

CS FOR SENATE BILL NO. 280(FIN) am

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Amended: 4/12/96

Offered: 4/9/96

Sponsor(s): SENATORS TORGERSON, Green, Phillips, Donley, Halford

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to municipalities; the incorporation of certain boroughs in the**
2 **unorganized borough; the formation of separate unorganized boroughs; and to**
3 **taxation in the unorganized boroughs."**

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

5 * **Section 1.** LEGISLATIVE FINDING AND PURPOSE. (a) The legislature finds that
6 the rights, opportunities, and obligations of borough residents are not equal to those of
7 residents in the unorganized borough, particularly in respect to education, taxation, and land
8 use regulation, and that this is not in keeping with art. I, sec. 1, Constitution of the State of
9 Alaska, that states in part, ". . . . that all persons are equal and entitled to equal rights,
10 opportunities, and protection under the law; and that all persons have corresponding
11 obligations to the people and to the State."

12 (b) It is the purpose of secs. 3 - 5 of this Act to abide by the intent of the framers of
13 the state constitution and the voters who adopted it and to implement a more equitable
14 distribution of rights, opportunities, and obligations among all residents of the state by

1 providing a mechanism under which most of the unorganized borough may be included within
2 the boundaries of a borough, with the expectation that the few areas not organized under secs.
3 3 - 5 of this Act will be annexed to existing municipalities.

4 * **Sec. 2.** AS 29.05.031(a) is amended to read:

5 (a) An area that meets the following standards may incorporate as a home rule,
6 first class, [OR] second class, or third class borough, or as a unified municipality:

7 (1) the population of the area is interrelated and integrated as to its
8 social, cultural, and economic activities, and is large and stable enough to support
9 borough government;

10 (2) the boundaries of the proposed borough or unified municipality
11 conform generally to natural geography and include all areas necessary for full
12 development of municipal services;

13 (3) the economy of the area includes the human and financial resources
14 capable of providing municipal services; evaluation of an area's economy includes land
15 use, property values, total economic base, total personal income, resource and
16 commercial development, anticipated functions, expenses, and income of the proposed
17 borough or unified municipality;

18 (4) land, water, and air transportation facilities allow the
19 communication and exchange necessary for the development of integrated borough
20 government.

21 * **Sec. 3. BOROUGH INCORPORATION PROPOSAL.** (a) The Department of
22 Community and Regional Affairs shall prepare a third class borough incorporation proposal
23 for each of the model boroughs identified for formation in the report issued in 1995 by the
24 Local Boundary Commission entitled "Model Borough Boundaries." During the process of
25 preparing an incorporation proposal, the department shall hold at least one public hearing in
26 each city or community with a population of at least 500 in the region covered by the proposal
27 and consider recommendations regarding the proposal. The proposal must include the
28 following information:

29 (1) name;

30 (2) boundaries;

31 (3) maps, documents, and other information considered by the department to

1 be necessary;

2 (4) composition and apportionment of the assembly; and

3 (5) a proposed operating budget for the borough projecting sources of income
4 and items of expenditure through the first full fiscal year of operation.

5 (b) By January 1, 1997, the state assessor shall estimate the full and true value of
6 taxable property in each of the model boroughs identified for formation in the report issued
7 in 1995 by the Local Boundary Commission. The Department of Community and Regional
8 Affairs shall submit each borough incorporation proposal to the Local Boundary Commission
9 by

10 (1) July 1, 1997, for model boroughs with an estimated full and true value of
11 taxable property of at least \$550,000,000;

12 (2) July 1, 1998, for model boroughs with an estimated full and true value of
13 taxable property of at least \$350,000,000, but less than \$550,000,000;

14 (3) July 1, 1999, for model boroughs with an estimated full and true value of
15 taxable property of at least \$75,000,000, but less than \$350,000,000;

16 (4) July 1, 2000, for model boroughs with an estimated full and true value of
17 taxable property of less than \$75,000,000.

18 (c) Within six months after receiving a borough incorporation proposal submitted
19 under (b) of this section, the Local Boundary Commission may request the department to
20 make changes to the proposal. When the commission determines that the proposal meets the
21 standards for incorporation of a third class borough, the commission shall accept the proposal
22 and notify the director of elections of its acceptance.

23 * **Sec. 4. INCORPORATION ELECTION.** Within 30 days after receiving notice from the
24 Local Boundary Commission of its acceptance of an incorporation proposal, the director of
25 elections shall order an election in the region of the proposed borough to determine whether
26 the voters desire incorporation and, if so, to elect the initial borough officials. The election
27 shall be held under AS 29.05.110 and 29.05.120 not less than 30 nor more than 90 days after
28 the date of the election order. The election order must specify the dates during which
29 nomination petitions of election of initial officials may be filed.

30 * **Sec. 5. INCORPORATION OF NEW BOROUGHES.** If a majority of the voters voting
31 on the question approve incorporation, a region is incorporated as a third class borough on the

1 first Monday following certification of the election held under sec. 4 of this Act.
2 AS 29.05.130 - 29.05.150 and 29.05.190 - 29.05.210 apply to boroughs incorporated under
3 this section.

4 * **Sec. 6.** FORMATION OF SEPARATE UNORGANIZED BOROUGHES. If a majority
5 of the voters voting on the question disapprove incorporation under sec. 4 of this Act,
6 notwithstanding other provisions of law, the region becomes a separate unorganized borough
7 on the first Monday following certification of the election. Beginning on January 1 of the
8 year following certification of the election, an annual tax of six mills is levied each year on
9 the full and true value of taxable property in that unorganized borough. Money from taxes
10 levied under this section may be appropriated for funding for regional educational attendance
11 areas. The provisions of AS 29.45.010 - 29.45.500 apply to taxes levied under this section.
12 The state assessor shall assess the property, collect the taxes levied under this section and
13 deposit them in the general fund, and perform the mandatory duties of a municipality, a board
14 of equalization, or a municipal official under AS 29.45.010 - 29.45.500, except that the state
15 assessor may not act through the adoption of an ordinance or grant exemptions from taxation
16 not required under AS 29.45.010 - 29.45.500.

17 * **Sec. 7.** The Department of Community and Regional Affairs shall develop a proposed
18 method of levying and collecting taxes in separate unorganized boroughs formed under sec.
19 6 of this Act, proposed rates of taxation, and a proposed method of establishing boards of
20 equalization in each of the unorganized boroughs. The department shall obtain and consider
21 public input on the question of establishing a tax system in the unorganized boroughs. The
22 department shall prepare draft legislation establishing a tax system, rates of taxation, and a
23 board of equalization in each of the unorganized boroughs. The draft legislation must also
24 conform the statutes to sec. 6 of this Act, except that the legislation may modify the property
25 tax imposed under that section. By January 1, 1998, the department shall submit the draft
26 legislation to the senate and the house of representatives.

27 * **Sec. 8.** AS 29.05.011(a)(5), 29.05.021, and 29.05.031(b) are repealed.