

**CS FOR SENATE BILL NO. 63(STA)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY THE SENATE STATE AFFAIRS COMMITTEE

Offered: 5/1/03

Referred: Rules

Sponsor(s): SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

**A BILL****FOR AN ACT ENTITLED**

1 **"An Act relating to transition provisions related to municipal mergers, consolidations,**  
 2 **dissolutions, reclassifications, annexations, detachments, and incorporations; and**  
 3 **relating to municipal property taxation in annexed, detached, and newly incorporated**  
 4 **areas."**

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

6 \* **Section 1.** AS 29.04.040(a) is amended to read:

7 (a) A second class city may be reclassified as a first class city. A first class or  
 8 home rule city may be reclassified as a second class city. Reclassification is proposed  
 9 by filing a petition with the department. The department shall investigate the proposal  
 10 and report its findings to the Local Boundary Commission with its recommendations.  
 11 The commission shall hold at least one public hearing in the city on the proposal. The  
 12 commission may amend the petition, [AND] may impose conditions on the  
 13 reclassification, **and may impose any transition requirements that the commission**  
 14 **determines to be useful or necessary to accomplish the reclassification.** If the

1 commission determines that the reclassification, as amended or conditioned if  
 2 appropriate, meets applicable standards under the state constitution and commission  
 3 regulations, meets the standards for incorporation under AS 29.05.011 for the class of  
 4 city proposed in the reclassification petition, and is in the best interests of the state, it  
 5 may accept the petition. Otherwise, it shall reject the petition. The commission shall  
 6 notify the city of its decision. The decision may be appealed under AS 44.62  
 7 (Administrative Procedure Act).

8 \* **Sec. 2.** AS 29.05.100(a) is amended to read:

9 (a) The Local Boundary Commission may amend the petition, [AND] may  
 10 impose conditions on the incorporation, and, in addition to those under  
 11 AS 29.05.140, may impose any transition requirements that the commission  
 12 determines to be useful or necessary to accomplish the incorporation. If the  
 13 commission determines that the incorporation, as amended or conditioned if  
 14 appropriate, meets applicable standards under the state constitution and commission  
 15 regulations, meets the standards for incorporation under AS 29.05.011 or 29.05.031,  
 16 and is in the best interests of the state, it may accept the petition. Otherwise it shall  
 17 reject the petition.

18 \* **Sec. 3.** AS 29.05.140 is amended by adding a new subsection to read:

19 (f) Unless the incorporation takes effect on January 1, the newly incorporated  
 20 municipality may not levy property taxes before January 1 of the year immediately  
 21 following the year in which the incorporation takes effect.

22 \* **Sec. 4.** AS 29.06.040 is amended by adding a new subsection to read:

23 (e) Subject to AS 29.06.055, the Local Boundary Commission may impose  
 24 any transition requirements that the commission determines to be useful or necessary  
 25 to accomplish a boundary change.

26 \* **Sec. 5.** AS 29.06 is amended by adding a new section to read:

27 **Sec. 29.06.055. Property taxes in annexed or detached areas.** (a) Unless  
 28 the annexation takes effect on January 1, the annexing municipality may not levy  
 29 property taxes in an annexed area before January 1 of the year immediately following  
 30 the year in which the annexation takes effect. However, notwithstanding other  
 31 provisions of law, the municipality may provide services in the annexed area that are

1 funded wholly or partially with property taxes during the period before the  
 2 municipality may levy property taxes in the annexed area.

3 (b) If an area is detached from a municipality, all property taxes that are levied  
 4 by that municipality on property in the detached area based on an assessment that  
 5 occurred before the effective date of the detachment remain valid. AS 29.45.290 -  
 6 29.45.500 apply to the enforcement of those taxes.

7 \* **Sec. 6.** AS 29.06.160 is amended by adding a new subsection to read:

8 (b) Subject to (a) of this section, the Local Boundary Commission may impose  
 9 any transition requirements that the commission determines to be useful or necessary  
 10 to accomplish the merger or consolidation.

11 \* **Sec. 7.** AS 29.06.500(a) is amended to read:

12 (a) The Local Boundary Commission may amend the petition, [AND] may  
 13 impose conditions for the dissolution, **and may impose any transition provisions**  
 14 **that the commission determines to be useful or necessary to accomplish the**  
 15 **dissolution**. If the commission determines that the dissolution, as amended or  
 16 conditioned if appropriate, meets applicable standards under the state constitution and  
 17 commission regulations, meets the standards for dissolution under AS 29.06.470, and  
 18 is in the best interest of the state, it may accept the petition. Otherwise it shall reject  
 19 the petition.