

1 IN THE SENATE

BY MERDES

2 SENATE BILL NO. 342

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act concerning issuance of municipal bonds for
7 local improvements."

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

9 * Section 1. AS 29 is amended by adding a new chapter to read:

10 CHAPTER 51. LOCAL IMPROVEMENT BONDING ACT.

11 Sec. 29.51.010. LOCAL IMPROVEMENT. (a) The term "local improve-
12 ment", as used in this chapter, has the meaning given the term in
13 AS 29.10.246.

14 (b) The provisions of this chapter are not mandatory. A city
15 having charter provisions for bonding improvement assessments and
16 selling bonds may follow those provisions or the provisions of this
17 chapter or of any other statute.

18 Sec. 29.51.020. INSTALLMENT PAYMENT OF ASSESSMENTS. (a) When
19 a city council causes a local improvement to be made within the city
20 and has assessed the cost of the improvement to the area benefited by
21 or liable for the improvement, according to the provisions of the
22 charter or ordinances of the city, the owner of any property assessed
23 for the improvement in the sum of \$25 or more, at any time within 10
24 days after notice of the improvement is first published, may file with
25 the clerk of the city a written application to pay

26 (1) the whole of the assessment in installments; or

27 (2) if part of the assessment has been paid, the unpaid
28 balance of the assessment in installments.

29 (b) At the option of the city, written applications may be filed

1 after 10 days after notice of assessment is first published.

2 Sec. 29.51.030. EDUCATIONAL, RELIGIOUS, FRATERNAL OR CHARITABLE
3 ORGANIZATIONS AND PUBLIC CORPORATIONS. An educational, religious,
4 fraternal or charitable organization or public corporation owning
5 property assessed for its proportionate share of the cost of construct-
6 ing a local improvement as defined in sec. 10 of this chapter has the
7 same right to bond that assessment and having bonded the assessment
8 is subject to the same duties and liabilities as a natural person
9 bonding an assessment. However, the limitations on the amount of an
10 assessment that may be bonded do not apply to these organizations and
11 corporations, which are permitted to bond to the full extent of the
12 assessments.

13 Sec. 29.51.040. CONTENTS OF APPLICATION. The written applica-
14 tion shall state that the applicant and property owner waives all
15 irregularities or defects, jurisdictional or otherwise, in the
16 proceedings causing the improvements to be made for which the assess-
17 ment is levied and in the apportionment of the cost of the improvement.
18 The application shall provide that the property owner agrees to pay
19 the assessment in 20 semiannual installments, with interest at six
20 per cent a year on all assessments which have not been paid. The appli-
21 cation shall also contain a statement, by lots or other convenient
22 description, of the property of the applicant assessed for the improve-
23 ment.

24 Sec. 29.51.050. APPLICATIONS REFUSED. No application as provided
25 in sec. 40 of this chapter may be received and filed if the amount
26 remaining unpaid upon the assessment together with the unpaid balance
27 of a previous assessment for improvements against the same property
28 equals or exceeds the valuation of the property.

29 Sec. 29.51.060. RECORD OF APPLICATIONS. The city clerk shall

1 (1) keep all applications filed under sec. 20 of this
2 chapter in a convenient manner for examination; the applications
3 received for each improvement shall be kept separate;

4 (2) enter in a book kept for that purpose, with a separate
5 section for each improvement, the date of filing of each application,
6 the name of the applicant, a description of the property and the amount
7 of the assessment, as shown on the application.

8 Sec. 29.51.070. BOND LIEN DOCKET. After expiration of the time
9 for filing applications, the clerk shall enter in a docket kept for
10 that purpose, with separate headings for each improvement, by name or
11 number, a description of each lot or parcel of land or other property
12 against which the assessment is made, with the name of the owner and the
13 amount of the unpaid assessment. This docket shall be a lien docket
14 for taxes assessed and levied by the city and for the amount of the
15 unpaid assessments docketed, with interest at the rate of six per cent
16 a year, against each lot or parcel of land or other property, until
17 the assessments and interest are paid. The unpaid assessments and
18 interest are a lien on each lot or parcel of land or other property
19 in favor of the city and these liens shall have priority over all
20 other liens and encumbrances.

21 Sec. 29.51.080. ISSUANCE OF BONDS. When a bond lien docket is
22 made up as provided in sec. 70 of this chapter, the city may, in
23 accordance with the provisions of AS 29.50.020 authorize the issuance
24 of bonds in convenient denominations not exceeding \$5,000 each, equal
25 to the total amount of unpaid assessments for improvements, for which
26 applications to pay under this chapter have been filed, as shown by
27 the bond lien docket.

28 Sec. 29.50.090. FORM OF BONDS. The bonds shall, by their terms,
29 be the general obligations of the city issuing them, be in serial form

1 with definite maturity dates determined by the city council, and shall
2 mature in annual or semiannual installments. If the city council
3 elects, the portion of the particular issue of bonds that matures
4 after one year from issue date may be made subject to redemption in
5 numerical order on the interest dates on or after the first year from
6 issue date, as the city council shall designate. The first installment
7 of principal of each issue of these bonds shall become due and payable
8 not later than two years, and the last installment not later than 12
9 years, from the date of issue of the bonds.

10 Sec. 29.51.100. AMOUNT OF INSTALLMENTS. The installments of
11 principal of the bonds shall be equal in amount, or the combined annual
12 installments of principal and interest on the bonds shall be in sums
13 that will permit a substantially uniform annual tax levy for the
14 retirement of the principal and payment of the interest on the bonds
15 as they become due. Fractional bonds in denominations of less than
16 \$500 comprising part of an issue shall be numbered with the number "1"
17 and shall be included in the amount of the first installment of
18 maturing bonds. The interest on the bonds and the amounts of the
19 installments of maturing bonds shall be included in the annual budget
20 of the city, and there shall be deducted in the budget an amount that
21 the city council conservatively estimates will be received from payments
22 of the principal and interest on installments of assessments pertaining
23 to a particular bond issue, and from receipts from sales and rentals
24 of property acquired by the city pursuant to the assessments, during
25 the year for which the levy is made.

26 Sec. 29.51.110. INTEREST RATE. The bonds shall be payable in
27 lawful money of the United States, and bear interest payable semiannually
28 at a rate not to exceed six per cent per year, the interest obligations
29 to be evidenced by coupons attached to the bonds. Notice stating that

1 certain bonds are to be taken up and canceled upon optional payment
2 dates, and that the interest shall cease upon the interest payment
3 date upon which the bonds are called, shall be published in a newspaper
4 printed and published, and of general circulation, in the borough
5 where the bonds are issued, at least 15 days prior to cancellation
6 date. After that date interest upon the bonds designated in the notice
7 shall cease.

8 Sec. 29.51.120. EXECUTION AND REGISTRATION OF BONDS. The bonds,
9 before issuance, shall be executed with either the autograph or
10 facsimile signature of the mayor or other executive head of the city
11 countersigned by the finance officer or clerk, and authenticated by
12 the seal of the city attached, either manually or printed, and shall
13 be registered consecutively, by number and denomination of each, in
14 a book to be kept by the clerk, to be known and designated as the
15 "Improvement Bond Register". Each of the bonds shall have distinctly
16 and plainly inscribed or printed on its face the registered number of
17 the bond and the words "Improvement Bond", with the name of the city
18 issuing it.

19 Sec. 29.51.130. SALE OF BONDS. The bonds shall be advertised
20 for sale and sold for the highest price obtainable, but for not less
21 than par and accrued interest. The proceeds shall be paid by the
22 purchaser to the city treasurer and the par value credited to the
23 respective improvement fund for which the bonds are issued. The
24 accrued interest and premium accruing from the sale of the bonds
25 shall be credited to the general fund of the city the fund from which
26 interest is paid on improvement warrants, or to the improvement bond
27 sinking fund, as the city council shall direct.

28 Sec. 29.51.140. PAYMENT OF INSTALLMENTS. There shall be due and
29 payable semiannually for 10 successive years, to the city treasurer by

1 the owner of each lot or parcel of land assessed for any improvement,
2 whose application to pay the cost of the improvement by installments
3 has been filed as provided in secs. 20 - 40 of this chapter, five
4 per cent of such cost assessed against the property of the owner, as
5 appears by the bond lien docket described in sec. 70 of this chapter
6 with the amount of one-half of one year's interest at not to exceed
7 six per cent per annum on unpaid assessments or installments. The
8 first payment shall be due and payable at the expiration of six
9 months from the date of assessment in the bond lien docket, and sub-
10 sequent payments at the expiration of each semiannual period there-
11 after.

12 Sec. 29.51.150. PROCEDURE FOR COLLECTION ON DEFAULT. Should
13 the owner neglect or refuse to pay installments under sec. 140 of this
14 chapter as they become due and payable for a period of one year, then
15 the council may, by reason of the neglect or refusal to pay the
16 installments, and while the neglect and refusal to pay continues,
17 pass a resolution giving the name of the owner then in default in
18 the payment of the sums due, either principal or interest, together
19 with a description of the property upon which the sums are owing
20 and declaring the whole sum, both principal and interest, due and payable
21 at once. It may then proceed at once to collect all unpaid install-
22 ments and to enforce collection with all penalties, in the same manner
23 in which delinquent street and sewer assessments are collected,
24 pursuant to the terms of the city charter.

25 Sec. 29.51.160. RECEIPTS AND ENTRIES ON LIEN DOCKET. When
26 installments and interest on any assessment in the bond lien docket
27 are due, the city clerk shall make the proper extensions of install-
28 ments and interest on the bond lien docket and turn them over to the
29 city treasurer. The treasurer then shall notify the property owner

1 that the installments are due and payable, but a failure of any
2 owner to receive the notice shall not prevent collection of the
3 installment as provided in sec. 150 of this chapter. The city
4 treasurer shall issue a receipt to the person paying the installments
5 and interest, and shall file duplicates of the receipts with the
6 clerk. When the treasurer returns the bond lien docket, the recording
7 officer shall make the proper entries on the bond lien docket showing
8 the amount of each payment and the date made.

9 Sec. 29.51.170. RIGHT OF OWNER TO PREPAY BALANCE AND DISCHARGE
10 LIEN. At any time after issuance of the bonds, any owner of any
11 property against which the assessment is made and lien docketed
12 may pay into the city treasury the whole amount of assessment for which
13 the lien is docketed, together with the full amount of interest and
14 costs accrued to date of payment. Upon producing to the clerk the
15 receipt of the city treasurer, the clerk shall enter in the lien
16 docket opposite the entry of the lien the date of the payment and that
17 the lien is discharged.

18 Sec. 29.51.180. SEPARATE FUNDS AND ACCOUNTING. A city treasurer
19 receiving funds accruing by virtue of this chapter shall keep the funds
20 and their account separate and apart from other city funds. The amount
21 of the funds paid on account of installments, and interest on unpaid
22 installments, shall be placed to the credit of funds to be known and
23 designated as "improvement bond sinking fund" and "improvement bond
24 interest fund". The amount placed to the credit of the improvement
25 bond sinking fund shall be deposited in the bank that will pay the
26 highest rate of interest, or be invested in or used for the purchase
27 of improvement bonds of the city at par. In the purchase of improve-
28 ment bonds, the accrued interest shall be paid out of the improvement
29 bond interest fund, and all interest received by the treasurer on

1 account of coupons due shall be placed to the credit of the improve-
2 ment bond interest fund. Interest due on improvement bonds shall
3 be paid out of the improvement bond interest fund. All bonds purchased
4 by a city shall be held by the city treasurer as a sinking fund, and
5 shall be disposed of by direction of the city council when required
6 for the redemption of bonds previously issued, as they become due and
7 payable.

8 Sec. 29.51.190. PAYMENTS ENTERED ON LIEN DOCKET. Entries of
9 payments of installments, interest and costs, made under this chapter,
10 shall be made in the lien docket as they are received, with the date
11 made, and the payments made and entered shall discharge the lien to
12 the amount of the payment and from the date made.

13 Sec. 29.51.200. REDEMPTION PROCEDURE. At any time after bonds
14 issued by virtue of this chapter become payable, the city may redeem
15 bonds. It shall redeem them consecutively by number of the bonds,
16 commencing with number one of the bonds. It shall give notice of
17 the readiness of the city to redeem by publication in some newspaper
18 published and having a general circulation among its subscribers in
19 the city once each week for three successive weeks, giving the number
20 of bonds which will be redeemed, and the time at which redemption
21 will be made. After the time so fixed for redemption, no interest
22 shall accrue or become payable on the bonds notified for redemption.

23 Sec. 29.51.210. SHORT TITLE. This chapter may be cited as the
24 Local Improvement Bonding Act.
25
26
27
28
29