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Referred: Health, Welfare &  
Education, Local Government  
and Finance

BY THE HEALTH, WELFARE AND  
EDUCATION COMMITTEE

1 IN THE HOUSE

2 HOUSE BILL NO. 738

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for the establishment of a Department  
7 of Regional and Community Affairs and making certain  
8 provisions for local government within  
9 boroughs; and providing for an effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 \* Section 1. AS 44 is amended by adding a new chapter to read:

12 CHAPTER 48. DEPARTMENT OF REGIONAL  
13 AND COMMUNITY AFFAIRS.

14 Sec. 44.48.010. POLICY. The legislature declares that it is the  
15 policy of the state to promote the general welfare and security of the  
16 people by insuring the maximum extent of self government at the local  
17 and regional level, in accordance with the mandate of Art. X of the  
18 state constitution. In recognition of the need for economic stability  
19 and adequate governmental forms in carrying out this purpose, it is  
20 further declared to be the policy of the state to provide for the fair  
21 sharing of the capital and natural resources of the state among all  
22 local and regional governments for the benefit of all the people of the  
23 state, who are the real owners of state resources. To carry out this  
24 policy, the legislature finds that establishment of an executive depart-  
25 ment is necessary and desirable to provide technical and financial assis-  
26 tance to regional and local governments; to assist the governor in  
27 achieving maximum coordination of the various state and federal programs  
28 available to such units of government; to encourage the solution of  
29 problems at the lowest practicable level of government; and to provide

1 for the study and consideration at the state level of the needs and  
2 interests of the communities of this state and the people who live and  
3 work in them.

4 Sec. 44.48.020. DEPARTMENT OF REGIONAL AND COMMUNITY AFFAIRS. The  
5 principal executive officer of the Department of Regional and Community  
6 Affairs is the commissioner of regional and community affairs.

7 Sec. 44.48.030. POWERS AND DUTIES OF DEPARTMENT. The department  
8 shall exercise the powers, duties and functions of agencies transferred  
9 to the department under sec. 2 of this Act and otherwise conferred in  
10 this chapter. The department shall in addition seek to treat and  
11 resolve problems arising in urban areas which result from migration of  
12 rural persons to urban areas.

13 Sec. 44.48.040. ADMINISTRATIVE UNITS. The commissioner may, with  
14 the approval of the governor, establish divisions or other administrative  
15 units in accordance with AS 44.17.020. However, to the extent consis-  
16 tent with sound administrative practice, he shall preserve the identity  
17 and staff of agencies transferred to the department under sec. 2 of  
18 this Act.

19 Sec. 44.48.050. REGIONAL UNORGANIZED BOROUGHES. (a) The commis-  
20 sioner shall, with the assistance of the agencies transferred to the  
21 department under sec. 2 of this Act, draw tentative boundaries dividing  
22 all areas of the state which are not within the boundaries of an organ-  
23 ized borough into proposed regional unorganized boroughs. The commis-  
24 sioner shall employ, for the purposes of further assisting in drawing  
25 the tentative boundaries, specialists or experts in education, health,  
26 economics, law, public finance, welfare, housing, communications, plan-  
27 ning, transportation, poverty problems, and public and municipal admin-  
28 istration. The tentative boundaries shall be controlled by the standards  
29 and criteria set forth in Art. X, Secs. 1 and 3, of the state consti-

1       tution. In addition, the commissioner shall consider the jurisdiction  
2 of existing Alaskan Native associations, economic units, regional  
3 boards and corporations, election districts, land claims settlement  
4 areas, and existing ethnic and fraternal groupings. The commissioner  
5 shall also give consideration to the desires and wishes of the residents  
6 of the proposed boroughs and hold public hearings in regions, communities,  
7 or areas which might be included within two or more proposed boroughs.

8       (b) Within 180 days following the effective date of this chapter,  
9 the commissioner shall promulgate the tentative boundaries by order,  
10 insuring the widest possible publication of the boundaries through the  
11 use of public and private media, maps, and presentations and lectures  
12 by department staff. The boundaries, portrayed in detail through the  
13 use of maps and other documents, shall be transmitted to all newspapers  
14 of general circulation in the state, and to all existing village  
15 councils and local government units within the state.

16       (c) The boundaries proposed by the commissioner shall be final  
17 90 days following the promulgation of the commissioner's order, except  
18 as otherwise provided in this subsection. Upon receipt, within 120  
19 days of the date of the order, of a petition signed by 25 per cent of  
20 the registered voters residing within a tentative unorganized borough  
21 as delineated by the commissioner, he may hold a referendum open to all  
22 adult persons in the proposed borough for the purpose of determining  
23 the will of the residents within the proposed borough. He may frame  
24 the questions to be decided in the referendum, and hold a referendum  
25 in one or more proposed borough areas, as will enable him to gauge the  
26 will of the residents. The commissioner shall abide by the results of  
27 a referendum unless the result would have been inconclusive, arbitrary,  
28 capricious, or inconsistent with the standards laid down in (a) of this  
29 section were he to have described the tentative boundaries himself

1 under (a) of this section.

2 Sec. 44.48.060. ELECTION. (a) At the first state general elec-  
3 tion following final determination of the boundaries of each regional  
4 unorganized borough, the following proposition shall be placed before  
5 the voters of the borough:

6 I. Shall the ..... Regional Borough establish  
7 a Regional Council consisting of ..... members to serve at  
8 staggered three-year terms for the purpose of supervising and  
9 coordinating the orderly development of this region?

10 II. If the above proposal is approved by a majority of  
11 those votes cast in the area, which of the following .....  
12 candidates do you wish to serve on the Regional Council?

13 (b) If the proposal to establish a regional council is not approved  
14 in its first general election, it may be placed on the ballot at any  
15 subsequent general election upon the submission of a petition signed  
16 by 10 per cent of the number of residents who voted in the last election  
17 on the question. The petition shall read as follows:

18 We, the undersigned, qualified voters of the .....  
19 Regional Borough do hereby petition that the following proposal  
20 be placed before the voters as provided by law:

21 (Proposition as in (a) of this section to be inserted)

22 (c) The number of councilors to serve in each borough shall be  
23 decided by the Rural Affairs Commission at least 90 days prior to the  
24 election, except that it shall be a number divisible by three.

25 (d) Candidates for seats on regional councils shall be qualified  
26 voters of the borough. They shall file declarations of candidacy with  
27 the commissioner at a time and in a manner prescribed by him. Their  
28 terms of office shall begin following certification of their election  
29 by the commissioner.

1 (e) Candidates first elected to regional councils under this  
2 section shall draw lots for terms of one, two and three years respective-  
3 ly. Candidates elected thereafter shall serve terms of three years.

4 (f) Subsequent elections for councilors under this section shall  
5 be held annually on a date prescribed by the commissioner.

6 (g) Vacancies on a council shall be filled for the unexpired term  
7 by a majority of the remaining councilors. Vacancies shall be declared  
8 if a councilor ceases to be a qualified voter of the borough or upon  
9 his death, resignation or recall from office as provided by law.

10 (h) The commissioner shall conduct elections under this section  
11 in substantially the manner prescribed for borough elections under  
12 AS 07.10.120(d). The department shall pay costs of the elections.

13 Sec. 44.48.070. FUNCTIONS OF REGIONAL COUNCIL. A regional council  
14 shall

15 (1) prepare, review and approve the budget of the regional  
16 unorganized borough; or review and approve the budget for the borough  
17 prepared for it by the department as provided in sec. 80(e) of this  
18 chapter;

19 (2) coordinate federal and state activities with regional  
20 and local programs;

21 (3) review and approve all state agency plans which affect  
22 the development and welfare of the borough;

23 (4) prepare and submit to the department the priorities and  
24 needs of the communities and people living in the borough;

25 (5) employ and compensate necessary staff;

26 (6) exercise all powers authorized to it under AS 07.05.020.

27 Sec. 44.48.080. REGIONAL AND COMMUNITY AFFAIRS FUND. (a) There  
28 is in the department a regional and community affairs fund consisting  
29 of funds dedicated under this chapter.

1 (b) There is hereby dedicated to the fund for each fiscal year  
2 40 per cent of all state revenues derived from the sale, lease, or  
3 other disposition of a natural resource or asset during that year,  
4 except that no receipts from any state tax or license within the meaning  
5 of Art. IX, Sec. 7 of the state constitution shall be dedicated to the  
6 fund unless that section is repealed or amended. Revenues dedicated  
7 under this section include any revenues received after June 30, 1969.  
8 The legislature shall appropriate the sum dedicated under this subsec-  
9 tion.

10 (c) The commissioner shall establish separate accounts for each  
11 borough whether organized or unorganized. Half of the fund shall be  
12 designated part A. The remaining half of the fund shall be designated  
13 part B. The commissioner shall allocate a share of part A to each  
14 borough in the proportion that the population of the borough bears to  
15 the total population of the state. All of part A shall be so distri-  
16 buted. Part B shall be allocated in the following manner: For each  
17 borough where the average per capita income is less than the average  
18 per capita income of the state, the income deficiency shall be calcu-  
19 lated. The income deficiency shall be the amount by which the total  
20 income earned in the borough is less than the total income that would  
21 have been earned in the borough had the average per capita income in  
22 the borough been equal to the average per capita income in the state.  
23 If the sum of the income deficiencies of all boroughs having an income  
24 deficiency is more than part B, then the whole of part B shall be  
25 allocated to the accounts of the boroughs having income deficiencies  
26 so that each shall receive an amount having the same ratio to part B  
27 as the income deficiency of each borough has to the sum of the deficien-  
28 cies of all boroughs having income deficiencies. If the sum of the  
29 income deficiencies is less than part B, then the commissioner shall

1 distribute to the account of each borough having an income deficiency  
2 an amount equal to this deficiency. In this case, the remainder of  
3 part B shall be distributed among all boroughs on the basis of popula-  
4 tion in the same manner as was prescribed above for part A.

5 (d) The commissioner of health and welfare shall annually furnish  
6 estimates of the population of boroughs established under this chapter,  
7 and such estimates shall be used for calculating apportionments of  
8 funds under this section.

9 (e) In the case of regional unorganized boroughs having a duly  
10 elected regional council, the council may prepare a budget for the  
11 expenditure of the money allocated to the account of the borough; in  
12 the case of a borough which has no regional council, or in the case of  
13 a council which elects not to prepare a budget, the department shall  
14 prepare such a budget and, if a council has been elected, submit it to  
15 the council for approval. If no council has been elected, or a council  
16 elects not to administer the budget, the department shall administer  
17 the expenditure of money under the approved budget. There shall be a  
18 separate budget for each calendar year.

19 (f) There shall be a reserve of 10 per cent of the amount in the  
20 account allocated to each unorganized borough. The reserve shall be  
21 paid to municipalities within the borough in proportion to their  
22 respective populations and at the same times as the money is paid to  
23 the borough.

24 (g) The department shall pay, with the money in the account allo-  
25 cated to each regional unorganized borough, administrative or organiza-  
26 tional costs incurred in the development and preparation of boroughs,  
27 regional councils, budgets, priorities and needs lists, and other  
28 expenses related to the purposes of this chapter.

29 (h) In (c) and (f) of this section

1 (A) "income" means any remuneration paid by an employer  
2 to an employee which qualifies as insured wages under the Alaska  
3 Employment Security Act, except that the term excludes income  
4 earned by persons whose primary place of employment is a military  
5 installation or reservation, or a facility of the Atomic Energy  
6 Commission.

7 (B) "municipalities" means cities of any class, villages  
8 having a council under the Federal Indian Reorganization Act, and  
9 all other villages having a democratically-elected council or  
10 other body which undertakes one or more government functions.

11 (C) "population" means the civilian (nonmilitary)  
12 population as of June 30 of a given year.

13 Sec. 44.48.090. OTHER MONEY. Money appropriated to the fund  
14 under this chapter shall be in addition to other state or federal pro-  
15 grams of assistance which may be available on and after the effective  
16 date of this Act to the residents of organized or unorganized boroughs.  
17 The entitlement of a borough, city, municipality, village, or other  
18 governmental entity to funds for the purposes of education, housing,  
19 water and sewage systems, or other programs of any nature whatsoever,  
20 shall not be diminished or reduced by virtue of their entitlement to  
21 money under this chapter.

22 Sec. 44.48.100. RIGHT TO LAND SELECTION. Regional unorganized  
23 boroughs having a duly elected regional council may exercise the power  
24 of land selection conferred on organized boroughs under AS 07.10.150.

25 Sec. 44.48.110. REGULATIONS. The department may promulgate  
26 regulations to carry out the purposes of this chapter.

27 Sec. 44.48.120. DEFINITIONS. In this chapter, unless the context  
28 requires otherwise,

29 (1) "commissioner" means the commissioner of regional and

1 community affairs;

2 (2) "department" means the Department of Regional and  
3 Community Affairs;

4 (3) "fund" means the regional and community affairs fund.

5 \* Sec. 2. (a) There is hereby transferred to the Department of Regional  
6 and Community Affairs all the functions, powers, and duties of the Local  
7 Affairs Agency (AS 44.19.180 - 44.19.240); the Rural Development Agency  
8 (AS 44.19.580 - 44.19.620); the Alaska planning and research division (AS 44.  
9 19.870 - 44.19.890); and the planning assistance authority of the Alaska  
10 State Housing Authority specified in AS 18.55.970 - 18.55.990.

11 (b) The Rural Affairs Commission (AS 44.19.720 - 44.19.728) and the  
12 Local Boundary Commission (AS 44.19.250 - 44.19.340) are transferred to the  
13 department.

14 (c) Except as may be otherwise expressly provided in this chapter,  
15 powers, duties and functions conferred by this chapter are cumulative, in  
16 addition to, and not in derogation of, powers, duties and functions other-  
17 wise existing or vested in agencies transferred to the department under this  
18 section. All rules, regulations, orders, authorizations, delegations, or  
19 other actions duly issued, made, or taken under applicable law, before the  
20 effective date of this Act, by any agency, officer, or office pertaining to  
21 any of the functions, powers, and duties transferred by this section shall  
22 continue in full force and effect until amended, modified, repealed or  
23 rescinded by the commissioner or his authorized delegate as may be appropri-  
24 ate in accordance with existing law.

25 (d) Appropriations, records, equipment and other property of agencies  
26 designated in (a) and (b) of this section are transferred to the department.

27 \* Sec. 3. AS 07.05.010 is amended to read:

28 Sec. 07.05.010. ESTABLISHMENT. All areas in the state which are  
29 not within the boundaries of an organized borough or a regional

1 unorganized borough established under AS 44.48 constitute a single  
2 unorganized borough.

3 \* Sec. 4. AS 07.05.020 is repealed and re-enacted to read:

4 Sec. 07.05.020. SERVICE AREAS. The legislature authorizes the  
5 regional council of each regional unorganized borough established under  
6 AS 44.48 to establish, alter, or abolish service areas within the  
7 unorganized borough to provide special services, which may include but  
8 are not limited to, schools, utilities, land use regulations, and fire  
9 protection, but excludes power to assess, levy or collect taxes. A  
10 new service area shall not be established if the new service can be  
11 provided by an existing service area, by incorporation as a city, or  
12 by annexation to a city.

13 \* Sec. 5. This Act takes effect on the day after its passage and approv-  
14 al or on the day it becomes law without approval.