

SENATE BILL NO. 337

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Introduced: 3/9/98

Referred: Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the mandatory incorporation of certain boroughs in the
2 unorganized borough and to certain third class boroughs; and providing for an
3 effective date."

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 this Act to abide by the intent of the framers of the state
13 constitution and the voters who adopted it and to implement a more equitable distribution of
14 rights, opportunities, and obligations among all residents of the state by including most of the

1 unorganized borough within the boundaries of a borough, with the expectation that the few
2 areas not organized under this Act will be annexed to existing municipalities.

3 * **Sec. 2. BOROUGH INCORPORATION PROPOSAL.** (a) The Department of
4 Community and Regional Affairs shall prepare a third class borough incorporation proposal
5 for each of the model boroughs identified for formation in the report issued in 1995 by the
6 Local Boundary Commission entitled "Model Borough Boundaries." During the process of
7 preparing an incorporation proposal, the department shall hold at least one public hearing in
8 each city or community with a population of at least 500 in the region covered by the proposal
9 and consider recommendations regarding the proposal. The proposal must include the
10 following information:

11 (1) name;

12 (2) boundaries;

13 (3) maps, documents, and other information considered by the department to
14 be necessary;

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

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

18 (b) By January 1, 1999, the state assessor shall estimate the full and true value of
19 taxable property in each of the model boroughs identified for formation in the report issued
20 in 1995 by the Local Boundary Commission. The Department of Community and Regional
21 Affairs shall submit each borough incorporation proposal to the Local Boundary Commission
22 by

23 (1) July 1, 1999, for model boroughs with an estimated full and true value of
24 taxable property of at least \$550,000,000;

25 (2) July 1, 2000, for model boroughs with an estimated full and true value of
26 taxable property of at least \$350,000,000, but less than \$550,000,000;

27 (3) July 1, 2001, for model boroughs with an estimated full and true value of
28 taxable property of at least \$75,000,000, but less than \$350,000,000;

29 (4) July 1, 2002, for model boroughs with an estimated full and true value of
30 taxable property of less than \$75,000,000.

31 (c) Within six months after receiving a borough incorporation proposal submitted

1 under (b) of this section, the Local Boundary Commission may request the department to
 2 make changes to the proposal. When the commission determines that the proposal meets the
 3 standards under AS 29.05.031(a)(1) - (4) for incorporation of a borough, the commission shall
 4 accept the proposal and notify the director of elections of its acceptance.

5 * **Sec. 3. ELECTION OF INITIAL OFFICIALS.** Within 30 days after receiving notice
 6 from the Local Boundary Commission of its acceptance of an incorporation proposal, the
 7 director of elections shall order an election in the proposed borough for initial borough
 8 officials. The election shall be held under AS 29.05.120 not less than 30 nor more than 90
 9 days after the date of the election order. The election order must specify the dates during
 10 which nomination petitions of election of initial officials may be filed.

11 * **Sec. 4. INCORPORATION OF NEW BOROUGHES.** Notwithstanding AS 29.05.031(b),
 12 a region is incorporated as a third class borough on the first Monday following certification
 13 of the election held under sec. 3 of this Act. AS 29.05.130 - 29.05.150 and 29.05.190 -
 14 29.05.210 apply to boroughs incorporated under this section.

15 * **Sec. 5.** AS 14.12.010 is amended to read:

16 **Sec. 14.12.010. Districts of state public school system.** The districts of the
 17 state public school system are as follows:

18 (1) each home rule and first class city in the unorganized borough is
 19 a city school district;

20 (2) each home rule and first class city in a third class borough
 21 incorporated after January 1, 1999, is a city school district;

22 (3) each organized borough is a borough school district, however, the
 23 borough school district in a third class borough incorporated after January 1,
 24 1999, does not include city school districts within the borough boundaries;

25 (4) [(3)] the area outside organized boroughs and outside home rule and
 26 first class cities is divided into regional educational attendance areas.

27 * **Sec. 6.** AS 29.35.110 is amended to read:

28 **Sec. 29.35.110. Expenditure of borough revenues.** Borough revenues
 29 received through taxes collected on an areawide basis by the borough may be
 30 expended on general administrative costs and on areawide functions only. Borough
 31 revenues received through taxes collected on a nonareawide basis may be expended

1 on general administrative costs and nonareawide functions [THAT RENDER
2 SERVICE] only [TO THE AREA OUTSIDE ALL CITIES IN THE BOROUGH].

3 * **Sec. 7.** AS 29.35.250(c) is amended to read:

4 (c) A home rule or first class city in a third class borough incorporated
5 after January 1, 1999, is a city school district and shall establish, operate, and
6 maintain a system of public schools as provided by AS 29.35.160 for boroughs.

7 A home rule city in a third class borough shall provide for planning, platting, and land
8 use regulation as provided by AS 29.35.180(b) for home rule boroughs. A first class
9 city in a third class borough shall provide for planning, platting, and land use
10 regulation as provided by AS 29.35.180(a) for first and second class boroughs. A
11 second class city in a third class borough may provide for planning, platting, and land
12 use regulation as provided by AS 29.35.180(a) for first and second class boroughs.

13 * **Sec. 8.** AS 29.45.560 is amended to read:

14 **Sec. 29.45.560. Cities inside boroughs.** Home rule and first class cities inside
15 boroughs, other than third class boroughs organized after January 1, 1999, may
16 levy a property tax. A property tax, if levied, is subject to AS 29.45.010 - 29.45.050,
17 29.45.090 - 29.45.100, 29.45.250, 29.45.400 - 29.45.440, and 29.45.460 - 29.45.500.
18 The council shall by June 15 of each year present to the assembly a statement of the
19 city's rate of levy unless a different date is agreed upon by the borough and city.

20 * **Sec. 9.** AS 29.45.560 is amended by adding a new subsection to read:

21 (b) Notwithstanding other provisions of law, home rule and first class cities
22 inside third class boroughs organized after January 1, 1999, may assess, levy, and
23 collect a property tax. A property tax if levied must be assessed, levied, and collected
24 as provided by AS 29.45.010 - 29.45.500.

25 * **Sec. 10.** AS 29.45.700 is amended by adding a new subsection to read:

26 (e) Notwithstanding (a) and (b) of this section, a home rule or first class city
27 in a third class borough incorporated after January 1, 1999, may levy and collect sales
28 and use taxes in the manner provided for boroughs.

29 * **Sec. 11.** AS 29.71.800(1) is amended to read:

30 (1) "areawide" means throughout a borough, both inside and outside all
31 cities in the borough, except that in a third class borough incorporated after

1 **January 1, 1999, the area within the boundaries of home rule or first class cities**
2 **in the borough are excluded;**

3 * **Sec. 12.** This Act takes effect only if a version of SB 36 is enacted into law on or before
4 July 1, 1998.

5 * **Sec. 13.** If this Act takes effect under sec. 12, it takes effect on July 1, 1998.