

Prior to 1984, half of the total NPR-A funds received by the State were deposited in the Alaska Permanent Fund, one-half percent in the Public-School Trust Fund, and the remainder was deposited in the General Fund and used to fund various legislative appropriations. In 1985, the North Slope Borough, Wainwright, and Barrow filed suit alleging that the State's method of allocating the NPR-A payments was in conflict with federal law. The decision in *Barrow v. State*, No. 1JU-85-2634, established that: (1) the State's distribution of NPR-A revenue had been incorrect and it did conflict with federal requirements; (2) the State needed to "reconstitute" the NPR-A Fund in part; and (3) henceforth, the State would allow first priority to the municipalities and/or communities most directly impacted by the NPR-A development.

As a result of the litigation, the NPR-A Fund was reconciled and reconstituted as of October 1987. It was also reconciled and reconstituted again as of September 1990, and again as of June 1992. Multiple reconciliations between actual NPR-A payments received and cash available in the NPR-A Fund were necessary because (1) the NPR-A payments (deposited in the NPR-A Fund) were being used to fund *two* programs. In addition to funding the NPR-A Impact Mitigation Program the payments were also funding grants awarded by the Department of Administration under the Municipal Grants Program; and (2) in FY92, AS 37.05.530 was amended and required a recalculation of available cash in the NPR-A Fund annually back to FY87.

SLA 1985, Chapter 96; SLA 1986, Chapter 128; SLA 1988, Chapter 173; and SLA 1990, Chapter 208 appropriated, repealed, and reappropriated the grants funded from NPR-A payments, but administered under the Municipal Grants Program by the Department of Administration. These projects and their grants are not reflected in this report. This report only addresses the grants that were/are funded from NPR-A payments *and* awarded under the NPR-A Impact Mitigation Program.