, really, okay, thank you. Can you give him five minutes?

UNIDENTIFIED VOICE - No.

RECESS

RECONVENE

SENATOR BILL RAY - . . . simplify anything.

AVRUM GROSS - Of course.

SENATOR BILL RAY - The hell it does.

AVRUM GROSS - "Unless," it shall cont ct with the named recipient, "unless" . . .

SENATOR BILL RAY - I didn't say that.

AVRUM GROSS - This is your language. I took your language.

SENATOR BILL SUMNER - These were proposals that were discussed though.

AVRUM GROSS - You told me you wanted option 2, so I took option 2 and I looked at it, I reviewed it, and I tried to put it into decent language.

SENATOR BILL RAY - (Reading from draft) "Unless the department finds and states in writing the basis for its findings that award of the contract to the named recipient would not be in the best public interest."

AVRUM GROSS - Exactly. So I tried to clean that up language-wise (inaudible due to overvoices).

SENATOR BILL RAY - Yah, but you don't make any award. You don't give it to anybody else. You don't do anything with it. You just leave it alone.

SENATOR BILL SUMNER - Option 2 says . . .

SENATOR BILL RAY - And the money . . . until you can find somebody that's agreeable.

AVRUM GROSS - No. No, we went on the basis . . . I mean I thought we were compromised. You don't want to compromise.

SENATOR BILL RAY - Yes we do.

SENATOR BILL SUMNER - The language that I understood you took back, Av, was number 2 at the top here. "The department shall contract with the named recipient, unless the department in writing documents and proves that another provider of goods and services is better qualified to serve the public interest." That was what we talked about here.

AVRUM GROSS - I'm sorry, Bill, I was under the impression that 1, the one on the top, at another--was directed at another section of the bill.

SENATOR BILL SUMNER - Yes.

AVRUM GROSS - And, then, there were three options for the section we were quibbling over yesterday. And I thought I was told, correctly I think, that option 2 was the one that . . . because I said, you know, I thought option 1 was bad and I liked something else, and then the committee said to me "consider option 2" so I . . .

SENATOR BILL SUMNER - You've only got three options here, Av. Which is the problem.

AVRUM GROSS - Let's see, one, two, three.

SENATOR BILL SUMNER - No, no, this is option 2 here.

AVRUM GROSS - Here's . . . this is . . . this isn't 1 . . .
these aren't two options.

SENATOR BILL SUMNER - No, I understand that, this is on the
front page.

AVRUM GROSS - Yes.

SENATOR BILL SUMNER - And this is on the top of the second page.
And this was one of, of . . .

AVRUM GROSS - Of several options.

SENATOR BILL SUMNER - Of three options.

AVRUM GROSS - This was the second.

(Inaudible due to multiple voices)

SENATOR BILL RAY - No, the first was the amendment. The first
was the amendment and the second is a proposal.

AVRUM GROSS - I'm sorry, I'm . . .

SENATOR BILL RAY - This is an amendment to the first part.

AVRUM GROSS - And that was fine. There's no problem on that.

SENATOR BILL RAY - And this is the proposal here.

AVRUM GROSS - Yah, there were three--there were three basic
options on the proposal.

SENATOR BILL RAY - This is the one that you said you'd be
more comfortable with.

AVRUM GROSS - No.

SENATOR BILL RAY - Yes it is. (Inaudible) These are something
we've never ever seen.

AVRUM GROSS - This is what was sent down to me. Remember, I asked for them in writing.

SENATOR BILL RAY - This is all you should have got.

AVRUM GROSS - Well, this is what I did get. And I remember you saying, "Consider the second option." So I worked on the second option.

SENATOR BILL SUMNER - We're back to square one. For the second one here, Number 3, as I understood it--Bill, see if you agree with this--Number 1 was the "give more weight," and Number 2 was as written here. And then Number 3, I forget how strong Number 3 Oh, Number 3 was that you had to show that the contract was not in the public service. Do you remember?

AVRUM GROSS - Well, I don't know. That must be this one "an award of the contract." The bill the way I had it was to say that the legislature would (inaudible due to multiple voices). You wanted it further than that. You want it to say that it will be awarded to (inaudible) unless you can show . . . but that (inaudible) what I started to do. But I wouldn't I didn't. . . one second, one second. (inaudible due to multiple voices)

SENATOR BILL RAY - If you don't give the contract to who we want it to, you don't give it to anybody. That's the idea.

AVRUM GROSS - Well, that raises different issues. I'm sorry.

SENATOR BILL RAY - Doesn't do anything else but.

(inaudible portion of tape due to multiple voices--several conversations occurring at one time)

SENATOR BILL SUMNER - Number 1 was the great weight.

AVRUM GROSS - That was what was in the bill.

SENATOR BILL SUMNER - That's right.

(Break in continuity of tape as though recorder was momentarily turned off, and later turned on again.)

AVRUM GROSS - . . . to an animal shelter. The Gastineau Animal Shelter.

SENATOR JOHN SACKETT - No Fairbanks Pet Pride.

AVRUM GROSS - Okay, Fairbanks Pet Pride.

SENATOR BILL RAY - As a practical matter, you wouldn't have any . . . you would say (inaudible).

AVRUM GROSS - Let me just finish. What if it were an area where there are two or three. The legislature designates one for pet control or something. All right, in the extreme case where the department might want to get in the legislature's way-- since the legislature adjourned somebody gets convicted of a felony or in trouble, somebody . . . you know--something happens that makes the award absolutely impracticable. Do you really want to not to award it for (inaudible)?

SENATOR BILL RAY - Yes.

AVRUM GROSS - What good does that do?

SENATOR BILL RAY - They didn't have it the year before, and they can wait 'til we get back, and you better have documentation that the one you didn't give it to was the wrong one. (inaudible) and you don't give the contract to anybody. Nobody would be offended.

AVRUM GROSS - It isn't public purpose to do what? Give it to the one the legislature wants, or give it for that purpose.

SENATOR BILL RAY - If you don't think it is . . . you make that determination.

SENATOR GEORGE HOHMAN - You can subvert, you can subvert the legislative intent by putting in one (inaudible).

SENATOR BILL RAY - That's right.

AVRUM GROSS - I'm sorry, George, I can't hear you.

SENATOR GEORGE HOHMAN - I said, you can subvert the whole intent. It doesn't go, right, to one organization. If you want to select an organization that has the philosophy that you think will do the best to serve the public need. Now if it is diverted from that one into another one which may have a contrary (inaudible) philosophy . . . you kill it. What Senator Ray is suggesting is rather than face that, let's just stop the appropriation.

SENATOR BILL RAY - Right. Let's just stop the whole thing.

AVRUM GROSS - You know somebody raised the other day the problem of this: What happens, for instance, in corrections when you want to get money to a diversion program, and you're in favor of diverting alcohol offenders, let's say. And you want it to go to a program that diverts alcohol offenders. Now, the question was raised, how do we make sure that the department of corrections--it was Russ I think who was concerned about it--how do we make sure that the department of corrections won't give this to an organization that basically believes totally

the contrary.

SENATOR GEORGE HOHMAN -- Umm hmm.

AVRUM GROSS - Okay, I mean, they've been screwing us for years. Okay. So, I said, "Make sure you write into the grant the specific purposes for which it's to be used."

So that they can't go to a different organization. And with what Bill is suggesting now, you're giving the departments the power to basically stop the kinds of things that you ant.

SENATOR BILL RAY - That's fine.

SENATOR GEORGE HOHMAN - That's fine. Then (inaudible due to multiple voices).

AVRUM GROSS - I mean you're saying that if they don't like alcohol (inaudible) programs, they just won't award the grant. They've decided it's not in the public interest.

SENTATOR BILL RAY - If they don't think that the guy that we're giving it to isn't in the best public interest, then I'd just as soon it didn't go, in my district. I wouldn't care for the program. And if you tell me on a legal basis . . . all you have to do is say it's not in the best public purpose and not in the best interest and therefore we refuse . . . just like you told us before, and you take a great pride in saying "I'm going to uphold the law." Well, there's your chance to uphold the law right there. And nobody will be mad at you.

SENATOR JOHN SACKETT - Well, why don't you just, you know, take that one step further. For example here in Juneau. Remember when we were putting money into St. Jude and that's a specific thing we wanted to put money into.

SENATOR BILL RAY - Right. Now if they want to take it and put it into St. Martha's, I don't want it into St. Martha's or I don't want it into a Baptist College out here. I want it into St. Jude's Center period. If it don't go there, it can stay in the general fund.

AVRUM GROSS - John, this is what we're basically arguing about. I know that's what, you know, Bill wants to accomplish. He wants to be able to designate the party who directly receives the grant. That's where we all started from.

SENATOR BILL RAY - But if you approve, if you approve that it's for a public purpose like the Constitution says, and if you agree that it's for a public purpose and there's nobody else, fine. You can say, and and you go ahead and say there's nothing wrong with that and then go ahead and give it to the recipient. If you disagree, all you have to do is put it in writing and it's the same as a gubernatorial veto. It's the same damn thing.

AVRUM GROSS - All right.

SENATOR BILL RAY - It's like a line-item veto.

AVRUM GROSS - Bill, this is not what I thought you wanted me to do, last night. And so I did not consider . . .

SENATOR BILL RAY - It's a change.

AVRUM GROSS - Well, okay.

SENATOR BILL RAY - Because you changed it.

AVRUM GROSS - No I took what I thought you had asked me to revise, and revised it. Hmm. I want to think about it for a minute. Okay? I don't want to get into a hassle with you before I reflect on it. Okay? Sorry to hold it up, but

I'm really . . . this isn't what you asked me to do last night.

SENATOR BILL RAY - You understand what we're saying.

AVRUM GROSS - I understand what you're saying, I'm (inaudible).

SENATOR BILL RAY - And we're trying to make it not any harder on you. You can make it just like a line-item veto.

AVRUM GROSS - I understand, Bill, (inaudible).

SENATOR BILL SUMNER - Av, think of it in this light, though.

If the legislature wants to fund something, it seems to me that there is a legitimate and rational argument that if it doesn't go to that purpose, then the legislature doesn't want it funded.

SENATOR BILL RAY - That's right.

AVRUM GROSS - I agree with you. I agree with you. But he's not talking about purpose. He's talking about individual organizations.

SENATOR BILL SUMNER - Well . . .

AVRUM GROSS - I agree with you.

(END OF TAPE #37)

(BEGIN TAPE #38)

SENATOR BILL SUMNER - . . . if you want to. And as long, I think, as it went to that person or that recipient, there would be no argument. And simply if you find that it's not in the best public interest, and you think the legislature has made a mistake, then you simply fund nobody.

AVRUM GROSS - Bill, you realize what can happen here, of course, and I'm just discussing from not the legal but the practical application to this, suppose the Governor line items the items

And you override his veto. I mean, you haven't overridden his veto at all. I mean, what you're basically saying is, "We've overridden his veto, but the departments can spend it or not spend it, depending on whether they think it's for a public purpose."

SENATOR BILL SUMNER - Yah. But I think what we're saying, though, that gives us an opportunity to address this subject when we come back. Otherwise, now you've brought somebody else into the picture that we didn't want to cultivate-- that we didn't want particularly in the picture, and they've been funded. And we think that that appropriation or that disbursement is against legislative authority.

SENATOR BILL RAY - See, if you hadn't been screwing around with the Legislative Council and saying that committees of the legislature can't do this and that, you could have allowed the . . . when there was a disagreement and you guys made it in writing, you could present it to the council and the council could say, "Okay, we agree with your determination, and go ahead and grant it to that." Or the council could turn around and say, "No, as far as we're concerned, we don't want the grant put out." And then you'd be safe. But no, you guys had to play the big strong arm games.

SENATOR BILL SUMNER - But, is there anything in your view that the legislature could do in terms of this structure to go further and say, "If it's determined that it's not in

the best public interest, do not fund it." That would be clear intent on the part of the legislature then that unless it goes in that direction, it's not an approved expenditure.

AVRUM GROSS - The only problem is that you're talking a little bit apples and oranges, Bill, because your talking about is it in the public purpose.

SENATOR BILL RAY - That's what the Constitution says, Av.

AVRUM GROSS - Yah, but wait a second. We're not agruing, Bill, about whether or not an appropriation has to be for a public purpose--all appropriations have to be for public purposes to be valid. All right? We're agruing about whether or not the legislature, or someone else, has the right to select a grantee. That's all we're arguing about, not whether the grantee has a public purpose.

SENATOR BILL RAY - Well, what in essence is . . . you're still picking the grantee.

AVRUM GROSS - That's right. No we're not! What you're saying . . .
No!

SENATOR BILL RAY - But you're giving approval of it. You're giving legal approval that that person serves the best public interest.

AVRUM GROSS - Well you're not talking about public purpose then you're talking about public interest.

SENATOR BILL RAY - Well let's get back to public interest.

AVRUM GROSS - You're talking about public interest.

SENATOR BILL RAY - All right that serves the best public interest.

AVRUM GROSS - Okay, see, what you're saying is . . . you want to say, the legislature will designate a grantee . . . let me just see if I understand this problem . . . legislature will designate a grantee. If the department decides that awarding it to that grantee as opposed to some other grantee would not be in the public interest, then it would not spend the money at all.

SENATOR BILL RAY - In the best public interest--not public interest, because I notice that you're getting a little loose on leaving one or two words out. Just put it down . . . primarily what we say like best public interest, and when we get to public purpose, be sure it says public purpose, not interest.

AVRUM GROSS - No not public purpose.

SENATOR BILL RAY - I said if it comes to that point. You're getting very loose. You're getting ready to leave town and you're going to get loose with this stuff. Because I notice that when it comes back it's never loose. It's so loose it's someplace else.

AVRUM GROSS - How can I leave all this?

(Laughter)

SENATOR BILL SUMNER - I believe that it really . . . from the way I see the argument, it gets around the argument. It's simply that if you agree that we've coincidentally done the right thing, you ratify and award it. If you do not agree, then

you aren't giving up your power to do anything, you just say, "No, we don't agree that that's a legitimate . . . for whatever the reason . . . I don't want to delineate them . . .

AVRUM GROSS - Do you want to give the departments . . . even after the gubernatorial veto and the whole process, do you want to give them, basically, an item veto over the appropriations made to them.

SENATOR BILL SUMNER - Yes.

SENATOR BILL RAY - But you better have it down . . . you better have your documentation down there because, to date . . . you won't be here for the court case, but it'll be there.

SENATOR BILL SUMNER - I see the penalty or the fallout that you're talking about, but I think the legislature, if I understand Bill right, is saying you'd rather address that.

SENATOR BILL RAY - We'd just as soon. We'd as soon opt for that, Av. If it doesn't go where we want it to go, let it go into the general fund.

AVRUM GROSS - Okay, let me check that. I didn't . . . I haven't looked at that. Let me think about it.

SENATOR BILL SUMNER - Well it's clear in my head too at the moment. I . . .

SENATOR BILL RAY - Isn't that the way we feel? If it don't go to who we want it to go, you don't care if it's approved.

SENATOR BILL SUMNER - Yah. I think that that takes the argument away too.

SENATOR BILL RAY - Yah, I think it does, Av.

AVRUM GROSS - Well, I, I . . . the only problem, the only problem I'm concerned about, Bill, is that, as I say, you know, somebody like Russ, for instance, yesterday, is extremely concerned that departments can get between the legislature and, not necessarily an organization, but the purposes they're trying to accomplish through that organization. Okay? Now it seems to me you're giving the departments more leeway now, under this type of thing, than you are under the kind of language that I proposed.

(Inaudible due to multiple voices.)

SENATOR BILL RAY - We're not because you've a blank thing here the way you're proposing it. If you make those departments put down and document why they want to give it to somebody else, you're going to see some real action. If they make one slip, somebody is going to be in real trouble.

AVRUM GROSS - Bill, let me just pose the example that I was talking about, alcohol diversion. In the one case, if you if you give \$25,000 for alcohol diversion to Jones alcohol diversion and there is also Sands alcohol diversion program-- they're both alcohol diversion programs, and you like Jones more, but the main purpose is to get an alcohol diversion program going, and you think this guy is the best qualified. Now, the guy that's heading corrections disagrees with you. He (inaudible)

SENATOR BILL RAY - Do you want us to put Department of Law in there?

AVRUM GROSS - No!

SENATOR BILL RAY - Well, that way you'll be able to make the determination, and you won't get anybody in trouble.

AVRUM GROSS - I can't tell whether or not what you're looking for is in the public interest. That's what you pay the bureaucrats in Health & Social Services to tell you.

SENATOR BILL RAY - Well, wait till John gets here. John, is it your understanding (inaudible).

SENATOR JOHN SACKETT - (Addressing background speakers) Shut up!

SENATOR BILL RAY - If we tell them about a grant and they look at it and say, "No, that grant isn't in the best public interest; it would be better . . . we determine it is better to give it to somebody else," in your mind you'd . . . would you just as soon there wasn't any grant.

SENATOR JOHN SACKETT - Yes.

SENATOR BILL SUMNER - Yes.

SENATOR BILL RAY - What'd I tell yuh.

AVRUM GROSS - If that's the feeling of the committee, let me take a look at it. I'll get back. Okay?

SENATOR JOHN SACKETT - And if, yah, write it that way if you have to.

AVRUM GROSS - What?

SENATOR JOHN SACKETT - Write it that way if you have to.

When are we going to bring that bill up again? (Laughter)

SENATOR GEORGE HOHMAN - And again, and again.

SENATOR BILL RAY - Well, let him bring some more in and (laughter), we'll get it around pretty soon, you know. It isn't like it was the first day. (Laughter)

SENATOR BILL RAY - Okay. Tomorrow morning at 8:30 a.m. you
want . . .

(END OF DISCUSSION ON HB 578)

TRANSCRIPT
SENATE FINANCE COMMITTEE MEETING
MAY 2, 1980
RELATING TO CSHB 578 am

(Rap of the gavel, calling the meeting to order.)

SENATOR JOHN SACKETT - Senator Ray.

SENATOR BILL RAY - Mr. Chairman, we have the Senate Committee Substitute for 578 which is an act relating to state grants. Taking it through to Section 1, of course, is grants to municipalities, and it has three requirements to spend the grant, will allow an audit and assure that the facility and services are available for use of the general public. It provides for form . . . the agreement form which will be made by the Department of Administration. Section B, or subsection (b), there's a typo on the fourth word. It should be twenty . . . "not less than twenty per cent of the grant shall be paid to the municipality within 60 days of the effective date of the appropriation." And I would like to make a recommendation for discussion. On Line 24, I don't know if you want to say "shall" or "may." I'm thinking of the bookkeeping problem that you might have on monthly . . . monthly installments . . . maybe the guy don't use anything for the month, and it would seem like there might be a bookkeeping problem there, but I'd just like that for committee discussion.

SENATOR JOHN SACKETT - Just take out "monthly"?

SENATOR BILL RAY - No, take out "shall" and put "may" in there, maybe.

SENATOR JOHN SACKETT - Oh.

SENATOR BILL RAY - I think that . . .

SENATOR JOHN SACKETT - Oh, okay.

SENATOR BILL RAY - Anybody have any objection to that?

SENATOR JOHN SACKETT - Fine.

SENATOR GEORGE HOHMAN - (Reading from the bill) "The remainder of the grant shall [or may] be in monthly installments equal to the amount of grant money the municipality anticipates expending in the month following payment." It seems to me that . . . just to discuss it . . .

SENATOR BILL RAY - Sure.

SENATOR GEORGE HOHMAN - That the municipality would have to submit the request schedule--the payment schedule. And the "shall" would refer to the Department of Administration, right? They would have to pay?

SENATOR BILL RAY - It's a little confusing, and that's why I wanted it up for discussion. "The remainder of the grant shall be in monthly installments equal to the amount of grant money the municipality anticipates expending in the month following the payment." The only thing that I can . . . again you have the thought that the municipality may trigger it by asking the department and saying, "We expect to spend \$500,000 for next month," and they advance that, and they don't expend that, and they pull down an arbitrage and take the money. And then the next month they say, "Well, we didn't really spend

the \$500,000, but we're going to spend that plus another \$300,000 next month." And then they'll pick up . . . and then they'll have \$800,000 on arbitrage. I mean it just . . . I'm trying to have the department say, "Wait a minute. You didn't spend the dough." It doesn't make any difference to me. It just came up in my mind, and I don't care what anybody does with it really.

SENATOR JOHN SACKETT - Well, what's the committee want to do?

SENATOR GEORGE HOHMAN - Well, Mr. Chairman, I don't think we want to allow for the municipality, the grantee, to arbitrage. And if this would stop that, then I support that.

SENATOR JOHN SACKETT - Okay, convert it to "may."

SENATOR JALMAR KERTTULA - Mr. Chairman.

SENATOR JOHN SACKETT - Senator Kerttula.

SENATOR JALMAR KERTTULA - We're locked in with this where we're certain that a municipality needing several months' installments and so on, all at one time, that payments won't in any way be arbitrarily dealt with.

SENATOR BILL RAY - It would appear to me that if the . . . if the municipality comes and says, "Hey, we need x amount of dollars," and they give it to them . . .

SENATOR JALMAR KERTTULA - Then prove it.

SENATOR BILL RAY - Yah, there wouldn't be a problem with that. But, if they don't use the money, then you have the department saying, "Wait a minute, use what you have and just report on what you've done with it, until you get more money."

SENATOR JOHN SACKETT - Keep going.

SENATOR BILL RAY - All right. Ah, (c) is the (cough) excuse me, Mr. Chairman, (c) is the non-profit grants. And it provides that they "shall promptly name the recipient, and the department shall issue a request for proposals from other qualified persons located and acting in the same geographic area, but the department shall contract with the named-recipient unless the Office of the Governor determines an award," and if he does that and awards it to a different party "the basis of the action shall be stated in writing." And that's about the best we can hope for.

The next is "a grant to a municipality must be made within 60 days after the effective date of the appropriation," and also the proviso that a non-profit organization grant must be also executed within 60 days after the effective date of the appropriation.

Section (e) says that notwithstanding any other thing, "the department cannot adopt regulations" or do anything else unless it is a federal program.

Section (f) is a grant to the unincorporated community, and that explains that within 45 days the Community and Regional Affairs shall notify the governing body that the grant is available. The Department . . . the Community and Regional Affairs shall determine where there is a qualified incorporated entity, and the words "in the community area," and I don't

think . . . I don't think you want that "in the community area," because you might have a qualified . . . you might have a, a regional corporation that you might want to give it to . . . might want to bid on it that won't be specifically in the community area. The words "in the community area" I think are binding and I think that you should put "where there is a qualified incorporated entity which will agree to receive the grant and administer it." I think that you're locking us up too tight if you put in the words "in the community area."

SENATOR GEORGE HOHMAN - What's the legal definition of community, Mr. Chairman?

SENATOR JOHN SACKETT - You want me to give it to you?

SENATOR GEORGE HOHMAN - No.

(Laughter)

SENATOR JOHN SACKETT - Go ahead.

SENATOR GEORGE HOHMAN - I want Av Gross' classmate to give it to us.

ROB KOCSIS - I'm not sure, Mr. Chairman, how you'd define community (inaudible). The committee, at the time we worked on this bill originally, suggested they wanted the language to reflect that if a local person living in the area would have the opportunity That was why the language was included. We don't (inaudible).

SENATOR JALMAR KERTTULA - Mr. Chairman.

SENATOR JOHN SACKETT - Senator Kerttula.

SENATOR JALMAR KERTTULA - Could you legally, through the legislative intent letter, describe "community" for the purposes of this act?

SENATOR BILL RAY - Well, I think that this . . . if I might just continue . . . I think that's superfluous, and I don't think that you want to do that. If you read what it says, "The Department of Community and Regional Affairs shall determine whether the qualified incorporated entity in the community area will agree to receive the grant and administer it." Ah why are you tying yourself in the community area?

SENATOR KPJM SACKETT - So it won't go to the next town.

SENATOR GEORGE HOHMAN - Mr. Chairman.

SENATOR JOHN SACKETT - Senator Hohman.

SENATOR GEORGE HOHMAN - To keep people from outside the community from participating in the project.

SENATOR BILL RAY - All right, then we . . . I . . . I didn't understand that so then by all means leave the words "in the community area" in. That's okay. But, I thought that you were perhaps strapping yourself down, and you wouldn't find anybody to give it to.

SENATOR JOHN SACKETT - No.

SENATOR BILL RAY - All right. If that's what you want, then we'll leave (inaudible).

Ah, if there's more than one, the department shall select the most qualified and shall give preference to non-profits organized by the community for receiving the grant. If there is no incorporated entity qualified which . . . the department shall administer the program directly, and that's the sum total of the bill.

SENATOR GEORGE HOHMAN - Mr. Chairman.

SENATOR JOHN SACKETT - Hmm humm.

SENATOR GEORGE HOHMAN - I wonder if we might go back to Senator Ray's concern on Page 1, Line 24.

SENATOR BILL RAY - Right.

SENATOR GEORGE HOHMAN - The concern is to prevent the community from . . . the recipient of the grant from arbitrage, and I agree with that. That's a legitimate thing. And I don't wish to stall the passage of this bill. I think I'd like to get it out, but is there a way of doing that without giving the department's discretion, and perhaps with that discretion stalling the implementation of the project. My thought is that we might tag on to the end of that sentence, "assuming previous installments of money are expended." And that's probably not good form. Is it? But I'd like to see the pressure put on the department to put out the monthly installments according to the schedule that the municipality conceives, if they're going to be implementing the project, and not see them impeded by the department holding back money for whatever reason that they do.

SENATOR BILL RAY - How about the . . . if you want to change the language we could change it around, "the remainder of the grant shall be in monthly installments equal to the amount of grant money the municipality expended in the month preceding the payments." I think we're reversing it.

ROB KOCSIS - Yeah, I think then that the community would have the strong end, Senator. They would have to expend the money

and then be reimbursed (inaudible).

SENATOR BILL RAY - But you're getting the 20% to start with, see, which is the startup money, and then every month that you spend the money, you tell them and they pay you out of how much money you've spent. Is that what you want to do?

(Inaudible due to multiple voices.)

SENATOR GEORGE HOHMAN - I think that's good. They could start off with 20%?

SENATOR BILL RAY - Is that okay? They get their 20% startup money and every month that they spend the money, then they reimburse them for the money that they've spent. Is that what you want?

ROB KOCSIS - Mr. Chairman.

SENATOR JOHN SACKETT - Go ahead.

ROB KOCSIS - Excuse me, but would it be appropriate then to say that they shall be . . . let's see . . . the remainder of the grant shall be in installments equal to the amount expended in the month previously.

SENATOR BILL RAY - In the . . . in the month previous to the payment?

ROB KOCSIS - Yes.

SENATOR BILL RAY - All right.

SENATOR GEORGE HOHMAN - That could cause one possible bind with the . . . in the month that they anticipate expending something in excess of 20% of the total appropriation, they couldn't do that.

SENATOR JOHN SACKETT - Have them call back. What's the number over there.

SENATOR GEORGE HOHMAN - And it would, I think, delay them one month, but that's not . . .

SENATOR GLEN HACKNEY - It appears to me that they should allow for some degree of good will between (inaudible). There's no way you can tie it down.

SENATOR GEORGE HOHMAN - Yah, that'd be the only thing, and it's probably not going to be abusive to anyone, very often.

ROB KOCSIS - Mr. Chairman.

SENATOR JOHN SACKETT - Yes, Rob, go ahead.

ROB KOCSIS - Would it perhaps solve it if we said that the remainder of the grant could be in monthly installments in amounts not less than the amount spent in the previous month. That would open the amount more, but it would never be less than that.

(Inaudible due to multiple voices.)

SENATOR JOHN SACKETT - What language did you settle on?

SENATOR BILL RAY - "Not less than 20% of the grant shall be paid to the municipality within 60 days of the effective date of". . .

SENATOR GEORGE HOHMAN - Do you have that language, Rob?

ROB KOCSIS - (Inaudible)

SENATOR GEORGE HOHMAN - Do you have Senator Ray's language?

ROB KOCSIS - (inaudible) . . . paid in monthly installments?

SENATOR BILL RAY - . . . "shall be." "The remainder of the grant shall be in . . . ah, wait a minute, let's knock off the

word "monthly," and try that. "The remainder of the grant shall be in installments equal to the amount of grant money the municipality expended in the month previous." How's that?

SENATOR JOHN SACKETT - In the previous month. Month previous?

SENATOR BILL RAY - The only problem I have now, Rob, is in the . . . is in the repayment, now. We're talking about the 20% right off the bat, and I don't want them to think . . . to tie that into the 20% payments, so if you could . . . "previous expended in the month to the amount of grant money the municipality expended in the previous month." Maybe that does it better.

SENATOR GEORGE HOHMAN - Do that one more time.

SENATOR BILL RAY - "The remainder of the grant shall be in installments equal to the amount of grant money the municipality expended in the previous month." Okay? (inaudible)

SENATOR JOHN SACKETT - Got it. Any further questions on this bill? Motion?

SENATOR BILL RAY - Move it out, individual recommendation.

SENATOR JOHN SACKETT - Without objection.

SENATOR GLEN HACKNEY - You've got mostly do passes.

SENATOR BILL RAY - Well, I'm a do pass. (Do pass votes voiced by other committee members) Unanimous do pass except for the chair.

SENATOR JALMAR KERTTULA - Which means it fails, is that right?
(Laughter)

SENATOR BILL RAY - That'll give you some idea of what's going to happen.

SENATOR DON BENNETT. - Six to one. You win.

SENATOR BILL RAY - I feel pretty good about that. I think we finally worked a good deal (inaudible, police radio frequency interference on tape.)

SENATOR JALMAR KERTTULA - Well, what do you know. I'm sure something's going to happen in the interpretation of that. If you were a judge and juror and prosecuting attorney (inaudible due to multiple voices.)

SENATOR BILL SUMNER - I agree.

SENATOR JALMAR KERTTULA - Just absolutely screwed.

(END OF DISCUSSION ON HB 578)

Original sponsor: Finance Committee

Offered: 5/2/80

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 578

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state grants; and providing for an
7 effective date."

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

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

10 Sec. 37.05.315. GRANTS. (a) When an appropriation is made as a
11 grant to a municipality, the Department of Administration shall promptly
12 notify the municipality of the availability of the grant. When the
13 Department of Administration receives an agreement executed by the
14 municipality which provides that the municipality (1) will spend the
15 grant for the purposes specified in the appropriation; (2) will allow,
16 on request, an audit by the state of the uses made of the grant; and (3)
17 assures that, to the extent consistent with the purpose of the appro-
18 priation, the facilities and services provided with the grant will be
19 available for the use of the general public, the Department of Adminis-
20 tration shall pay the grant directly to the municipality. The agreement
21 executed by a municipality under this section shall be on a form fur-
22 nished by the Department of Administration.

23 (b) Not less than (20 percent) of the grant shall be paid to the
24 municipality within 60 days of the effective date of the appropriation.
25 (The remainder of the grant shall be in installments equal to the amount
26 of grant money the municipality expended in the previous month.)

27 (c) When an appropriation is made to a department as a grant for a
28 named recipient which is not a municipality, the department to which the
29 appropriation is made shall promptly notify the named recipient of the

1 availability of the grant and request the named recipient to submit a
2 proposal to provide the goods or services, or both, for which the appro-
3 priation is made. At the same time, the department shall issue a re-
4 quest for proposals from other qualified persons located and acting in
5 the same geographic area to provide the same goods or services, or both.
6 The department shall contract with the named recipient unless the Office
7 of the Governor determines that an award of the contract to a different
8 party would better serve the public interest. If the contract is awarded
9 to another party than that named by the legislature, the basis of that
10 action shall be stated in writing at the time the grant is issued. The
11 purchase of the goods or services, or both, shall be in accordance with
12 AS 37.05.230(1)(C).

13 (d) A grant to a municipality must be made within 60 days after
14 the effective date of the appropriation. A contract under (b) of this
15 section must be executed within 60 days after the effective date of the
16 appropriation.

17 (e) Notwithstanding the Administrative Procedure Act (AS 44.62),
18 the Fiscal Procedures Act (AS 37.05), and the Executive Budget Act
19 (AS 37.07), a department may not adopt regulations or impose additional
20 requirements or procedures to implement, interpret, make specific or
21 otherwise carry out the provisions of this section unless required by
22 the federal government for participation in federal programs.

23 (f) A grant to an unincorporated community made under this section
24 shall be disbursed as follows:

25 (1) Within 45 days after the effective date of the appropria-
26 tion, the Department of Community and Regional Affairs shall notify the
27 governing body of the unincorporated community, if any, that a grant is
28 available.

29 (2) The Department of Community and Regional Affairs shall

1 determine whether there is a qualified incorporated entity in the com-
2 munity area which will agree to receive the grant and administer it,
3 subject to terms generally applicable to private grantees. If there is
4 more than one such entity, the Department of Community and Regional
5 Affairs shall select the most qualified and the grant shall be awarded
6 to that incorporated entity for the purposes of the appropriation:
7 however, the Department of Community and Regional Affairs shall give
8 preference to a nonprofit corporation organized by a community for
9 receipt of the grant.

10 (3) If there is no incorporated entity qualified to receive
11 the grant, the Department of Community and Regional Affairs shall ad-
12 minister the program directly or through agents or contractors with whom
13 it may contract in the community area.

14 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
15 070(c).

Original sponsor: Finance Committee

Offered: 3/21/80
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

CS FOR HOUSE BILL NO. 578 am

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

ELEVENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act establishing the municipal grant account; and
7 providing for an effective date."

7

8

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

9

* Section 1. AS 37.10 is amended by adding a new section to read:

10

ARTICLE 5. SPECIAL STATE ACCOUNTS.

11

Sec. 37.10.110. MUNICIPAL GRANT ACCOUNT. There is established as

12

a separate account in the general fund the municipal grant account.

13

When an appropriation in a specific amount is made to a municipality and

14

the appropriation is a grant, whether the grant is absolute or condi-

15

tional, the amount granted shall be paid from the account directly to

16

the municipality by the commissioner of administration at the time the

17

grant, by its terms, becomes effective.

18

* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-

19

070(c).

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Original Sponsor: Finance Committee
IN THE HOUSE

BY THE FINANCE COMMITTEE

SENATE CS FOR CS FOR HOUSE BILL NO. 578
IN THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE - SECOND SESSION
A BILL

For an Act entitled: "An Act relating to state grants; and providing for an effective date."

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

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

Sec. 37.05.315. GRANTS. (a) When an appropriation is made as a grant to a municipality, the Department of Administration shall promptly notify the municipality of the availability of the grant. When the Department of Administration receives an agreement executed by the municipality which provides that the municipality (1) will spend the grant for the purposes specified in the appropriation; (2) will allow, on request, an audit by the state of the uses made of the grant; and (3) assures that, to the extent consistent with the purpose of the appropriation, the facilities and services provided with the grant will be available for the use of the general public, the Department of Administration shall pay the grant directly to the municipality. The agreement executed by a municipality under this section shall be on a form furnished by the Department of Administration.

(b) Not less than ^{tw}twen percent (20%) of the grant shall be paid to the municipality within 60 days of the effective date of the appropriation. The remainder of the grant shall be in ~~monthly~~ ^{instalments} instalments equal to the amount of grant money the municipality anticipates expending ^{ed} in the ~~month following the payment.~~ ^{previous ~~payment~~ month.} *(shall be in instalments equal to the amount of grant if the municipality expended in the previous month.)*

(c) When an appropriation is made to a department as a grant for a named recipient which is not a municipality, the department to which the appropriation is made shall promptly notify the named recipient of the

1 availability of the grant and request the named recipient to submit a
2 proposal to provide the goods or services, or both, for which the appro-
3 priation is made. At the same time, the department shall issue a re-
4 quest for proposals from other qualified persons located and acting in
5 the same geographic area to provide the same goods or services, or both.
6 The department shall contract with the named recipient unless the Office
7 of the Governor determines that an award of the contract to a different
8 party would better serve the public interest. If the contract is
9 awarded to another party than that named by the legislature, the basis
10 of that action shall be stated in writing at the time the grant is
11 issued. The purchase of te goods or services, or both shall be in
12 accordance with AS 37.05.230 (1) (C).

13 (d) A grant to a municipality must be made within 60 days after
14 the effective date of the appropriation. A contract under ^b(c) of this
15 section must be executed within 60 days after the effective date of the
16 appropriation.

17 (e) Notwithstanding the Administrative Procedure Act (AS 44.62),
18 the fiscal Procedures Act (AS 37.05), and the Executive Budget Act
19 (AS 37.07), a department may not adopt regulations or impose additional
20 requirements or procedures to implement, interpret, make specific or
21 otherwise carry out the provisions of this section unless required by
22 the federal government for participation in federal programs.

23 (f) A grant to an unincorporated community made under this section
24 shall be disbursed as follows:

25 (1) Within 45 days after the effective date of the appropria-
26 tion, the Department of Community and Regional Affairs shall notify the
27 governing body of the unincorporated community, if any, that a grant is
28 available.

29 (2) The Department of Community and Regional Affairs shall

1 determine whether there is a qualified incorporated entity in the com-
2 munity area which will agree to receive the grant and administer it,
3 subject to terms generally applicable to private grantees. If there is
4 more than one such entity, the Department of Community and Regional
5 Affairs shall select the most qualified and the grant shall be awarded
6 to that incorporated entity for the purposes of the appropriation:
7 however, the Department of Community and Regional Affairs shall give
8 preference to a nonprofit corporation organized by a community for
9 receipt of the grant.

10 (3) If there is no incorporated entity qualified to receive
11 the grant, the Department of Community and Regional Affairs shall ad-
12 minister the program directly or through agents or contractors with whom
13 it may contract in the community area.

14 *Sec. 2. This Act takes effect immediately in accordance with AS 01.10. -
15 070 (c).

Original sponsor: Finance Committee

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 578

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state grants; and providing
7 for an effective date."

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

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

10 Sec. 37.05.315. GRANTS TO MUNICIPALITIES. (a) When an
11 appropriation is made as a grant to a municipality, the department
12 of administration shall notify the municipality of the availability
13 of the grant immediately after the appropriation becomes law. When
14 the department receives an agreement executed by the municipality
15 providing that the recipient will (1) spend the grant only for the
16 purposes specified in the appropriation; (2) allow, on request, an
17 audit by the state of the uses made of the grant; and (3) assure
18 that, to the extent consistent with the purpose of the appropriation,
19 the facilities and services provided with the grant will be
20 available for the use of the general public, the department of
21 administration shall pay the grant directly to the recipient.
22 (b) Notwithstanding provisions of the Administrative Procedures
23 Act, the Fiscal Procedures Act and the Executive Budget Act, the
24 department of administration shall not adopt regulations to
25 implement, interpret, make specific or otherwise carry out the
26 provisions of this section.
27

* Sec. 2. AS 37.05 is amended by adding a new section to read:

Sec. 37.05.316. GRANTS TO NONPROFIT CORPORATIONS. (a) When an appropriation is made as a grant to a nonprofit corporation organized in the state, the department of administration shall notify the recipient of the availability of the grant immediately after the appropriation becomes law. When the department receives an agreement executed by ^{a Non-profit Corps.} ~~the recipient~~ ^{a non-profit Corps} providing that ~~the recipient~~ will (1) spend the grant only for the purposes specified in the appropriation; ^{upon completion of the project to} (2) allow, on request, an audit by the state of the uses made of the grant; and (3) assure that, to the extent consistent with the purpose of the appropriation, the facilities and services provided with the grant will be available for the use of the general public, the department of administration shall pay the grant directly to the recipient.

(b) Notwithstanding provisions of the Administrative Procedures Act, the Fiscal Procedures Act and the Executive Budget Act, the department of administration shall not adopt regulations ^{to} ~~to~~ ^{of admin} ~~to~~ ^{Policy} implement, interpret, make specific or otherwise carry out the provisions of this section.

* Sec. 3. Effective date.

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3/27/80

Original sponsor: Finance Committee

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 578

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state grants; and providing for an
7 effective date."

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

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

10 Sec. 37.05.315. GRANTS TO MUNICIPALITIES AND NONPROFIT CORPORA-
11 TIONS. When an appropriation of a grant is made to a municipality or to
12 a nonprofit corporation organized in the state, the department through
13 which the appropriation is made shall notify the recipient of the
14 availability of the grant immediately after the appropriation becomes
15 law. When the department through which the appropriation is made re-
16 ceives an agreement executed by the recipient providing that the re-
17 cipient will (1) spend the grant only for the purposes specified in the
18 appropriation; (2) allow, on request, an audit by the state of the uses
19 made of the grant; and (3) assure that, to the extent consistent with
20 the purpose of the appropriation, the facilities and services provided
21 with the grant will be available for the use of the general public, the
22 department shall pay the grant directly to the recipient.

23 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
24 070(c).

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Original Sponsor: Finance Committee

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 578

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the municipal grant account;
7 and providing for an effective date."

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

9 * Section 1. AS 37.10 is amended by adding a new section to read:

10 ARTICLE 5. SPECIAL STATE ACCOUNTS

11 Sec. 37.10.110. MUNICIPAL GRANT ACCOUNT. (a) There is
12 established as a separate account in the general fund the municipal
13 grant account. When an appropriation in a specific amount is made
14 to a municipality and the appropriation is a grant, the department
15 of administration shall notify the municipality of the availability
16 of the grant immediately after the appropriation becomes law. When
17 the department receives an agreement executed by the municipality
18 providing that the recipient will (1) spend the grant only for the
19 purpose specified in the appropriation; (2) allow, on request, a
20 financial-compliance audit by the state of the use made of the
21 grant; and (3) assure that, to the extent consistent with the
22 purpose of the appropriation, the facilities and services provided
23 with the grant will be available for the use of the general public,
24 the department of administration shall pay the grant directly from
25 the account to the recipient. (b) Notwithstanding provisions of
26 the Administrative Procedures Act and the Fiscal Procedures Act, the
27 department of administration shall not adopt regulations to
28 implement, interpret, make specific or otherwise carry out the
29 provisions of this section.

* Sec. 2. This Act takes effect immediately in accordance with

WO 7380
Berrier

3/27/80

Original sponsor: Finance Committee

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 578

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state grants; and providing for an
7 effective date."

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

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

10 Sec. 37.05.315. GRANTS TO MUNICIPALITIES AND NONPROFIT CORPORA-
11 TIONS. When an appropriation of a grant is made to a municipality or to
12 a nonprofit corporation organized in the state, the department through
13 which the appropriation is made shall notify the recipient of the
14 availability of the grant immediately after the appropriation becomes
15 law. When the department through which the appropriation is made re-
16 ceives an agreement executed by the ^{a non-profit corp} recipient providing that the re-
17 cipient will (1) spend the grant only for the purposes specified in the
18 appropriation; ^{upon completion of project} (2) allow, on request, an audit by the state of the uses
19 made of the grant; ^{on grants only} and (3) assure that, to the extent consistent with
20 the purpose of the appropriation, the facilities and services provided
21 with the grant will be available for the use of the general public, the
22 department shall pay the grant directly to the recipient.

23 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
24 070(c).

- 25 ①. Money from municipality.
- 26 ②. Mr. Smith - Rep.
- 27 ③. Comm. of Administration:

Original sponsor: Finance Committee

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

SENATE CS FOR CS FOR HOUSE BILL NO. 578

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

ELEVENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act relating to state grants; 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 37.05 is amended by adding a new section to read:

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Sec. 37.05.315. GRANTS. (a) When an appropriation is made as a grant to a municipality, the Department of Administration shall promptly notify the municipality of the availability of the grant. When the Department of Administration receives an agreement executed by the municipality which provides that the municipality (1) will spend the grant for the purposes specified in the appropriation; (2) will allow, on request, an audit by the state of the uses made of the grant; and (3) assures that, to the extent consistent with the purpose of the appropriation, the facilities and services provided with the grant will be available for the use of the general public, the Department of Administration shall pay the grant directly to the municipality. The agreement executed by a municipality under this section shall be on a form furnished by the Department of Administration.

(b) Not less than 20 percent of the grant shall be paid to the municipality within ¹⁰~~60~~ days of the effective date of the ^{ALIGNMENT,}~~appropriation.~~ The remainder of the grant shall be ^{PAID}~~be~~ in installments equal to the amount of grant money the municipality expended in the previous month.

(c) When an appropriation is made to a department as a grant for a named recipient which is not a municipality, the department to which the appropriation is made shall promptly notify the named recipient of the

1 availability of the grant and request the named recipient to submit a
2 proposal to provide the goods or services, or both, for which the appro-
3 priation is made. At the same time, the department shall issue a re-
4 quest for proposals from other qualified persons located and acting in
5 the same geographic area to provide the same goods or services, or both.
6 The department shall contract with the named recipient unless the Office
7 of the Governor determines that an award of the contract to a different
8 party would better serve the public interest. If the contract is awarded
9 to another party than that named by the legislature, the basis of that
10 action shall be stated in writing at the time the grant is issued. The
11 purchase of the goods or services, or both, shall be in accordance with
12 AS 37.05.230(1)(C).

13 (d) A grant to a municipality must be made within 60 days after
14 the effective date of the appropriation. A contract under (b) of this
15 section must be executed within 60 days after the effective date of the
16 appropriation.

17 (e) Notwithstanding the Administrative Procedure Act (AS 44.62),
18 the Fiscal Procedures Act (AS 37.05), and the Executive Budget Act
19 (AS 37.07), a department may not adopt regulations or impose additional
20 requirements or procedures to implement, interpret, make specific or
21 otherwise carry out the provisions of this section unless required by
22 the federal government for participation in federal programs.

23 (f) A grant to an unincorporated community made under this section
24 shall be disbursed as follows:

25 (1) Within 45 days after the effective date of the appropria-
26 tion, the Department of Community and Regional Affairs shall notify the
27 governing body of the unincorporated community, if any, that a grant is
28 available.

29 (2) The Department of Community and Regional Affairs shall

1 determine whether there is a qualified incorporated entity in the com-
2 munity area which will agree to receive the grant and administer it,
3 subject to terms generally applicable to private grantees. If there is
4 more than one such entity, the Department of Community and Regional
5 Affairs shall select the most qualified and the grant shall be awarded
6 to that incorporated entity for the purposes of the appropriation:
7 however, the Department of Community and Regional Affairs shall give
8 preference to a nonprofit corporation organized by a community for
9 receipt of the grant.

10 (3) If there is no incorporated entity qualified to receive
11 the grant, the Department of Community and Regional Affairs shall ad-
12 minister the program directly or through agents or contractors with whom
13 it may contract in the community area.

14 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
15 070(c).

Original sponsor: Finance Committee

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 578

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state grants; and providing for an
7 effective date."

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

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

10 Sec. 37.05.315. GRANTS. (a) When an appropriation is made as a
11 grant to a municipality, the Department of Administration shall promptly
12 notify the municipality of the availability of the grant. When the
13 Department of Administration receives an agreement executed by the
14 municipality which provides that the municipality (1) will spend the
15 grant for the purposes specified in the appropriation; (2) will allow,
16 on request, an audit by the state of the uses made of the grant; and (3)
17 assures that, to the extent consistent with the purpose of the appro-
18 priation, the facilities and services provided with the grant will be
19 available for the use of the general public, the Department of Adminis-
20 tration shall pay the grant directly to the municipality. The agreement
21 executed by a municipality under this section shall be on a form fur-
22 nished by the Department of Administration.

23 (b) Not less than 20 percent of the grant shall be paid to the
24 municipality within 60 days of the effective date of the appropriation.
25 The remainder of the grant shall be in installments equal to the amount
26 of grant money the municipality expended in the previous month.

27 (c) When an appropriation is made to a department as a grant for a
28 named recipient which is not a municipality, the department to which the
29 appropriation is made shall promptly notify the named recipient of the

1 availability of the grant and request the named recipient to submit a
2 proposal to provide the goods or services, or both, for which the appro-
3 priation is made. At the same time, the department shall issue a re-
4 quest for proposals from other qualified persons located and acting in
5 the same geographic area to provide the same goods or services, or both.
6 The department shall contract with the named recipient unless the Office
7 of the Governor determines that an award of the contract to a different
8 party would better serve the public interest. If the contract is awarded
9 to another party than that named by the legislature, the basis of that
10 action shall be stated in writing at the time the grant is issued. The
11 purchase of the goods or services, or both, shall be in accordance with
12 AS 37.05.230(1)(C).

13 (d) A grant to a municipality must be made within 60 days after
14 the effective date of the appropriation. A contract under (b) of this
15 section must be executed within 60 days after the effective date of the
16 appropriation.

17 (e) Notwithstanding the Administrative Procedure Act (AS 44.62),
18 the Fiscal Procedures Act (AS 37.05), and the Executive Budget Act
19 (AS 37.07), a department may not adopt regulations or impose additional
20 requirements or procedures to implement, interpret, make specific or
21 otherwise carry out the provisions of this section unless required by
22 the federal government for participation in federal programs.

23 (f) A grant to an unincorporated community made under this section
24 shall be disbursed as follows:

25 (1) Within 45 days after the effective date of the appropria-
26 tion, the Department of Community and Regional Affairs shall notify the
27 governing body of the unincorporated community, if any, that a grant is
28 available.

29 (2) The Department of Community and Regional Affairs shall

1 determine whether there is a qualified incorporated entity in the com-
2 munity area which will agree to receive the grant and administer it,
3 subject to terms generally applicable to private grantees. If there is
4 more than one such entity, the Department of Community and Regional
5 Affairs shall select the most qualified and the grant shall be awarded
6 to that incorporated entity for the purposes of the appropriation;
7 however, the Department of Community and Regional Affairs shall give
8 preference to a nonprofit corporation organized by a community for
9 receipt of the grant.

10 (3) If there is no incorporated entity qualified to receive
11 the grant, the Department of Community and Regional Affairs shall ad-
12 minister the program directly or through agents or contractors with whom
13 it may contract in the community area.

14 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
15 070(c).

Original sponsor: Finance Committee

Offered: 3/21/80
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 578

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the municipal grant account; and
7 providing for an effective date."

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

9 * Section 1. AS 37.10 is amended by adding a new section to read:

10 ARTICLE 5. SPECIAL STATE ACCOUNTS.

11 Sec. 37.10.110. MUNICIPAL GRANT ACCOUNT. There is established as
12 a separate account in the general fund the municipal grant account.
13 When an appropriation in a specific amount is made to a municipality and
14 the appropriation is a grant, whether the grant is absolute or condi-
15 tional, the amount granted shall be paid directly to the municipality by
16 the commissioner of administration at the time the grant, by its terms,
17 becomes effective.

18 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
19 070(c).

Introduced: 1/18/80
Referred: Finance

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 HOUSE BILL NO. 578

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state grants; and providing for an
7 effective date."

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

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

10 Sec 37.05.315. PAYMENT OF STATE GRANTS. When an appropriation in
11 a specific amount is made to a person or governmental agency which is
12 not a state agency as defined in AS 37.05.320(2) and the appropriation
13 is a grant, whether the grant is absolute or conditional, the amount
14 granted shall be paid directly to the grantee by the commissioner of
15 revenue when the grant, by its terms, becomes effective.

16 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
17 070(c).

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THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SCSCSHB 578 am S
 Title An Act relating to state grants
 Requested by Finance Committee Date 5-5-80

II. FISCAL DETAIL

Agency Affected Community and Regional Affairs
 Program Category Affected Development
 BRU, Program, or Subprogram(s) Affected Local Government Assistance
 (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 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	0	0	0	0	0	0

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME	0	0	0	0	0	0
PART TIME						
TEMPORARY						

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

Since there is no funding associated with this legislation there would be no fiscal impact from passage of this bill. If, however, FCCSHB 60 passes in its proposed form it is anticipated that the following fiscal impacts will occur:

	FY 80	FY 81	FY 82	FY 83	FY 84
100 Personal Services		186.7	129.8	36.4	
200 Travel		68.0	20.0	5.0	
300 Contractual	1.0	21.7	10.0	2.0	
400 Commodities		.8	.4	.2	
500 Equipment		4.6	0	0	
TOTAL	1.0	281.8	160.2	43.6	0

IV. DATE 5-8-80 PREPARED BY Doug Griffin
 AGENCY Community & Regional Affairs
 PHONE 465-4736

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

CATEGORY: DEVELOPMENT

AGENCY: COMMUNITY AND REGIONAL AFFAIRS

PROGRAM: COMMUNITY DEVELOPMENT

BRU (S): LOCAL GOVERNMENT ASSISTANCE

The Local Government Assistance BRU assists communities in attaining or sustaining viable units of local government according to established criteria. Particular emphasis is given to communities having local governments that are organized under state law with population less than 2,000. Components include Training and Development, State Assessor, Local Boundary Commission (Administration), Revenue Sharing (Administration) and Coastal Energy Impact Program.

The Training and Development Component provides local government officials with an opportunity to learn or improve skills needed to administer local government. Offices in Juneau, Anchorage, Nome and Bethel provide individual technical assistance for specific needs. Included in this program is the administration of Rural Development Assistance grants which, in FY 80, was in the Community and Rural Development BRU.

The State Assessor assists local government with procedures for determining local property taxes based on full and true value. This component also administers property relief programs, and researches economic data relating to property tax assessments and municipal financing.

The Local Boundary Commission component reviews and makes recommendations on requests for changes to or establishment of municipal boundaries. The intent is to ensure that the proposed changes will facilitate improvements in municipal services. This program also administers a grant program which makes grants of up to \$25,000 for newly incorporated municipalities or those assuming special new powers such as police and fire protection.

The Community Legal Assistance Component provides grants to local governments for the purpose of bolstering their legal capabilities by enabling them to purchase appropriate resources to resolve legal issues. These grants may not exceed \$20,000.

The Revenue Sharing Administration Component provides the personnel and expertise required to determine eligibility of municipalities to receive revenue sharing grants as well as determine their program allocation.

The Coastal Energy Impact Program is designed to assist those coastal communities, through federal grants from the U.S. Department of Commerce, who expect to be impacted by off-shore energy projects. Two positions will be federally funded in FY 81 to monitor existing grants and bond guarantees and to make future determinations on awarding bond guarantees from CEIP funds obligated to the Alaska Municipal Bond Bank.

COMPONENT DESCRIPTION	79 AUTH	79 FINAL	79 ACT	80 AUTH	80 SUPL	80 RP	GOVERNOR
TRAINING, DEVELOP, & RDA	473.4	515.3	471.6	488.9			740.9
STATE ASSESSOR	247.7	258.9	210.1	235.9			283.8
LOCAL BOUND. COMM-ADMIN	87.2	91.2	84.9	86.0			91.7
REVENUE SHARING ADMINISTRATION	85.4	89.9	77.8	72.5			73.7
COAST ENERGY IMPACT PROGRAM	364.7	886.4	585.2	376.9			585.2
ADMINISTRATION	592.9	625.2	578.5	598.5			
** TOTAL	1851.3	2466.9	2008.1	1858.7			1775.3
** CHANGE VERSUS 80 AUTH							-4.4%
OBJECT DESCRIPTION							
PERS. SERV.	1144.1	1184.9	1105.6	1179.8			952.9
TRAVEL	210.4	214.4	170.5	180.9			120.3
CONTRACTUAL	191.6	216.2	138.8	182.3			157.3
COMMODITIES	17.7	16.2	10.9	14.9			12.5
EQUIPMENT	6.5	8.5	8.4	2.1			29.1
LANDS/BLDGS	3.0	3.0	2.9	4.0			3.2
GRANTS, CLMS	278.0	823.7	521.0	294.7			500.0
FUNDING SOURCE							
FED. RECEIPT	648.7	1226.4	856.9	660.9			585.2
G. F. MATCH	71.0	77.3	67.9	71.0			
GENERAL FUND	1131.6	1163.2	1083.3	1126.8			1190.1
** GENERAL FUND CHANGE VS. 80 AUTH							-0.6%
POSITIONS							
FULL-TIME	34.0	34.0	34.0	34.0			25.0
PART-TIME	7.0	7.0	7.0	7.0			9.6
STAFF MONTHS	450.0	450.0	450.0	450.0			357.6

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SCS CS HB 578 am S

Title An act relating to State Grants

Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Administration

Program Category Affected Admin. Service to State Agencies

BRU, Program, or Subprogram(s) Affected Admin. Services

(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 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES	4.1	48.7	53.6	58.9	64.8	71.3
200 TRAVEL		1.5	1.7	1.8	2.0	2.2
300 CONTRACTUAL		3.0	3.3	3.6	4.0	4.4
400 COMMODITIES		2.0	2.2	2.4	2.7	3.0
500 EQUIPMENT		3.6				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	4.1	58.8	60.8	66.7	73.5	80.9

FUNDING (Thousands of Dollars)

GENERAL FUND	4.1	58.8	60.8	66.7	73.5	80.9
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	2.0	2.0	2.0	2.0	2.0	2.0
PART TIME						
TEMPORARY						

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

A minimum of two positions will be required to administer the grants program beginning in the last month of FY 80. Details are explained on the attached Forms 13. It is likely that audit positions will need to be added in FY 82 for the State Internal Auditor to audit these grants. Inflation has been calculated at 10% per year.

IV. DATE 05/05/80

PREPARED BY Judy Crondahl

AGENCY Administration

PHONE 465-2277

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named) Representative Meekins

Keith Specking

33-001 (Rev. 12/79)

Alison Elgee

1	POSITION TITLE Accounting Technician I			RANGE/STEP 12B	BRG UNIT G	LOCATION	APPROV. GOV.	DISAPP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RD No.	FCR No.	PRIORITY	FORM 12 PAGE LINE	LEG.	

3	TYPE OF EXPENDITURE	AMOUNT	JUSTIFICATION
1	2	3	
4	PERSONAL SERVICES:		<p>This position will be responsible for establishing and administering the grant program in the Department of Administration. This will involve designing agreement and report forms, researching for other providers, writing RFP's, notifying grantees, establishing the chart of accounts for more than 300 codes, recording appropriations, and establishing a filing system for all the new records. Because of the time constraints mandated in this bill, all agreements must be completed within a very short period of time after the appropriation has been made.</p> <p>Travel costs will be incurred for any necessary meetings between the Department and grantee. Contractual and commodities are required for additional long distance phone costs, newspaper ads for RFP's, forms and office supplies.</p>
5	SALARY 1678/mo	20.136	
6	BENEFITS 15.15%	3.051	
7	FICA 6.65%	1.339	
8	HEALTH INS 127/mo	1.524	
9	TOTAL PERSONAL SERVICES	26.1	
10	TRAVEL	1.5	
11	CONTRACTUAL	1.5	
12	COMMODITIES	1.0	
13	EQUIPMENT	1.8	
14	OTHER		
15	TOTAL COST	31.9	

15	CODE	FUNDING SOURCE	
16		FED RCPTS.	
17	100	GEN FUND	31.9
18		I-A RCPTS	
19		IGM RCPTS	
20		OTHER	

21	CONTINUATION	
22	ADDITION	FOR R&M USE ONLY

KEY NUMBER _____ COLUMN NO. _____

AGENCY Administration PROGRAM AREA Admin. Services to State Agencies

BRU Admin. Services

13 REQUEST FOR NEW POSITION.

COMPONENT _____

Page 1 of 2

REVISED DATE _____

FY 81



1	POSITION TITLE Accounting Clerk III			RANGE/STEP 10B	BARG. UNIT G	LOCATION Juneau	GOV.	APPROV.	DISAPP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY	FORM 12 PAGE/LINE	LEG.		
3	TYPE OF EXPENDITURE			JUSTIFICATION:					
	1	2	3	This position will perform accounting functions of a clerical nature in the administration of the grants program. Over 300 accounting codes will be added to the Department's chart of accounts as each grant will be controlled separately. This position will be required to handle the notifications to the grantee, placing ads for RFP's, recording and filing agreements, writing warrants and making payments to grantees (in some cases on a continuing, monthly basis), and maintaining an extensive new filing system.					
4	PERSONAL SERVICES:								
	SALARY	1440/mo	17,280						
5	BENEFITS	15.15%	2,618						
6	FICA	6.65%	1,149						
7	HEALTH INS.	127/mo	1,524						
8	TOTAL PERSONAL SERVICES		22.6						
9	TRAVEL								
10	CONTRACTUAL		1.5						
11	COMMODITIES		1.0						
12	EQUIPMENT		1.8						
13	OTHER								
14	TOTAL COST		26.9						
	CODE	FUNDING SOURCE							
15		FED RCPTS.							
16		GF MATCH							
17	100	GEN FUND		26.9					
18		I-A RCPTS							
19		PGM RCPTS							
20		OTHER							
21	CONTINUATION								
22	ADDITION		FOR B&M USE ONLY						
24A	KEY NUMBER		COLUMN NO.						

AGENCY Administration PROGRAM AREA Admin Services to State Agencies

BRU Admin Services

FY 81

13 REQUEST FOR NEW POSITION.

COMPONENT _____

Page 2 of 2

REVISED DATE _____

FISCAL NOTE

SAB 578

I. REQUEST

Bill/Resolution No. Committee Substitute for House Bill 578 am
 Title An Act Establishing the Municipal Grant Account
 Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Administration
 Program Category Affected General Government
 BRU, Program, or Subprogram(s) Affected Administrative Services
 (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 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES		1.8	5.3	5.8	6.4	7.0
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES		.1	.1	.2	.2	.2
500 EQUIPMENT		.9				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		2.8	5.4	6.0	6.6	7.2

FUNDING (Thousands of Dollars)

GENERAL FUND		2.8	5.4	6.0	6.6	7.2
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME		.3	.3	.3	.3	.3
TEMPORARY						

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

See attached Form 13.

IV. DATE March 26, 1980 PREPARED BY Judy Crondahl
 AGENCY Administration
 PHONE 465-2277

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 Representative Meekins

CATEGORY: GENERAL GOVERNMENT
PROGRAM: CENTRALIZED ADMINISTRATIVE SERVICES

AGENCY: ADMINISTRATION
BRU (s): OFFICE OF THE COMMISSIONER; ADMINISTRATIVE SERVICES; RISK MANAGEMENT

This program consists of the following BRU's: Office of the Commissioner of Administration; Administrative Services; and Risk Management.

The Commissioner's Office, as the administrative center for the Department, provides leadership to all program managers within the agency and guidance to other agencies within the executive branch. The goal of this BRU is to provide an optimum level of service common to all state agencies in order to create an environment conducive to achieving the objectives of State programs in the most cost effective manner.

The Division of Administrative Services contains the support staff of the Department of Administration. Major functions include accounting, personnel, budget services, and the Department's word processing centers. Funding for word processing support is included in department program budgets and is contracted to the Division of Administrative Services.

The Risk Management program combines the insurable type exposures of all State agencies and treats them under a single program to obtain the most advantageous cost and coverage effectiveness. Loss control programs are instituted to provide effective control of preventable accidents and losses. Centralized control of these functions by trained personnel takes maximum advantage of marketing leverage, and avoids gaps and duplication of effort. The total funding statewide for the Risk Management program operations and premiums is reflected as inter-agency and program receipts in the Risk Management's budget. Four new positions in this program are requested for FY 81 to affect greater savings.

COMPONENT DESCRIPTION	79 AUTH	79 FINAL	79 ACT	80 AUTH	80 SUPL	80 RP	GOVERNOR
OFFICE OF THE COMMISSIONER	925.8	973.6	971.3	778.7			861.2
ADMINISTRATIVE SERVICES	391.0	401.3	396.2	415.0			401.7
OPERATIONS	173.6	177.8	175.0	280.0			433.6
PREMIUMS		13619.6	13616.7	13568.6			5536.9
LOSS RETENTION							7861.7
** TOTAL	1490.4	15172.3	15159.2	15042.3			15095.1
** CHANGE VERSUS 80 AUTH							0.3%
OBJECT DESCRIPTION							
PERS. SERV.	719.2	741.9	739.8	862.6			1027.9
TRAVEL	28.7	35.9	31.3	26.1			49.8
CONTRACTUAL	130.2	13762.8	13757.5	5768.1			5772.2
COMMODITIES	10.2	4.2	3.2	8.6			9.7
EQUIPMENT	1.0	9.1	9.0				10.6
LANDS/BLDGS	601.1	618.4	618.4	376.8			363.2
GRANTS, CLMS				8000.1			7861.7
FUNDING SOURCE							
GENERAL FUND	1316.8	1374.9	1367.5	1167.8			1236.7
PGM RECEIPTS			933.0	22.9			1495.6
OTHER FUNDS	173.6	13797.4	12858.7	13851.6			12362.8
** GENERAL FUND CHANGE VS. 80 AUTH							5.8%
POSITIONS							
FULL-TIME	21.0	21.0	17.0	26.0			30.0
PART-TIME							1.0
TEMPORARY	1.0	1.0		1.0			
STAFF MONTHS	266.5	266.5	266.5	324.9			372.0

1	POSITION TITLE Accounting Clerk II			RANGE/STEP 9 A	BARG. UNIT G	LOCATION Juneau	GOV	APPROV.	DISAPP.						
2	TYPE OF POSITION SEAS	STAFF MONTHS 3	RP No. CSHB 578 am	PCN No.	PRIORITY	FORM 12 PAGE/LINE	LEG.								
3	TYPE OF EXPENDITURE			AMOUNT											
	1	2	3												
4	PERSONAL SERVICES: SALARY \$1355/mo		4,065	JUSTIFICATION: CSHB 60 contains 195 separate appropriations for grants. It is assumed that when this bill passes the Senate that more appropriations for grants will be added. Each appropriation will have to be recorded separately with its own budget structure and collocation code. Vouchers for disbursement of these grants must be written and filed appropriately. If CSHB 60 is passed prior to the end of the fiscal year, much of the preliminary work will be done in FY 80. This will fund a three month seasonal position on a continuing basis with one month in FY 80.											
5	BENEFITS 15.15%		616												
6	FICA 6.65%		270												
7	HEALTH INS. \$127/mo		381												
8	TOTAL PERSONAL SERVICES		5.3												
9	TRAVEL														
10	CONTRACTUAL														
11	COMMODITIES		.1												
12	EQUIPMENT		.9												
13	OTHER														
14	TOTAL COST		6.3												
	CODE	FUNDING SOURCE													
15		FED RCPTS.													
16		GF MATCH.													
17	100	GEN. FUND		6.3											
18		I-A RCPTS.													
19		PGM RCPTS													
20		OTHER													
21	CONTINUATION														
22	ADDITION		FOR B&M USE ONLY												
AA-KEY NUMBER _____ COLUMN NO. _____															

AGENCY Administration PROGRAM AREA Administrative Services to State Agencies

BRU Administrative Services

FY 81

13 REQUEST FOR NEW POSITION.

COMPONENT _____

Page 1 of 1

REVISED DATE _____

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill 578
 Title An Act Relating to State Grants
 Requested by Legislative Finance Date 1-23-80

II. FISCAL DETAIL

Agency Affected Administration
 Program Category Affected General Government
 BRU, Program, or Subprogram(s) Affected Administrative Services
 (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 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		3.0	3.2	3.4	3.7	3.9
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES		.1	.1	.2	.2	.3
500 EQUIPMENT		.9				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		4.0	3.3	3.6	3.9	4.2

FUNDING (Thousands of Dollars)

GENERAL FUND		4.0	3.3	3.6	3.9	4.2
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME		1.0	1.0	1.0	1.0	1.0
TEMPORARY						

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

It is assumed that all transactions related to these grants would be done early in the fiscal year. The above funding would provide an accounting clerk position and related expenses for two months to record the appropriations and process the payments.

IV. DATE January 25, 1980 PREPARED BY Judy Crondahl
 AGENCY Administration
 PHONE 465-2277
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

JAY S. HAMMOND, GOVERNOR

POUCH K-STATE CAPITOL
JUNEAU, ALASKA 99811

April 18, 1980

465-3600

The Honorable George Hohman
The Honorable Russ Meekins
Chairmen, Free Conference
Committee on HB 60 Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Senator Hohman and Representative Meekins:

The question of direct grants from the legislature to private entities has raised serious legal questions. We have attempted to avoid those questions by previously suggesting means by which the legislature may constitutionally set up a private grant program. The most recent draft of HB 60, however, indicates that the legislature intends to go ahead with direct appropriations to private entities without standards for the award or a procedure for monitoring the grants being first established. If that occurs, we will be required to advise the Governor that grants of this nature are beyond the legislature's authority, and that funds for them may not be validly expended or withdrawn from the treasury.

The Governor has asked that we advise you prior to passage of the bill of the legal position of the department. He wanted us to do this so that there would be time available for the legislature to take reasonable steps to make the grant program constitutional. As previously indicated, we stand ready to assist you in completing that task.

The basis for our legal objections may be simply stated. They are grounded in the separation of powers principle which governs the relationship between branches of government. Under that principle, the legislature has the function of passing laws and appropriating money to carry out those laws. The responsibility of the executive branch is to use the money appropriated under the conditions imposed by the legislature to implement whatever programs the legislature deems proper. The executive branch has no authority

The Honorable George Hohman
The Honorable Russ Meekins
April 18, 1980
Page 2

to appropriate money or adopt laws, and the legislative branch has no authority to administer laws either directly or through private agents selected by the legislature. The legislature, for instance, has tried in the past to administer grant programs, but these efforts were deemed unconstitutional by the superior court here in Juneau. Egan v. Special Legislation Committee on Oil Pipeline Impact. Similarly, the legislature attempted directly to hire counsel to represent the state in the D-2 litigation, and the federal court struck down that attempted exercise of authority. Alaska v. Carter. Courts have universally ruled that the legislature has no executive or administrative authority to carry out programs--only to establish and fund them.

This legal principle is not merely academic. It is grounded on practical and public policy considerations. As a practical matter, the appropriation of funds directly to private organizations with no prescreening, no rational or objective criteria by which the organizations are selected, and no monitoring of how public moneys are spent is obviously bad public policy. Moreover, the implementation of laws--the manner in which legislatively approved programs are carried out is a responsibility of the Governor, and he is properly held accountable for that function by the electorate. If the legislature makes a \$100,000 grant to a private group, and the group mismanages funds without performing the desired function, the Governor will be held responsible. But under the grant program as the legislature seeks to implement it, he would have no control over the agents selected to carry out the program. Responsibility, coupled with the authority to meet that responsibility, is the hallmark of separation of powers. The Constitution vests the Governor with executive responsibility--he cannot be stripped of the authority by which he exercises that responsibility.

There is nothing legally wrong with grants as such. The legislature can appropriate moneys to be disposed of in private grants for public purposes and can establish rigid and quite specific criteria over the type of agency that will dispense those grants. But the final decision on the selection of private agents to receive the grants under the criteria established by the legislature must be the Governor and the executive agencies. The legislature can establish streamlined processes which must be followed by the executive branch in the selection and monitoring process. The legislature may advise the administration formally

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The Honorable George Hohman
The Honorable Russ Meekins
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Page 3

or informally as to who they think best qualified to receive the grant. But the legislature may not go the last step and make the selection itself.

We want to make it clear that it makes no difference whether the appropriation of a grant is made directly to a named private entity or through a state agency or political subdivision to a named entity. The constitutional defect lies in the legislature's selecting the persons to carry out the program or to provide the service for which the money is being appropriated.

With the above-mentioned principles in mind, we have reviewed the latest draft of HB 60 and are required to advise you that the grants to private agencies are invalid, and we will so advise the Governor if the bill passes in this form. We have prepared a bill which, if enacted, would establish a streamlined process for issuance of grants and establish the criteria under which the grantees should be selected. This bill would, we believe, alleviate the legal problem. In the absence of such a bill, we see no way in which these direct grants can be constitutionally funded.

So there can be no question over the matters to which we've referenced, I have reviewed HB 60 section by section, and I will outline here the sections which we believe to be invalid:

1. Sec. 1. This section appears to present no problems.
2. This grant is invalid not only under grounds discussed above, but under the additional ground that it violates the constitutional prohibition on the use of public money for private educational institutions.
3. Sec. 3. This section presents no problems.
4. Sec. 4. This grant is invalid.
5. Sec. 5. This grant is invalid.
6. Sec. 6. This section presents no problems.
7. Sec. 7. This section presents no problems.
8. Sec. 8. This section presents no problems.

9. Sec. 9. This grant is invalid.
10. Sec. 10. This section presents no problem.
11. Sec. 11. This grant is invalid.
12. Sec. 12. This grant is invalid.
13. Sec. 13. This grant is invalid.
14. Sec. 14. This section presents no problem.
15. Sec. 15. This section probably presents no problem, as it appears to provide for a study of a subject on which the legislature may act and not to require or provide for a private organization to provide education as that term is used in the constitution.
16. Sec. 16. This section presents no problem.
17. Sec. 17. This section presents no problem.
18. Sec. 18. This grant is invalid.
19. Sec. 19. This grant is invalid.
20. Sec. 20. This grant is invalid.
21. Sec. 21. This section presents no problem.
22. Sec. 22. This grant is invalid.
23. Sec. 23. This grant is invalid.
24. Secs. 24 through 60. These sections present no problems.
25. Sec. 61. This section presents a problem as to the nature of the Anchorage Child Abuse Board. If it constitutes a municipal agency or instrumentality, it may be no real problem. Otherwise, the grant is invalid.
26. Sec. 62. This grant is invalid.
27. Sec. 63. This section presents no problem.
28. Secs. 64 through 68. These sections raise the same kind of question as section 62, i.e., they are invalid.

29. Secs. 69 through 71. These sections present no problem.

30. Sec. 72. This grant is invalid.

31. Sec. 73. This grant is invalid.

32. Sec. 74. This grant is invalid.

33. Secs. 75 through 79. These sections present no problems.

34. Sec. 80. This grant is invalid.

35. Sec. 81. This grant is invalid.

36. Sec. 82. This grant is invalid.

37. Sec. 83. This section presents no problem.

38. Sec. 84. This grant is invalid.

39. Sec. 85. This grant is invalid.

40. Sec. 86. This grant is invalid.

41. Sec. 87. This section looks valid.

42. Secs. 88 and 89 present no problems.

43. Sec. 90. This section raises the separation of powers question but appears to be valid on the basis that the legislature may contract to study matters which it may act upon in its law-making capacity.

44. Secs. 91 and 92. These sections present no problems.

45. Sec. 93. This grant is invalid.

46. Sec. 94. This section has no problems.

47. Sec. 95. This grant is invalid.

48. Sec. 96. This grant is invalid.

49. Secs. 97 and 98. These sections present no problems.

50. Sec. 99. This grant is invalid.

51. Sec. 100. This section raises questions. Whether public money can be expended to host a conference depends on the nature of the conference. This is probably valid.

52. Sec. 101. This section appears not to present a problem, although there is a question of the legislature's contracting with the Senior Citizens' Center to provide certain services. However, again it appears that the center is a quasi-municipal institution, an adjunct or instrumentality of the Municipality of Anchorage.

53. Sec. 102. This section raises no problem.

54. Sec. 103. This grant is invalid.

55. Sec. 104. This section presents a problem because it involves an educational program. If the program is essentially a social service, pre-school program, the problem may not exist. It also presents a problem concerning the legislature's selecting the contractor to provide a government service. Again, if the contractor is a municipal instrumentality, there is no problem.

56. Sec. 105. This grant is invalid.

57. Sec. 106. This grant is invalid.

58. Sec. 107. This section presents no problem.

59. Sec. 108. This grant is invalid.

60. Secs. 109 through 117. These sections present no problems.

61. Sec. 118. This grant is invalid.

62. Secs. 119 through 132. These sections present no problems.

63. Sec. 133. This section raises the problem of the legislature's selecting the contractor to carry on a governmental program; however, a study of aquaculture on the lower Yukon would be well within the legislature's province

and it would therefore be valid for the legislature to contract for this program.

64. Sec. 134. This section raises questions concerning the public purpose of Fairbanks Pet Pride, and also raises the question of the legislature's selecting the contractor to carry out a governmental program. It is possible that Fairbanks Pet Pride is a quasi-municipal institution, in which case neither of the questions arises.

65. Secs. 135 through 166. These sections present no problems.

66. Sec. 167. This section is probably valid as a matter of tradition. That is, the state legislature has traditionally provided money for state fairs. Additionally, the state fair associations are unique instrumentalities, and there does not appear to be any question here of the legislature's usurping the power of the executive to carry out the law.

67. Sec. 168. This section presents no problem.

68. Sec. 169. This section probably doesn't present a problem in that the Haines Centennial Commission would be considered an instrumentality of the municipality.

69. Secs. 170 and 171. These sections present no problems.

70. Sec. 172. This grant is invalid.

71. Sec. 173. This section is probably valid in that it is a state fair, and it is for matching funds.

72. Secs. 174 through 178. These sections raise no problems.

73. Sec. 179. This grant is invalid.

74. Sec. 180. This grant is invalid.

75. Sec. 181. This grant is invalid.

76. Sec. 182. This section provides for the legislature's selecting the contractor, but since the study

is the kind of study the legislature may itself conduct, it presents no separation of powers problem.

77. Secs. 183 through 186. These sections present no problems.

78. Sec. 187. This section presents a problem on its face. There needs at the least to be some additional explanation of the public purpose of the appropriation.

79. Secs. 188 through 219. These sections present no problems.

80. Sec. 220. This section presents a serious problem in that it appropriates money to a legislative agency to use a contractor to carry out the law. It is invalid.

81. Secs. 221 and 222. These sections present no problem.

82. Sec. 223. This section presents a problem in that it does not say how much of the appropriation is for each of the two purposes mentioned in the appropriation.

83. Secs. 224 through 236. These sections present no problems.

84. Page 36, lines 12 and 13. Presents no problem.

85. Page 36, lines 12 and 13. These grants are invalid like the others mentioned. A well-drawn grants statute could as a practical matter channel funds to these agencies, but without it, these grants are invalid.

86. Page 45, lines 21 and 22. These grants are invalid.

87. Page 48, lines 23 and 24. If the health center and the task force are agencies of the municipality, the grant would be valid. If not, they are invalid.

88. Page 49, line 20. Raises the same kind of question.

89. Page 55, lines 24 and 25. These two appropriations raise the same kind of questions.

90. Page 56, lines 13, 14, and 15. This item raises public question on the one hand, selection of contractor questions on the other, and requires greater definition.

91. Page 56, lines 25. This item requires further definition to ascertain the public purpose.

92. Page 57, lines 5 through 7. These grants are invalid.

93. Page 57, line 18. There is no city at Kipnuk, therefore, some association must be found. Line 19, there is no city at Iliamna, with the same result. Line 20, Egegik, the same result. Line 21, needs further definition; electric power to the Kuskokwim Native Association simply doesn't say enough to define the public purpose. Line 22, Ugashik, no city. Line 23, Telida, same problem. Line 24, Portage Creek, same problem. Line 25, Indian-Bird Creek, same problem.

94. Page 58, line 4. Portage Creek, no city. Line 5, Kwigillingok, same problem. Line 6, Healy, same problem. Line 8, the appropriation for the Coalition for Economic Justice-Low Income Forums is invalid. Line 9, Chignik, no city. Line 10, Iliamna, same problem. Line 11, Iliamna, same problem. Line 12, Kokhanok, same problem. Line 13, Pedro Bay, same problem. Line 14, Portage Creek, same problem. Line 15, Twin Hills, same problem. Line 16, the Ester Volunteer Fire Department, while there is no city, probably does not present the same problem, if there is a volunteer fire association there. Line 17, Senior Citizens-Interior Alaska, needs further definition. Line 19, Chena Goldstream Volunteer Fire Department, probably valid. Line 20, grant to Mauneluk Association Sawmill Project, is invalid. Line 21, same problem. Line 22, same problem. Line 24, Cantwell, there is no city. Line 25, Dot Lake, the same problem.

95. Page 59, Lines 4 through 17. Present the same kind of problems, either there is no city or the appropriation is invalid.

96. Page 65, Lines 9, 12, 13, and 14. All are invalid.

97. Page 76, Line 15. This needs further definition to ascertain its public purpose. Line 19, a loan is ordinarily

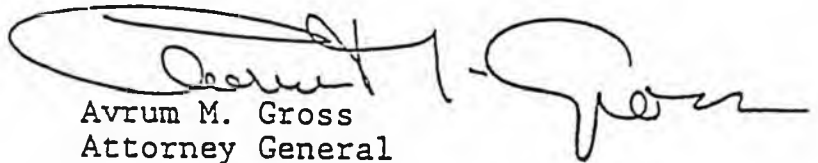
The Honorable George Hohman
The Honorable Russ Meekins
April 18, 1980
Page 10

not lawful, and this would need further definition to indicate its public purpose.

I stress again in closing that we have no desire to block funds going to entities that the legislature has selected, since we assume that these organizations are probably best qualified and would receive the funds under any statutorily established grant program by the legislature. These organizations, however, may not simply receive direct grants without any established criteria for the selection and without any monitoring of how money is used and spent.

We stand available to assist you in resolving the constitutional problems which will inevitably arise from the bill in its present form.

Yours very truly,


Avrum M. Gross
Attorney General

AMG:chw

cc: The Honorable Bill Ray

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

JAY S. HAMMOND, GOVERNOR

POUCH K-STATE CAPITOL
JUNEAU, ALASKA 99811
465-3600

April 25, 1980

The Honorable Russ Meekins
Alaska House of Representatives

The Honorable George Hohman
Alaska Senate

The Honorable John Sackett
Alaska Senate

Re: Grants administration

Gentlemen:

Enclosed is a proposed revision of the draft legislation on this subject. At Jay Hogan's suggestion, we have used HB 578 as the vehicle. Given the turn this legislation has taken, there is no reason for a grants account, and we deleted that language entirely.

With respect to grants for unincorporated municipalities, we believe it is imprudent to limit them solely to appropriations to, and administration by, the Department of Community and Regional Affairs. While the legislature may well assign most of these grants to that agency for administration, it is altogether likely that, at one place or another, the legislature may prefer that another agency administer the grant, e.g., the Alaska Power Authority or the Department of Commerce and Economic Development with respect to a small hydro project. In order to give this legislation universal coverage, we have deleted the term "Department of Community and Regional Affairs" and have inserted the term "state agency" in place of it. Making this change gives the legislation broader coverage and makes the legislature's exercise of its appropriative powers more flexible.

Sincerely yours,

AVRUM M. GROSS
ATTORNEY GENERAL

By: 

Rodger W. Pegues
Assistant Attorney General

Original sponsor: Finance Committee

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SCS FOR HOUSE BILL NO. 578

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to grants; and providing for an
7 effective date."

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

9 * Section 1. AS 37.07 is amended by adding a new section to read:

10 Sec. 37.07.105. GRANTS. (a) When an appropriation is made as a
11 grant to a municipality or school district, the Department of Admini-
12 stration shall notify the municipality of the availability of the
13 grant. When the Department of Administration receives an agreement
14 executed by the municipality which prescribes the manner in which the
15 municipality will (1) spend the grant for the purposes specified in
16 the appropriation; (2) allow, on request, an audit by the state of the
17 uses made of the grant; and (3) assure that, to the extent consistent
18 with the purpose of the appropriation, the facilities and services
19 provided with the grant will be available for the use of the general
20 public, the Department of Administration shall pay the grant directly
21 to the municipality. The agreement executed by a municipality under
22 this section shall be on a form furnished by the Department of Admini-
23 stration.

24 (b) When an appropriation is made to a state agency as a grant
25 for a named recipient which is not a municipality or school district,
26 the agency to which the appropriation is made shall promptly notify
27 the recipient of the availability of the grant, and request the named
28 recipient to submit a proposal to provide the goods or services or
29 both for which the appropriation was made. At the same time, the

1 agency shall also issue a request for proposals from other qualified
2 parties to provide the goods or services or both for which the appro-
3 priation was made. The department shall select the contractor which
4 makes the proposal which will best serve the public interest; and the
5 legislature's identifying a specific recipient shall be given great
6 weight as a finding by the legislature that the recipient's proposal
7 will best serve the public interest. The purchase of the goods or
8 services or both shall be in accordance with AS 37.05.230(1)(C).

9 (c) A grant to a municipality must be made within 60 days after
10 the effective date of the appropriation. A contract under (b) of this
11 section must be executed within 60 days after the effective date of
12 the appropriation.

13 (d) A grant to an unincorporated community made under this Act
14 shall be administered in the following manner:

15 (1) The state agency to which the money for the grant was
16 appropriated shall promptly notify the governing body of the unincor-
17 porated community, if any, that a grant is available. In consultation
18 with the governing body, if any, the agency shall determine whether
19 there is a qualified incorporated entity in the community area which
20 will agree to receive the grant and administer it, subject to terms
21 generally applicable to non-governmental grantees. If there is more
22 than one such entity, the agency shall select the most qualified, and
23 the grant shall be awarded to that incorporated entity for the purposes
24 of the appropriation, provided that the agency shall give preference
25 to a non-profit corporation organized by the community for receipt of
26 the grant.

27 (2) If there is no incorporated entity which is qualified
28 to receive the grant, the state agency to which the money for the
29 grant was appropriated shall administer the grant directly or through

1 agents or contractors with whom it may contract in the area of the
2 community.

3 (e) Notwithstanding provisions of the Administrative Procedure
4 Act, the Fiscal Procedures Act and the Executive Budget Act, no state
5 agency may adopt regulations to implement, interpret, make specific or
6 otherwise carry out the provisions of this section.

7 * Sec. 2. AS 37.07.120 is amended by adding a new paragraph to read:

8 (7) "grant" means an appropriation or allocation to an
9 agency, municipality, or school district which is identified as a
10 grant for a stated purpose, and may include a named recipient.

11 * Sec. 3. This Act takes effect immediately in accordance with AS 01.-
12 10.070(c).

STATE OF ALASKA
THE LEGISLATURE

POUCHY - STATE CAPITOL
JUNEAU ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 25, 1980

SUBJECT: State grant appropriations
SCS CSHB 578

TO: Senator George H. Hohman, Jr.
Representative Russ Meekins, Jr.

FROM: Billy G. Berrier *BGB*
Director
Division of Legal Services

Enclosed is a draft on the state grant question and a suggested letter of intent. I drafted this as a committee substitute for HB 578 which is now in Senate Finance.

The draft is based on the draft prepared by the Department of Law. I have made the following changes from that draft:

- (1) In (a) the agreement by a municipality is not required to prescribe the manner in which the municipality will meet the requirements established by that paragraph.
- (2) In (d) the prohibition on adding requirements has been expanded to include requirements imposed other than by regulations, the prohibition is made applicable to all departments, not just the Department of Administration and the loss of federal funds question has been approached by allowing regulations when required by the federal government.
- (3) In (e) the references to municipal incorporation have been deleted.

I am sending a copy of this draft to Rod Pegues.

BGB:jdn

Enclosures

cc: Rod Pegues

Letter of Intent
SCS CSHB 578

It is useful to provide by law a formal mechanism by which grants to municipalities, non-profit corporations and unincorporated municipalities may be administered. It is the intent of the Committee that the formal mechanism be as simple as is consistent with the necessity that the appropriation be used for the purpose which intended and that the grants be available for use by the recipient in a timely manner.

This formal mechanism provides an alternative means which the legislature may choose to use for making grants. The legislature has constitutional authority to make direct grants without using the mechanism created in this bill which it may use when a direct grant to a non-profit corporation is desired.

The Committee is aware that the legislature's power in this regard has been questioned by the Attorney General. It is not the intent that enactment of a formal mechanism for grants in any way limits the power of the legislature to make direct grants nor does creation of this mechanism imply agreement with a theory which limits the appropriation power of the legislature to make such grants.

In many instances the best interest of the state and the ultimate beneficiaries of a grant will be best served by using this mechanism so it is desirable that it be available.

DRAFT

Original sponsor: Finance Committee

IN THE HOUSE

BY THE FINANCE COMMITTEE

SENATE CS FOR CS FOR HOUSE BILL NO. 578

IN THE LEGISLATURE OF THE STATE OF ALASKA

ELEVENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to state grants; and providing for an effective date."

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

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

Sec. 37.05.315. GRANTS. (a) When an appropriation is made as a grant to a municipality, the Department of Administration shall promptly notify the municipality of the availability of the grant. When the Department of Administration receives an agreement executed by the municipality which provides that the municipality (1) will spend the grant for the purposes specified in the appropriation; (2) will allow, on request, an audit by the state of the uses made of the grant; and (3) assures that, to the extent consistent with the purpose of the appropriation, the facilities and services provided with the grant will be available for the use of the general public, the Department of Administration shall pay the grant directly to the municipality. The agreement executed by a municipality under this section shall be on a form furnished by the Department of Administration.

(b) When an appropriation is made to a department as a grant for a named recipient which is not a municipality, the department to which the appropriation is made shall promptly notify the named recipient of the availability of the grant and request the named recipient to submit a proposal to provide the goods or services, or both, for which the appropriation is made. At the same time, the department shall issue a request for proposals from other qualified persons ^{located in the same area} to provide the same ^{services} ^{geographic}

goods or services, or both, ~~in the same area~~. The department shall contract with the person who makes the proposal which will best serve the public interest. However, the naming of a specific recipient in an appropriation shall be given great weight as a finding by the legislature that the named recipient's proposal will best serve the public interest. The purchase of the goods or services, or both, shall be in accordance with AS 37.05.230(1)(C).

(c) A grant to a municipality must be made within 60 days after the effective date of the appropriation. A contract under (b) of this section must be executed within 60 days after the effective date of the appropriation.

(d) Notwithstanding the Administrative Procedure Act (AS 44.62), the Fiscal Procedures Act (AS 37.05), and the Executive Budget Act (AS 37.07), a department may not adopt regulations or impose additional requirements or procedures to implement, interpret, make specific or otherwise carry out the provisions of this section unless required by the federal government for participation in federal programs.

(e) A grant to an unincorporated community made under this section shall be disbursed as follows:

(1) Within 45 days after the effective date of the appropriation, the Department of Community and Regional Affairs shall notify the governing body of the unincorporated community, if any, that a grant is available.

(2) The Department of Community and Regional Affairs shall determine whether there is a qualified incorporated entity in the community area which will agree to receive the grant and administer it, subject to terms generally applicable to private grantees. If there is more than one such entity, the Department of Community and Regional Affairs shall select the most qualified and the grant shall be awarded