

Original sponsor: Community and Regional
Affairs Committee

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1 IN THE HOUSE

BY THE 2d FREE CONFERENCE COMMITTEE

2 FREE CONFERENCE CS FOR HOUSE BILL NO. 855 (2d FCC)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to planning for and development of the
7 new Alaska capital, including incorporation of a new
8 capital city; and providing for an effective date."

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

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

11 CHAPTER 63. ALASKA CAPITAL CITY DEVELOPMENT CORPORATION.

12 ARTICLE 1. FINDINGS.

13 Sec. 44.63.010. FINDINGS. (a) The legislature finds that it is
14 in the best interests of the state to create a new capital city and a
15 public corporation with the powers set out in this chapter to assure
16 that

17 (1) the necessary governmental facilities at the new capital
18 city area are constructed in a manner and in time to assure the effi-
19 cient and orderly operation of state government;

20 (2) the necessary housing for the residents of the new capi-
21 tal city area is available on a basis consistent with the schedule for
22 transfer of the departments of government;

23 (3) the necessary public facilities are provided in time to
24 accommodate the new residents of the capital city area and all citizens
25 having business with state government, and in a manner to accommodate
26 future growth of the area;

27 (4) due consideration is given to the social, economic and
28 environmental aspects of the new capital city which affect the
29 Matanuska-Susitna Borough and to the social, economic and environmental

1 conditions to prevail within the capital city area;

2 (5) the planning, design and construction of the governmental
3 and public facilities, and residential housing proceed on a coordinated
4 and expedited basis so that the departments of government can provide
5 essential governmental functions for the health, safety and welfare of
6 the citizens of the state at the capital city without interruption.

7 (b) It is further found to be in the best interests of the state
8 to

9 (1) expand the purposes of the Alaska Housing Finance Cor-
10 poration (AS 18.56) to make residents of the capital city area required
11 to relocate with their jobs eligible for lower interest rate residential
12 mortgage financing by the Alaska Housing Finance Corporation;

13 (2) provide funding through the Alaska State Housing Autho-
14 rity (AS 18.55.010 - 18.55.290) for an adequate supply of housing for
15 lower income residents of the capital city area;

16 (3) provide a means for funding the administrative and capi-
17 tal costs associated with development of the new capital through appro-
18 priations from the general fund to the capital city revolving loan fund
19 created in sec. 170 of this chapter;

20 (4) assist the new capital city to issue bonds to pay the
21 capital costs of the utilities and facilities to be transferred to it
22 and other capital costs incurred by it by authorizing the creation of a
23 special reserve account of the Alaska Municipal Bond Bank Authority (AS
24 44.58) to secure bonds of the capital city.

25 ARTICLE 2. ESTABLISHMENT OF CORPORATION; POWERS.

26 Sec. 44.63.020. ALASKA CAPITAL CITY DEVELOPMENT CORPORATION.

27 There is created the Alaska Capital City Development Corporation. The
28 corporation is a public corporation and governmental instrumentality of
29 the state within the Department of Community and Regional Affairs but

1 has a legal existence independent of and separate from the state. The
2 exercise by the corporation of the powers conferred by this chapter is
3 considered an essential governmental function of the state.

4 Sec. 44.63.030. BOARD OF DIRECTORS. (a) The corporation is
5 governed by a board of directors which consists of 11 members: the
6 commissioner of community and regional affairs, the mayor of the new
7 capital city and the mayor of the Matanuska-Susitna Borough or their
8 designees, who serve as directors ex officio with voting privileges, and
9 eight directors appointed by the governor and confirmed by a majority of
10 the members of the legislature in joint session. The governor shall
11 appoint the eight directors within 60 days after the effective date of
12 this Act. The governor shall appoint one director to serve until the
13 mayor of the new capital city is elected in accordance with AS 29.18.-
14 570. No more than three of the appointed directors may be full-time
15 elected or appointed employees or officials of the state or of any
16 municipality. No state legislator may be appointed or serve.

17 (b) The governor shall appoint directors with due regard to their
18 expertise and experience in areas relevant to public and private plan-
19 ning, development, finance, marketing, the general public interest and
20 state and municipal government. The appointed directors shall be resi-
21 dents and qualified voters of the state. The appointed directors serve
22 at the pleasure of the governor.

23 (c) The governor may further designate three commissioners of
24 principal departments of state government to participate in meetings of
25 the board. The three commissioners so designated have no vote.

26 (d) The governor shall designate one of the appointed members as
27 chairman of the board of directors. The board shall elect a vice-chair-
28 man from among its membership. The chairman shall call the initial
29 meeting of the board of directors within 30 days after taking office.

1 Sec. 44.63.040. TERM OF OFFICE. Appointed directors serve for
2 terms of four years. Terms shall be staggered. Initial terms shall be
3 two members serving for one year, two members serving for two years, two
4 members serving for three years, two members serving for four years, and
5 one member serving for five years. An appointee to fill a vacancy shall
6 hold office for the balance of the term for which his predecessor on the
7 board was appointed.

8 Sec. 44.63.050. QUORUM. (a) A majority of the directors of the
9 corporation constitutes a quorum for the transaction of business and the
10 exercise of the powers and duties of the board unless otherwise required
11 by this chapter.

12 (b) A vacancy on the board does not impair the authority of a
13 quorum of the board to exercise all the powers and perform all the
14 duties of the board.

15 Sec. 44.63.060. COMPENSATION OF DIRECTORS. Appointed directors
16 receive \$200 for each meeting day if they attend the meeting and are
17 entitled to per diem and travel allowances as provided by law for mem-
18 bers of state boards and commissions.

19 Sec. 44.63.070. EMPLOYMENT OF PERSONNEL. (a) The board shall
20 appoint and determine the salary of a person to serve at the pleasure of
21 the board as executive director. The executive director is the chief
22 executive officer of the corporation. The executive director may not be
23 a member of the board of directors of the corporation.

24 (b) The board of directors may appoint and determine the salary of
25 other officers specified in the bylaws of the corporation, with the
26 powers and duties as set out in the bylaws.

27 (c) The executive director, with the approval of and in accordance
28 with rules promulgated by the board of directors, may employ additional
29 staff, and may retain others considered necessary or appropriate to

1 carry out the purposes of the corporation.

2 (d) Officers and employees of the corporation are in the exempt
3 service under AS 39.25.

4 (e) Consultants and contractors shall be hired in accordance with
5 the provisions of AS 36.10.010.

6 Sec. 44.63.080. OTHER EMPLOYMENT OF DIRECTORS PERMITTED. A direc-
7 tor may hold any position of public or private employment, except as
8 provided in sec. 30(a) of this chapter, while serving on the board of
9 directors.

10 Sec. 44.63.090. MEETINGS. (a) Meetings of the board of directors
11 are governed by the provisions of AS 44.62.310 and 44.62.312; in all
12 other respects the Administrative Procedure Act (AS 44.62) applies to
13 this chapter.

14 (b) The board shall establish procedures providing for newspaper
15 publication and other notice of all meetings sufficient to adequately
16 inform the public of the subject matter proposed to be acted on and
17 shall establish procedures providing for public participation at its
18 meetings.

19 Sec. 44.63.100. REGULATIONS. (a) The board may adopt, amend and
20 repeal regulations in accordance with AS 44.62.

21 (b) The board shall make available to members of the public copies
22 of the corporation's regulations and shall file copies of the regula-
23 tions in the office of the lieutenant governor within 10 days following
24 any action taken on the regulations.

25 (c) The adoption, amendment or repeal of regulations by the board
26 is subject to review in accordance with AS 24.20.400 - 24.20.460 and AS
27 44.62.320.

28 Sec. 44.63.110. DEVELOPMENT ADVISORY BOARD. (a) As soon as
29 practicable following the holding of the initial meeting of the board of

1 directors, the corporation shall establish a Development Advisory Board
2 to consider and advise the corporation upon matters concerning the
3 planning and development of, and provisions of services and facilities
4 in, the capital city area.

5 (b) The advisory board shall meet regularly at least four times a
6 year, and shall also meet with the board of directors of the corporation
7 at least once each year.

8 (c) In appointing the members of the advisory board, the board of
9 directors shall consider representation of the interests of municipal-
10 ities of the state, other public and private interests, state agencies,
11 and public or private organizations, groups or entities which the board
12 of directors considers to be significantly affected by the relocation of
13 the capital of the state.

14 (d) The members of the advisory board serve at the pleasure of the
15 board of directors without compensation, but are entitled to per diem
16 and travel allowances as provided by law for members of state boards and
17 commissions.

18 (e) A member may hold any position of public or private employment
19 while serving on the advisory board.

20 Sec. 44.63.120. POWERS OF THE CORPORATION. In addition to other
21 powers granted by law and for the purpose of providing for the develop-
22 ment of the new capital city area, the corporation may

- 23 (1) sue and be sued;
- 24 (2) adopt and alter an official seal;
- 25 (3) adopt, amend or repeal bylaws and procedures for the
26 development of its programs, operations, properties and facilities;
- 27 (4) enter into contracts and other instruments necessary or
28 convenient for the exercise of its powers under this chapter;
- 29 (5) acquire, hold, use, lease, mortgage, sell or otherwise

1 encumber or dispose of property of any kind, real, personal or mixed, or
2 any interest in it in the capital city area;

3 (6) establish terms and conditions for the acquisition or
4 disposal of its property;

5 (7) prepare or contract for the preparation of studies,
6 analyses, specifications, designs and estimates of cost for the con-
7 struction, development, reconstruction or improvement of any property
8 within the capital city area;

9 (8) manage or contract for the management of all or any part
10 of a development program or programs in the capital city area;

11 (9) open streets and other public rights-of-way and provide
12 for facilities or services in connection with any development program;

13 (10) charge and collect fees and charges for the use of facil-
14 ities or services, and cause the fees and charges to become a lien on
15 and run with the land and bind all future owners of the land by means of
16 covenants affecting the property which are recorded in the appropriate
17 recording district; the covenants may also provide that taxes imposed by
18 a municipality can be credited against the fees and charges to the
19 extent and upon any terms that are set out in the covenants;

20 (11) adopt or impose land use and building restrictions,
21 architectural, design, and land use controls through covenants, decla-
22 rations, or otherwise in furtherance of the purpose of this chapter on
23 any real property owned by the corporation; include the restrictions or
24 controls in contracts, conveyances and agreements; and cause the re-
25 strictions and controls, covenants or declarations to run with the land
26 and bind all future owners of the land by filing them for record in the
27 appropriate recording district subject to AS 29.18.580;

28 (12) plan, finance, develop, acquire, construct, reconstruct,
29 improve, operate, maintain, sell or otherwise dispose of structures,

1 appurtenances, systems and facilities in the capital city area under
2 contractual or other arrangements in connection with any specific
3 development plan, or with the purposes of this chapter;

4 (13) survey the real property within the capital city area;
5 undertake geological, environmental and other similar studies and anal-
6 yses of the property; and gather and disseminate all relevant informa-
7 tion pertaining to the suitability of any portion of the capital city
8 area for various land uses;

9 (14) make contracts, incur liabilities, and borrow money from
10 the capital city revolving loan fund, and through general obligation
11 bonds and revenue bonds issued on behalf of the corporation by the state
12 bond committee;

13 (15) obtain insurance or bond against any losses from insurers
14 authorized to do business in the state as it considers desirable;

15 (16) accept gifts or grants from any source subject to AS
16 37.07;

17 (17) enter into agreements with any public agency to carry out
18 the purposes of this chapter;

19 (18) enter into agreements to pay annual sums in lieu of taxes
20 to a municipality in respect of any real property which is owned by the
21 corporation and which is exempt from taxation under this chapter; and

22 (19) do any and all things necessary and proper to carry out
23 the purposes of this chapter and exercise the powers granted in this
24 chapter.

25 ARTICLE 3. CAPITAL CITY DEVELOPMENT PLANS,

26 PROPERTY, MUNICIPAL AGREEMENTS AND CONTRACTS.

27 Sec. 44.63.130. FORMULATION AND PROCEDURE FOR OBTAINING APPROVAL
28 OF DEVELOPMENT PLANS. (a) The corporation shall prepare a general
29 development plan for the capital city area. The general development

1 plan shall be based on the initial and proposed overall site specific
2 development plan submitted to the legislature by the New Capital Site
3 Planning Commission under AS 44.06.230(j) and, in addition, shall
4 include but not be limited to the following elements:

5 (1) a statement of the proposed uses of land throughout the
6 capital city area as a whole with a general allocation of projected
7 amounts and proportions of land to be devoted to governmental, residen-
8 tial, commercial, industrial, institutional and public uses, indicating
9 the anticipated population and building densities for the capital city
10 area based upon the proposed mix of such land uses;

11 (2) a statement of the projected cost, number, nature and
12 generalized locations of facilities, including but not limited to,
13 governmental and institutional facilities relating to the functioning of
14 the capital city area as the new capital of the state, public transpor-
15 tation and major arterial street systems, parks and recreational facil-
16 ities, water, sewer and drainage systems, electric, telephone and other
17 energy or communications systems or utilities, and health, educational
18 and community facilities, and a statement of the method and approximate
19 time period by which the facilities described in this paragraph are to
20 be provided;

21 (3) a statement of the approximate projected time schedule
22 for the stages of development of the capital city area, both as to
23 various parts of the capital city area and as to the various types or
24 categories of land uses proposed;

25 (4) a statement of the projected means of financing of the
26 facilities referred to in (2) of this subsection, the anticipated
27 sources of funds necessary, the times at which the funds shall be pro-
28 vided, and the means by which borrowed money shall be repaid;

29 (5) additional statements or documentation as the corporation

1 considers necessary or appropriate.

2 (b) The general development plan shall include a determination of
3 the minimum acreage of land to be allocated for the location and con-
4 struction of state offices and related state facilities; and the minimum
5 acreage of land to be set aside and allocated for parks, lakes, recrea-
6 tion and open space use, with facilities necessary for their use and
7 enjoyment, which, when developed, shall be accessible to the general
8 public for its use and enjoyment. The provisions of the general deve-
9 lopment plan described in this subsection may not be amended.

10 (c) The corporation shall hold at least one hearing in each ju-
11 dicial district of the state to receive comments from interested parties
12 on the general development plan proposed by the corporation. Each
13 hearing shall be held in a community of the state selected in the dis-
14 cretion of the board after public notice by publication in a newspaper
15 of general circulation in the municipality at least 30 days before the
16 commencement of the hearing.

17 (d) Following the completion of public hearings, the board of
18 directors shall adopt the general development plan, which may be ap-
19 proved, with or without amendment, by at least two-thirds vote of the
20 full membership of the board and upon a finding that the general deve-
21 lopment plan is in accordance with and furthers the purposes of this
22 chapter. The general development plan becomes effective only after
23 review and comment by the assembly of the Matanuska-Susitna Borough.
24 Comment from the assembly must be submitted within 60 days of submission
25 of the plan to the assembly.

26 (e) Amendments to the general development plan may be proposed by
27 the assembly of the Matanuska-Susitna Borough.

28 Sec. 44.63.140. ADOPTION OF SPECIFIC DEVELOPMENT PLANS. (a)
29 Following adoption of the general development plan, the board shall

1 prepare one or more specific development plans which shall include, but
2 not be limited to, the following elements:

- 3 (1) a description of the area to be developed;
- 4 (2) a detailed and specific statement of the proposed uses
5 within the area to be developed, including proposed general locations of
6 all buildings and structures;
- 7 (3) a general description of the land use restrictions or
8 covenants to be placed on the area to be developed;
- 9 (4) a map of the existing and proposed transportation and
10 utility systems within the area;
- 11 (5) a statement of the methods by which the property within
12 the area may be disposed of;
- 13 (6) a statement of the relationship between the specific
14 development plan and the general development plan; and
- 15 (7) additional statements or documentation as the board
16 considers necessary or appropriate.

17 (b) Each specific development plan shall be approved or amended by
18 the board of directors. A specific development plan becomes effective
19 only after review and comment by the assembly of the Matanuska-Susitna
20 Borough. Comment from the assembly must be submitted within 60 days of
21 submission of the plan to the assembly. A specific development plan
22 shall constitute the controlling document and land use plan for the area
23 to be developed. In acting upon a proposed specific development plan,
24 the board of directors shall be guided by the purposes of this chapter
25 and particularly

26 (1) the degree to which the specific development plan is in
27 substantial conformity with the general development plan; if the board
28 of directors determines that the specific development plan under con-
29 sideration constitutes a substantial change from the general development

1 plan, the board shall consider the changed circumstances or other fac-
2 tors which warrant a change from the general development plan as pre-
3 viously approved; any specific development plan constituting a sub-
4 stantial change shall be subject to the same provisions that are applic-
5 able to amendments to the general development plan under sec. 130(d) of
6 this chapter; approval of a specific development plan is an amendment to
7 the relevant portion of the general development plan;

8 (2) the location and adequacy of all streets and highways,
9 transportation facilities, public utilities, community and recreational
10 facilities, and all public services necessary to serve the land uses
11 contemplated by the specific development plan;

12 (3) the effect of all proposed land uses within the specific
13 development plan upon adjacent land uses, whether existing or proposed,
14 located within or adjacent to the capital city area.

15 Sec. 44.63.150. RELATIONSHIP OF CORPORATION, THE STATE AND MUNI-
16 CIPALITIES. (a) In carrying out the purposes of this chapter, the
17 corporation shall work closely with, consult and cooperate with the
18 state, the Matanuska-Susitna Borough, and the capital city, and their
19 departments, agencies or instrumentalities.

20 (b) All state agencies and all municipalities may cooperate with
21 the corporation and may extend to the corporation, with or without
22 consideration, any assistance which they are empowered to render or
23 perform and enter into agreements with the corporation. Upon the cor-
24 poration's request, any governmental entity may loan to the corporation
25 any officers and employees the corporation considers necessary to assist
26 the corporation in carrying out its functions and duties under this
27 chapter. Officers and employees so loaned retain their status and
28 rights as public employees and are compensated by their employing agency
29 which shall continue to exercise all of its rights as employer.

1 (c) The corporation may enter into agreements with the capital
2 city providing that the city furnish, as necessary, for the capital city
3 area included in any specific development program which has not yet been
4 completed, municipal services as fixed in the agreements. The agreements
5 may provide for payment by the corporation to the city of the costs of
6 these services on a formula or other basis as may be fixed in the agree-
7 ments.

8 (d) In implementing the development program, the corporation may
9 enter into contractual agreements with any public agency for the fur-
10 nishing of any facilities or services necessary or desirable for the
11 development program.

12 (e) The corporation, on behalf of itself or in its own name on
13 behalf of any person performing work in connection with the general
14 development plan or a specific development plan, shall develop and keep
15 current by periodic revision a facility procurement process schedule.
16 The schedule shall identify the dates by which reviews and approvals, by
17 state agencies, and issuance of necessary permits, must be completed in
18 order to allow work to proceed in accordance with the plan.

19 (f) The corporation shall submit the facility procurement process
20 schedule to the capital coordinating committee. The committee consists
21 of the commissioners of transportation and public facilities, public
22 safety, health and social services, environmental conservation, natural
23 resources, fish and game, labor, commerce and economic development,
24 community and regional affairs, and a representative of the Office of
25 the Governor. The chairman of the committee shall be the commissioner
26 of transportation and public facilities. The committee, with the
27 cooperation of the corporation, shall ensure that submissions made by
28 the corporation as required by statute, codes, and regulations are pro-
29 cessed expeditiously. The committee and the corporation, or the cor-

1 poration itself, may propose to the governor revision of procedures,
2 statutes, codes or regulations when necessary to expedite the corpora-
3 tion's work.

4 (g) The specific development plan and any amendments shall be
5 recorded in the appropriate recording district.

6 Sec. 44.63.160. ACQUISITION OF REAL PROPERTY. Upon making a
7 finding that it is necessary or convenient to acquire any real property,
8 or an interest in it, located in the capital city area, or any real
9 property located outside the capital city area, for the purpose of pro-
10 viding water, sewer, road, airport or other utility or facility for the
11 capital city area, for its immediate or future use, the corporation may
12 request the state, acting on behalf of the corporation, to acquire the
13 property in any lawful manner, including the exercise of the power of
14 eminent domain.

15 Sec. 44.63.170. CAPITAL CITY REVOLVING LOAN FUND. (a) There is
16 established within the Department of Revenue the capital city revolving
17 loan fund. The fund shall be funded by appropriation.

18 (b) The commissioner of revenue may make loans from the fund to
19 the corporation for the purpose of planning for and development of the
20 new capital city. Loans made from the fund shall be subject to the
21 terms and conditions agreed upon between the commissioner and the cor-
22 poration.

23 (c) No later than the 14th day of each legislative session the
24 commissioner and the corporation shall provide a joint report to the
25 legislature and to the governor. The report shall include a summary of
26 the loans made during the previous year and the anticipated funds neces-
27 sary for operations of the corporation in the next year.

28 Sec. 44.63.180. DISPOSITION OF PROPERTY. (a) The corporation
29 shall adopt regulations for the sale, lease or other disposal of pro-

1 perty under this chapter. After adoption of regulations and of one or
2 more specific development plans, the corporation may sell, lease or
3 otherwise dispose of, all or any portion of the property encompassed by
4 the plans to any person, either public or private, upon the terms and
5 conditions it determines but only if the board of directors specifically
6 finds that the terms and conditions of the sale, lease or other disposal
7 arrangement are in substantial conformity with the plans. Before the
8 sale, lease or other disposal of any property by the corporation, public
9 notice of the intention of the corporation to do so shall be given by
10 publication of a general description of the terms at least 30 days
11 before the sale, lease or disposal in a newspaper of general circulation
12 in each judicial district of the state and by public service announce-
13 ments provided to newspapers and radio and television stations in each
14 judicial district of the state and by other publication and notice rea-
15 sonable and appropriate to inform the public of the sale, lease or
16 disposal.

17 (b) Any sale, lease or other disposal of property may be made with
18 out public bidding or public sale, under a negotiated contract, agree-
19 ment or lease and containing terms the corporation determines to be neces-
20 sary and proper for the implementation of a specific development plan if

21 (1) public notice is given in accordance with (a) of this
22 section; and

23 (2) reasons for the waiver of public bidding and public sale
24 are approved by the board of directors and are filed at least 10 days
25 before the sale with the commissioner of community and regional affairs.

26 (c) The real property in the capital city area is not subject to
27 the provisions of the Alaska Land Act (AS 38.05).

28 Sec. 44.63.190. TRANSFER OF STATE-OWNED REAL PROPERTY. The com-
29 missioner of natural resources and any other state official having

1 jurisdiction over the conveyance or transfer of state-owned land shall,
2 within 60 days after the written request of the chairman of the cor-
3 poration, convey to the corporation all of the state land, including
4 land under water, lying within the capital city area. The transfer and
5 conveyance shall contain reservations required by federal law and the
6 Alaska constitution.

7 Sec. 44.63.200. CONSTRUCTION CONTRACTS. (a) The corporation
8 shall adopt regulations under this chapter establishing procedures for
9 entering into contracts for construction of facilities and improvements
10 on all or any part of any development program in accordance with the
11 procedures established in AS 35.15. No construction contract may be
12 entered into requiring the expenditure of funds unless the funds or a
13 commitment letter are in the hands of the corporation.

14 (b) Notwithstanding the provisions of (a) of this section or any
15 other law, the corporation may adopt regulations providing that it may,
16 when it finds that the bid process of (a) of this section would unrea-
17 sonably impede implementation of a development program or would other-
18 wise be detrimental to the financial objectives underlying the develop-
19 ment program, enter into a construction contract for all or any part of
20 a development program without public bidding. No contract under this
21 subsection except contracts for personal services or contracts involving
22 the expenditure of less than \$20,000 may be entered into unless the
23 corporation has given public notice of its intention to enter into the
24 contract at a meeting at which the proposed contract is available for
25 inspection and an opportunity for members of the public to be heard is
26 afforded. The corporation shall include in the report required by sec.
27 370 of this chapter a statement of the circumstances justifying a con-
28 tract entered into under the authority of this subsection and shall file
29 the report with the commissioner of community and regional affairs.

1 Sec. 44.63.210. MONEY OF THE CORPORATION. The legislative auditor
2 may examine all the accounts and books of the corporation and all other
3 records and papers relating to its financial standing. The Legislative
4 Budget and Audit Committee shall conduct an examination at least once
5 every two years or may accept an independent audit of the corporation by
6 a firm of certified public accountants made at the request of the cor-
7 poration in satisfaction of the examination requirement.

8 Sec. 44.63.220. TAX EXEMPTION. The interest of the corporation in
9 the real and personal property of the corporation and its assets, income
10 and receipts are declared to be property of a political subdivision of
11 the state and shall be exempt from all taxes and special assessments of
12 the state or a political subdivision of the state. The interest of
13 others in real or personal property of the corporation is taxable by the
14 Matanuska-Susitna Borough and the capital city to the extent authorized
15 by law.

16 ARTICLE 4. CAPITAL CITY DEVELOPMENT OVERSIGHT COMMITTEE.

17 Sec. 44.63.230. CAPITAL CITY DEVELOPMENT OVERSIGHT COMMITTEE
18 ESTABLISHED. The Capital City Development Oversight Committee is estab-
19 lished as a permanent interim committee of the legislature beginning
20 with the Eleventh Legislature. The establishment of the committee
21 recognizes the need of the legislature for review and oversight of the
22 development of the new capital city.

23 Sec. 44.63.240. MEMBERSHIP. The committee is composed of eight
24 members: the president of the senate, the speaker of the house, the
25 chairmen of the finance committees, the chairmen of the state affairs
26 committees, and one member appointed from each house by the respective
27 presiding officer. The membership from each house shall include at
28 least one member from each of the two major political parties. The
29 committee shall select its own chairman.

1 Sec. 44.63.250. TERM OF MEMBERSHIP. (a) The committee shall be
2 organized within 15 days after the organization of each legislature.
3 Members serve for the duration of the legislature during which they are
4 appointed. If a member is reelected or his term of office extends into
5 the next succeeding legislature, he continues to serve until reappointed
6 or the appointment of his successor.

7 (b) When a member of the committee files a declaration of candi-
8 dacy for an elective office other than that of member of either house of
9 the legislature, and he has not resigned from membership on the com-
10 mittee, his committee membership terminates on the date of filing.

11 Sec. 44.63.260. VACANCIES. When a vacancy occurs in the statutory
12 or appointive membership of the committee, the presiding officer of the
13 house incurring the vacancy shall choose a successor. If the office of
14 the president of the senate or speaker of the house of representatives
15 becomes vacant and a vacancy from the affected house occurs among the
16 membership of the committee, the remaining committee members from the
17 house incurring the vacancy shall appoint a new member.

18 Sec. 44.63.270. MEETINGS. The committee may meet during sessions
19 of the legislature and during the interim between sessions at such times
20 and places in the state as the chairman may determine. Members may
21 receive, for the minimum time required to get to and from meetings and
22 for the period while attending meetings, the same travel and per diem
23 allowances provided by law for members of the legislature when attending
24 sessions, except that members of the committee receive no per diem
25 during legislative sessions other than the per diem allowance paid to
26 other members of the legislature.

27 Sec. 44.63.280. POWERS. The committee has the power to

- 28 (1) organize and adopt rules for the conduct of its business;
29 (2) hold public hearings;

1 (3) require all state officials and agencies of state govern-
2 ment to give full cooperation to the committee or its staff in assem-
3 bling and furnishing requested information;

4 (4) prepare and distribute reports, memoranda, or other
5 materials;

6 (5) review all reports of the corporation and of the Legis-
7 lative Budget and Audit Committee relating to the corporation;

8 (6) make recommendations for legislative action relating to
9 the capital relocation and planning and development of the new capital
10 city.

11 Sec. 44.63.290. STAFF. The legislative audit division and the
12 legislative finance division shall provide audits, reports and analyses
13 requested by the committee. The committee may hire and determine the
14 salary of the staff it considers necessary within the limit of the
15 budget approved by the legislature.

16 Sec. 44.63.300. DUTIES. The committee shall report to the legis-
17 lature annually. The report shall include any considerations the com-
18 mittee considers relevant to the planning and development of the new
19 capital city and to the performance of the capital city development
20 corporation.

21 ARTICLE 5. GENERAL PROVISIONS.

22 Sec. 44.63.310. EXECUTIVE BUDGET ACT. The corporation is subject
23 to the provisions of the Executive Budget Act (AS 37.07).

24 Sec. 44.63.320. ANNUAL BUDGET. The board of directors shall
25 review and approve, by a two-thirds vote of members of the board, the
26 annual operational and capital program and budget for the corporation
27 and may, by two-thirds vote, and in accordance with AS 37.07 amend the
28 program and budget. No corporate funds may be expended or money
29 borrowed except in accordance with appropriations.

1 Sec. 44.63.330. ANNUAL REPORT. The corporation shall submit to
2 the governor, the Legislative Budget and Audit Committee, and the com-
3 mittee established by sec. 170 of this chapter, within three months
4 after the end of the corporation's fiscal year, a complete financial
5 report audited by a certified public accountant or firm of certified
6 public accountants, which shows

7 (1) its receipts and expenditures during its fiscal year;

8 (2) its assets and liabilities at the end of its fiscal year,
9 including a schedule of its leases and mortgages and the status of
10 reserve, special and other funds;

11 (3) the progress of fulfillment of the financial and economic
12 projections contained in the general development and specific develop-
13 ment plans; and

14 (4) its operations and accomplishments and any material pro-
15 blems encountered in implementing the development plan.

16 Sec. 44.63.340. CONFLICTS OF INTEREST. (a) No director or em-
17 ployee of the corporation or member of the advisory board may partici-
18 pate in any decision of the corporation in which he has a direct or
19 indirect financial interest.

20 (b) The executive director and members of the board of directors
21 are subject to AS 39.50.

22 Sec. 44.63.345. LIMITATION OF LIABILITY. No person executing a
23 note of the corporation is liable personally on such obligations by
24 reason of their issuance.

25 Sec. 44.63.350. TERMINATION OF CORPORATION. (a) Unless a deter-
26 mination is made under (b) of this section to extend the existence of
27 the corporation, the existence of the corporation shall terminate upon
28 the occurrence of any of the following events: (1) the board's deter-
29 mination that the general development plan has been substantially im-

1 plemented; (2) the attainment by the capital city of a population of
2 37,500 as certified by the Department of Community and Regional Affairs;
3 or (3) the arrival of the year 1994.

4 (b) Not later than one year before the anticipated occurrence of
5 any of the events in (a) of this section, the board of directors shall
6 recommend to the legislature and the legislature shall determine whether
7 the corporation shall continue in existence beyond the occurrence of the
8 event.

9 Sec. 44.63.360. DEFINITIONS. In this chapter, unless the context
10 requires otherwise,

11 (1) "capital city area" or "capital city site" means the area
12 specified in AS 29.18.520;

13 (2) "capital city" means the municipality created under AS
14 29.18.510;

15 (3) "corporation" means the Alaska Capital City Development
16 Corporation created by sec. 20 of this chapter;

17 (4) "advisory board" means the Development Advisory Board
18 created under sec. 110 of this chapter;

19 (5) "development program" means one or more works, under-
20 takings or improvements (surface, subsurface, or overhead) or buildings
21 constructed, reconstructed, or improved or to be constructed, recon-
22 structed, or improved by the corporation within the capital city area,
23 under one or more specific development plans, as the corporation con-
24 siders necessary or appropriate;

25 (6) "facility" means any utility or infra-structure plant and
26 any system or improvement, whether used or useful for residential,
27 educational, commercial, institutional, community, private, semi-private
28 or public purposes, including, without limitation, facilities such as
29 roads and public transportation systems, parks and recreational facili-

1 ties, water, sewer and drainage systems, electric, telephone and other
2 energy or communications systems or utilities and health, educational
3 and community facilities, and private facilities such as housing, com-
4 mercial and industrial enterprises, in each case of whatever kind or
5 character and under whatever form of ownership, and all necessary real
6 or personal property;

7 (7) "general development plan" means a general land use and
8 land development plan for the capital city area which contains the
9 elements set out in sec. 130 of this chapter;

10 (8) "municipality" means a home rule or general law city or
11 borough including but not limited to the capital city and a unified
12 municipality organized under AS 29.68.240 - 29.68.440;

13 (9) "private firm" means any private person, partnership,
14 corporation, foundation, trust, or other business entity whether orga-
15 nized for profit or not for profit;

16 (10) "public agency" means any officer, department, board,
17 commission, bureau, division, public corporation, agency or instru-
18 mentality of the state, the United States, or any municipality;

19 (11) "specific development plans" means the various plans for
20 the implementation of each phase or segment of the general development
21 plan.

22 * Sec. 2. AS 29.18 is amended by adding new sections to read:

23 ARTICLE 5. CAPITAL CITY INCORPORATION.

24 Sec. 29.18.510. INCORPORATION. There is created and incorporated
25 a city of the state as the capital city of Alaska which is a city of the
26 first class. The capital city has all the powers of a first class city.

27 Sec. 29.18.520. BOUNDARIES. The boundaries of the capital city
28 shall include all of that area of land designated by the voters of
29 Alaska as the new capital site of the state.

1 Sec. 29.18.530. CITY COUNCIL. (a) Until council members elected
2 by the residents of the capital city take office as provided in sec. 570
3 of this chapter, the council of the capital city shall have five mem-
4 bers, four of whom shall be appointed by the governor and shall serve at
5 the pleasure of the governor. The development corporation shall desig-
6 nate one person to serve as a member of the council. The council mem-
7 bers appointed by the governor or designated by the development corpora-
8 tion shall serve an initial term which expires on the Monday following
9 the first Tuesday in October of the calendar year following the calendar
10 year of initial appointment or designation. Council members may be
11 reappointed by the governor or redesignated by the development corpora-
12 tion. Except as provided in sec. 570 of this chapter, the successors of
13 the initial appointees and designee shall serve for a term of two years
14 commencing on the date the initial appointments and designation expire.
15 Each appointee and designee shall hold office for the term of his ap-
16 pointment and until his successor has been appointed or designated and
17 has qualified.

18 (b) Council members appointed by the governor or designated by the
19 development corporation need not be residents of the capital city.

20 (c) The council shall elect a chairman from among its membership.
21 The chairman presides at council meetings, determines the agenda for
22 council meetings, and carries out the other duties specified by ordi-
23 nance.

24 Sec. 29.18.540. FILLING A VACANCY. If a vacancy occurs among the
25 members appointed by the governor, the governor shall designate the
26 replacement who shall serve for the unexpired portion of the term.

27 Sec. 29.18.550. APPOINTMENT OF CITY OFFICIALS. Until a mayor is
28 elected in accordance with sec. 570 of this chapter, the council shall
29 appoint a city manager for the capital city to serve at the pleasure of

1 the council. The city manager may not be a council member.

2 Sec. 29.18.570. TRANSITION. (a) When the capital city attains a
3 population of 400 permanent residents, as certified by the lieutenant
4 governor based on the best information available, the lieutenant
5 governor shall notify the council of this determination. The lieutenant
6 governor shall specify an election date which shall be the first Tuesday
7 of October following the notification, except that if it is less than
8 six months from the date of the certification to the first Tuesday of
9 October then the election date shall be the first Tuesday of October of
10 the year following. The elected members shall take office on the Monday
11 following the election.

12 (b) After the lieutenant governor has specified the election date,
13 the council shall make arrangements for an election at which five coun-
14 cil members and a mayor shall be elected in the manner prescribed by
15 ordinance and law. The expenses of the election shall be borne by the
16 state. The council of the capital city shall have six members. The
17 governor shall designate one council member holding office on the date
18 of the election to remain a member of the council for a single three-
19 year term commencing on the date the elected council members take
20 office. The successors to the appointed council members shall be
21 elected by the residents, except that if the appointed council member
22 leaves office during the three years, the governor may appoint a succes-
23 sor. The terms of all other appointed or designated council members
24 expire when the elected council members take office. The term of
25 elected council members is as provided in AS 29.23.200(c) except that
26 three of the members are elected for an initial term of one year.

27 Sec. 29.18.580. PLANNING AND ZONING AUTHORITY. The general deve-
28 lopment plan and specific development plans constitute the land use plan
29 for the capital city area. When a parcel of land has been developed in

1 accordance with the applicable specific development plan, that parcel
2 becomes subject to all planning, zoning, subdivision, building code or
3 other similar ordinances of the Matanuska-Susitna Borough.

4 Sec. 29.18.590. TRANSFER OF UTILITIES TO CAPITAL CITY. The de-
5 velopment corporation, in cooperation with the capital city, shall
6 arrange for and agree to an orderly schedule for transferring to the
7 capital city ownership of, and financial and operational responsibility
8 for utilities and any other facilities which the development corporation
9 considers to be integral parts of the capital city infra-structure.
10 Before January 1, 1985, the development corporation and the council of
11 the capital city shall jointly retain independent consultants to study
12 and determine an orderly schedule for transfer of these utilities and
13 facilities to the capital city. The study shall consider the capabili-
14 ties of the capital city and its existing and anticipated residents to
15 finance the cost of these utilities and other facilities and their
16 operating expenses. The consultants shall propose a recommended sche-
17 dule for and terms of transfer which are commensurate with the capital
18 city's existing and anticipated population, tax base and any other
19 factors relating to its capability to finance and operate these facil-
20 ities as they consider appropriate. The development corporation shall,
21 after considering the consultants' report, propose a schedule of and
22 terms and conditions of the transfer to the capital city, which shall,
23 upon review and approval by the council, be included in an agreement
24 between the development corporation and the capital city. If the de-
25 velopment corporation and the capital city are unable to agree within
26 six months after the development corporation submits its proposal, the
27 development corporation shall submit the proposal to the Legislative
28 Budget and Audit Committee which shall consider the proposal, and if the
29 committee considers it appropriate to do so, shall recommend to the

1 legislature legislation it considers desirable for the disposition of
2 the utilities and other facilities. If the legislature does not enact
3 legislation regarding the disposition within one year after the proposal
4 is submitted to the Legislative Budget and Audit Committee, the develop-
5 ment corporation may at any time thereafter sell or dispose of the
6 utilities and facilities or any of them to a private person or entity or
7 government body, or continue to operate them.

8 Sec. 29.18.600. DEFINITIONS. In secs. 510 - 600 of this chapter,
9 unless the context requires otherwise,

10 (1) "capital city area" means the area described in sec. 520
11 of this chapter;

12 (2) "capital city" means the municipality incorporated by
13 this chapter;

14 (3) "development corporation" means the Alaska Capital City
15 Development Corporation;

16 (4) "general development plan" has the same meaning as pro-
17 vided in AS 44.63.360 and includes amendments to the general development
18 plan;

19 (5) "specific development plan" has the same meaning as
20 provided in AS 44.63.360 and includes amendments to each specific
21 development plan.

22 Sec. 29.18.610. SHORT TITLE. Sections 510 - 610 of this chapter
23 may be cited as the Capital City Incorporation Act.

24 * Sec. 3. AS 18.56 is amended by adding a new section to read:

25 Sec. 18.56.094. NEW CAPITAL CITY MORTGAGE LOANS. In addition to
26 other powers granted in this chapter, the corporation may, without
27 regard to income limitation, make or participate in the making of mort-
28 gage loans to purchasers of residential housing in the new capital city
29 (AS 29.18.510 - 29.18.660) who are required to relocate with their jobs

1 to the new capital city.

2 * Sec. 4. AS 44.58.270 is amended by adding a new subsection to read:

3 (1) All references to the "reserve fund" in this section include
4 special accounts within the reserve fund which may be created by the
5 authority to secure the payment of particular bonds, including, without
6 limitation, bonds issued by the capital city established under AS 29.-
7 18.510. The commissioner of revenue may lend surplus money in the
8 general fund to the authority for deposit to any account in the reserve
9 fund in an amount equal to the required debt service reserve. The loans
10 shall be made on such terms and conditions as may be agreed upon by the
11 commissioner of revenue and the authority, including, without limita-
12 tion, terms and conditions providing that the loans need not be repaid
13 until the obligations of the corporation secured and to be secured by
14 the account in the reserve fund are no longer outstanding.

15 * Sec. 5. The commissioner of revenue may loan an amount not to exceed
16 \$49,400,000 from surplus money in the general fund to the Alaska State
17 Housing Authority (AS 18.55.010 - 18.55.290) for the purpose of providing
18 housing for persons of lower income in the capital city area. The amounts
19 loaned shall be used by the authority for that purpose in accordance with the
20 provisions of AS 18.55.300 - 18.55.370. The loan or loans by the commis-
21 sioner of revenue to the authority shall be made at the rate or rates of
22 interest and upon the terms and conditions as the commissioner of revenue and
23 the authority may agree upon.

24 * Sec. 6. This Act takes effect 30 days after certification that a bond
25 issue for costs of relocation of the capital has been adopted by the voters
26 of the state.

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