

**SENATE BILL NO. 30**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - FIRST SESSION

**BY SENATORS TORGERSON, Sharp**

**Introduced: 1/13/97**

**Referred: CRA, Finance**

**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, 1998, 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, 1998, for model boroughs with an estimated full and true value of  
11 taxable property of at least \$550,000,000;

12 (2) July 1, 1999, 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, 2000, 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, 2001, 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 that is outside of home  
10 rule and first class cities. Money from taxes levied under this section may be appropriated  
11 for funding for regional educational attendance areas. The provisions of AS 29.45.010 -  
12 29.45.500 apply to taxes levied under this section. The state assessor shall assess the property,  
13 collect the taxes levied under this section and deposit them in the general fund, and perform  
14 the mandatory duties of a municipality, a board of equalization, or a municipal official under  
15 AS 29.45.010 - 29.45.500, except that the state assessor may not act through the adoption of  
16 an ordinance or grant exemptions from taxation 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, 1999, 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.