

Offered: 5/2/85
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE JUDICIARY COMMITTEE
2 SENATE CS FOR CS FOR HOUSE BILL NO. 72 (Judiciary)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - FIRST SESSION
5 A BILL
6 For an Act entitled: "An Act relating to municipal government; and provid-
7 ing for an effective date."
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
9 * Section 1. PURPOSE. The legislature finds that the municipal code
10 contains many provisions that have created problems for municipalities that
11 must function under AS 29 and that the title is poorly organized and
12 difficult for people to use. Therefore, it is the purpose of the
13 legislature to revise and reorganize the municipal code to permit local
14 government to function more effectively. Except as expressly provided, the
15 legislature does not intend by this Act to alter or affect in any way the
16 relationship or balance of authority between the state and home rule or
17 general law municipalities with respect to the timing or manner of resource
18 development under AS 31, AS 38, or other provisions of law. Except as
19 expressly provided, the legislature does not intend by this Act to increase
20 or reduce the authority of state agencies to carry out their functions
21 under other titles.
22 * Sec. 2. AS 29.03 is amended by adding a new section to read:
23 Sec. 29.03.030. PLATTING AUTHORITY. Subject to AS 40.15.075,
24 the Department of Natural Resources is the platting authority in the
25 unorganized borough in the area outside all cities.
26 * Sec. 3. AS 29 is amended by adding a new chapter to read:
27 CHAPTER 04. CLASSIFICATION OF MUNICIPALITIES.
28 Sec. 29.04.010. HOME RULE. A home rule municipality is a
29 municipal corporation and political subdivision. It is a city or a

1 borough that has adopted a home rule charter, or it is a unified
2 municipality. A home rule municipality has all legislative powers not
3 prohibited by law or charter.

4 Sec. 29.04.020. GENERAL LAW. A general law municipality is a
5 municipal corporation and political subdivision and is an unchartered
6 borough or city. It has legislative powers conferred by law.

7 Sec. 29.04.030. CLASSES OF GENERAL LAW. General law municipali-
8 ties are of five classes:

- 9 (1) first class boroughs;
10 (2) second class boroughs;
11 (3) third class boroughs;
12 (4) first class cities;
13 (5) second class cities.

14 Sec. 29.04.040. RECLASSIFICATION OF SECOND CLASS CITIES. (a) A
15 second class city may be reclassified as a first class city by holding
16 an election on the question, if the department determines from the
17 best figures available that the population of the city has reached 400
18 permanent residents.

19 (b) An election on the question of reclassification may be ini-
20 tiated in two ways:

21 (1) a number of voters equal to 15 percent of the number of
22 votes cast in the city at the preceding regular election may file a
23 petition with the council; or

24 (2) the council may propose reclassification.

25 (c) The council shall hold at least one public hearing in the
26 city on the question of reclassification. The council shall then
27 evaluate the ability of the city to assume first class status and make
28 its findings public.

29 (d) The council shall, within 30 days after its findings have

1 been made public, order an election on the question of reclassifica-
2 tion. The election shall be held at least 30 days after the order and
3 not later than the next regular election occurring after the 30-day
4 period. If more than one question is to be voted on at the election,
5 each shall appear separately on the ballot.

6 (e) The council shall certify the election results to the de-
7 partment. If the majority of votes cast is favorable, the city shall
8 be considered reclassified to first class status 30 days after certi-
9 fication of the election results.

10 Sec. 29.04.050. RECLASSIFICATION OF SECOND CLASS BOROUGHES. A
11 second class borough may reclassify as a first class borough in the
12 manner provided by AS 29.35.320 - 29.35.330 for the addition of an
13 areawide power by a first or second class borough, except the petition
14 or proposal requests reclassification instead of requesting addition
15 of a power.

16 Sec. 29.04.060. RECLASSIFICATION OF THIRD CLASS BOROUGHES. (a)
17 A third class borough may reclassify as a first or second class bor-
18 ough in the manner provided by AS 29.35.320 - 29.35.330 for the addi-
19 tion of an areawide power by a first or second class borough, except
20 the petition or proposal requests reclassification instead of request-
21 ing addition of a power. At the time of voting on reclassification of
22 a third class borough to first or second class status, voters shall
23 vote also on whether the borough shall, on reclassification, retain a
24 combined assembly and school board or elect a separate assembly and
25 board as otherwise provided for first and second class boroughs.

26 (b) If a combined assembly and school board are approved at the
27 reclassification election, the assembly serving at the time of the
28 election continues to serve as the assembly and board on voter ap-
29 proval of reclassification and until terms of assembly members expire

1 as provided before reclassification.

2 (c) If a separate assembly and school board are approved at the
3 reclassification election, a school board shall be elected in confor-
4 mity with AS 14.12.030 - 14.12.100 at the next regular election, if it
5 occurs within 90 days of the date of the reclassification election, or
6 otherwise at a special election within 90 days of the date of the
7 reclassification election. Expiration dates of terms of school board
8 members elected at a special election must coincide with the date of
9 the regular election. Until a board is elected and qualified, the
10 assembly continues to serve as the board.

11 * Sec. 4. AS 29 is amended by adding a new chapter to read:

12 CHAPTER 05. INCORPORATION.

13 ARTICLE 1. REQUIREMENTS.

14 Sec. 29.05.010. INCORPORATION OF A CITY. (a) A community that
15 meets the following standards may incorporate as a first class city:

16 (1) the community has 400 or more permanent residents;

17 (2) the boundaries of the proposed city include all areas
18 necessary to provide municipal services on an efficient scale;

19 (3) the economy of the community includes the human and
20 financial resources necessary to provide municipal services; in con-
21 sidering the economy of the community, the Local Boundary Commission
22 shall consider property values, economic base, personal income, re-
23 source and commercial development, anticipated functions, and the
24 expenses and income of the proposed city, including the ability of the
25 community to generate local revenue;

26 (4) the population of the community is stable enough to
27 support city government;

28 (5) there is a demonstrated need for city government.

29 (b) A community that meets all the standards under (a) of this

1 section except (a)(1) may incorporate as a second class city.

2 Sec. 29.05.020. LIMITATIONS ON INCORPORATION OF A CITY. (a) A
3 community in the unorganized borough may not incorporate as a city if
4 the services to be provided by the proposed city can be provided by
5 annexation to an existing city.

6 (b) A community within a borough may not incorporate as a city
7 if the services to be provided by the proposed city can be provided on
8 an areawide or nonareawide basis by the borough in which the proposed
9 city is located, or by annexation to an existing city.

10 Sec. 29.05.030. INCORPORATION OF A BOROUGH. (a) An area that
11 meets the following standards may incorporate as a home rule, first
12 class, or second class borough:

13 (1) the population of the area is interrelated and inte-
14 grated as to its social, cultural, and economic activities, and is
15 large and stable enough to support borough government;

16 (2) the boundaries of the proposed borough conform gener-
17 ally to natural geography and include all areas necessary for full
18 development of municipal services;

19 (3) the economy of the area includes the human and finan-
20 cial resources capable of providing municipal services; evaluation of
21 an area's economy includes land use, property values, total economic
22 base, total personal income, resource and commercial development,
23 anticipated functions, expenses, and income of the proposed borough;

24 (4) land, water, and air transportation facilities allow
25 the communication and exchange necessary for the development of inte-
26 grated borough government.

27 (b) An area may not incorporate as a third class borough.

28 ARTICLE 2. PROCEDURE.

29 Sec. 29.05.060. PETITION. Municipal incorporation is proposed

1 by filing a petition with the department. The petition shall include
2 the following information about the proposed municipality:

3 (1) class;

4 (2) name;

5 (3) boundaries;

6 (4) maps, documents, and other information required by the
7 department;

8 (5) composition and apportionment of the governing body;

9 (6) a proposed operating budget for the municipality pro-
10 jecting sources of income and items of expenditure through the first
11 full fiscal year of operation;

12 (7) for a borough, based on the number who voted in the
13 respective areas in the last general election, the signature and
14 resident address of 15 percent of the voters in

15 (A) home rule and first class cities in the area of
16 the proposed borough; and

17 (B) the area of the proposed borough outside home rule
18 and first class cities;

19 (8) for a first class borough, a designation of areawide
20 powers to be exercised;

21 (9) for a second class borough, a designation of areawide
22 and nonareawide powers to be exercised;

23 (10) for a first or second class city, a designation of the
24 powers to be exercised;

25 (11) for a first class city, based on the number who voted
26 in the area in the last general election, the signatures and resident
27 addresses of 50 voters in the proposed city or of 15 percent of the
28 voters in the proposed city, whichever is greater;

29 (12) for a second class city, based on the number who voted

1 in the area in the last general election, the signatures and resident
2 addresses of 25 voters in the proposed city or of 15 percent of the
3 voters in the proposed city, whichever is greater;

4 (13) for a home rule borough, a proposed home rule charter.

5 Sec. 29.05.070. REVIEW. The department shall review an incorpo-
6 ration petition for content and signatures and shall return a defi-
7 cient petition for correction and completion.

8 Sec. 29.05.080. INVESTIGATION. (a) If an incorporation peti-
9 tion contains the required information and signatures, the department
10 shall investigate the proposal and shall hold at least one public
11 informational meeting in the area proposed for incorporation. The
12 department shall publish notice of the meeting.

13 (b) The department may combine incorporation petitions from the
14 same general area.

15 (c) The department shall report its findings to the Local Bound-
16 ary Commission with its recommendations regarding the incorporation.

17 Sec. 29.05.090. HEARING. The Local Boundary Commission shall
18 hold at least one public hearing in the area proposed to be incorpo-
19 rated for the purpose of receiving testimony and evidence on the
20 proposal.

21 Sec. 29.05.100. DECISION. (a) If the Local Boundary Commission
22 determines that a proposed municipality fails to meet the standards
23 for incorporation, it shall reject the petition. If the commission
24 determines that the proposed municipality meets the standards, it
25 shall accept the petition. If the commission determines that the
26 proposed municipal boundaries can be altered to meet the standards, it
27 may alter the boundaries and accept the petition.

28 (b) A Local Boundary Commission decision under this section may
29 be appealed under the Administrative Procedure Act (AS 44.62).

1 Sec. 29.05.110. INCORPORATION ELECTION. (a) The Local Boundary
2 Commission shall immediately notify the director of elections of its
3 acceptance of an incorporation petition. Within 30 days after notifi-
4 cation, the director of elections shall order an election in the pro-
5 posed municipality to determine whether the voters desire incorpora-
6 tion and, if so, to elect the initial municipal officials. If incor-
7 poration is rejected, no officials are elected. The election must be
8 held not less than 30 or more than 90 days after the date of the
9 election order. The election order must specify the dates during
10 which nomination petitions for election of initial officials may be
11 filed.

12 (b) A voter who has been a resident of the area within the pro-
13 posed municipality for 30 days before the date of the election order
14 may vote.

15 (c) Areawide borough powers included in an incorporation peti-
16 tion are considered to be part of the incorporation question. In an
17 election for the incorporation of a second class borough, each non-
18 areawide power to be exercised is placed separately on the ballot.
19 Adoption of a nonareawide power requires a majority of the votes cast
20 on the question, and the vote is limited to the voters residing in the
21 proposed borough but outside all cities in the proposed borough.

22 (d) A home rule charter included in an incorporation petition
23 under AS 29.05.060(13) is considered to be part of the incorporation
24 question. The home rule charter is adopted if the voters approve in-
25 corporation of the borough.

26 (e) The director of elections shall supervise the election in
27 the general manner prescribed by the Alaska Election Code (AS 15).
28 The state shall pay all election costs under this section.

29 Sec. 29.05.120. ELECTION OF INITIAL OFFICIALS. (a) Nominations

1 for initial municipal officials are made by petition. The petition
2 shall be in the form prescribed by the director of elections and shall
3 include the name and address of the nominee and a statement of the
4 nominee that the nominee is qualified under the provisions of this
5 title for the office that is sought. A person may file for and occupy
6 more than one office, but may not serve simultaneously as

7 (1) borough mayor and as a member of the assembly; or

8 (2) city mayor and as a member of the council in a first
9 class city.

10 (b) Except for a proposed second class city, petitions to nomi-
11 nate initial officials must include the signature and resident address
12 of 50 voters in the area of the proposed municipality, or that area of
13 the proposed municipality from which the officials are to be elected
14 under the composition and apportionment set out in the accepted incor-
15 poration petition.

16 (c) Petitions to nominate initial officials of a second class
17 city must include the signature and resident address of 10 voters in
18 the area of the proposed city.

19 (d) The director of elections shall supervise the election in
20 the general manner prescribed by the Alaska Election Code (AS 15).
21 The state shall pay all election costs.

22 (e) The initial elected officials take office on the first
23 Monday following certification of their election.

24 (f) The initial elected members of the governing body shall
25 determine by lot the length of their terms of office so that a propor-
26 tionate number of terms expire each year, resulting in staggered terms
27 of office for members subsequently elected.

28 Sec. 29.05.130. INTEGRATION OF SPECIAL DISTRICTS AND SERVICE
29 AREAS. (a) A service area in a newly incorporated municipality shall

1 be integrated into the municipality within two years after the date of
2 incorporation. On integration the municipality succeeds to all the
3 rights, powers, duties, assets and liabilities of the service area.
4 On integration all property in the service area subject to taxation to
5 pay the principal and interest on bonds at the time of integration
6 remains subject to taxation for that purpose.

7 (b) After integration, the municipality may exercise in a former
8 service area all of the rights and powers exercised by the service
9 area at the time of integration, and, as successor to the service
10 area, may levy and collect special charges, taxes, or assessments to
11 amortize bonded indebtedness incurred by the service area or by a
12 municipality in which the service area was formerly located.

13 Sec. 29.05.140. TRANSITION. (a) The powers and duties exer-
14 cised by cities and service areas that are succeeded to by a newly
15 incorporated municipality continue to be exercised by the cities and
16 service areas until the new municipality assumes the powers and func-
17 tions, which may not exceed two years after the date of incorporation.
18 Ordinances, rules, resolutions, procedures, and orders in effect
19 before the transfer remain in effect until superseded by the action of
20 the new municipality.

21 (b) Before the assumption, the new municipality shall give
22 written notice of its assumption of the rights, powers, duties, as-
23 sets, and liabilities under this section and AS 29.05.130 to the city
24 or service area concerned. Municipal officials shall consult with the
25 officials of the city or service area concerned and arrange an orderly
26 transfer.

27 (c) After the incorporation of a new municipality, no service
28 area in it may assume new bonded indebtedness, make a contract, or
29 transfer an asset without the consent of the governing body.

1 (d) This section applies to home rule and general law municipal-
2 ities.

3 Sec. 29.05.150. CHALLENGE OF LEGALITY. A person may not chal-
4 lenge the formation of a municipality except within six months after
5 the date of its incorporation.

6 ARTICLE 3. TRANSITIONAL ASSISTANCE.

7 Sec. 29.05.180. ORGANIZATION GRANTS TO CITIES. (a) To defray
8 the cost of transition to city government and to provide for interim
9 government operations, each city incorporated after December 31, 1985
10 is entitled to an organization grant of \$50,000 for the first full or
11 partial fiscal year after incorporation.

12 (b) To defray the cost of reclassification, each second class
13 city in the unorganized borough incorporated before January 1, 1986
14 that reclassifies as a first class city after December 31, 1985 is
15 entitled to an organization grant equal to \$50,000 for the first full
16 or partial fiscal year after reclassification.

17 (c) The department shall disburse an organization grant under
18 (a) or (b) of this section within 30 days after certification of the
19 incorporation election or the reclassification election, or as soon
20 after certification as money is appropriated and available for the
21 purpose.

22 (d) A city entitled to an organization grant under (a) or (b) of
23 this section is entitled to a second organization grant of \$25,000.
24 The department shall disburse the second organization grant within 30
25 days after the beginning of the city's second fiscal year after incor-
26 poration or reclassification, or as soon after that time as money is
27 appropriated and available for the purpose.

28 Sec. 29.05.190. ORGANIZATION GRANTS TO BOROUGHES. (a) For the
29 purpose of defraying the cost of transition to borough government and

1 to provide for interim governmental operations, each borough incorpo-
2 rated after December 31, 1985, is entitled to organization grants as
3 follows:

4 (1) \$300,000 for the borough's first full or partial fiscal
5 year;

6 (2) \$200,000 for the borough's second fiscal year; and

7 (3) \$100,000 for the borough's third fiscal year.

8 (b) The department shall disburse the first organization grant
9 to a borough within 30 days after certification of the incorporation
10 election favoring incorporation of a borough, or as soon after that as
11 money is appropriated and available for the purpose. The second grant
12 shall be disbursed within 30 days after the beginning of the borough's
13 second fiscal year, or as soon after that as money is appropriated and
14 available for the purpose. The third grant shall be disbursed within
15 30 days after the beginning of the borough's third fiscal year, or as
16 soon after that as money is appropriated and available for the pur-
17 pose.

18 (c) This section does not apply to a borough incorporated by
19 consolidation or to a unified municipality.

20 Sec. 29.05.200. ORGANIZATION GRANT FUND. (a) The organization
21 grant fund is established in the department. An appropriation made to
22 the fund shall be used for organization grants to municipalities that
23 qualify under AS 29.05.180 or 29.05.190.

24 (b) Before August 31 of each fiscal year the department shall
25 submit a report to the Department of Administration indicating

26 (1) each municipality expected to qualify to receive an
27 organization grant during the next fiscal year;

28 (2) the amount of money needed to cover all organization
29 grants expected to be awarded during the next fiscal year.

1 Sec. 29.05.210. TRANSITIONAL ASSISTANCE TO BOROUGHES. (a)
2 Within 30 days after the date of incorporation of a borough incorpo-
3 rated after December 31, 1985, the department shall determine the
4 population of the borough.

5 (b) The department shall provide assistance to each borough in-
6 corporated after December 31, 1985, in

7 (1) establishing the initial sales and use tax assessment
8 and collection department if the borough has adopted a sales or use
9 tax;

10 (2) determining the initial property tax assessment roll if
11 the borough has adopted a property tax, including contracting for
12 appraisals of property needed to complete the initial assessment.

13 (c) This section does not apply to a borough incorporated by
14 consolidation or to a unified municipality.

15 * Sec. 5. AS 29 is amended by adding a new chapter to read:

16 CHAPTER 06. ALTERATION OF MUNICIPALITIES.

17 ARTICLE 1. CHANGE OF NAME.

18 Sec. 29.06.010. CHANGE OF MUNICIPAL NAME. (a) A municipality
19 may change its official name by adopting an ordinance for the purpose
20 that is ratified by the voters and filing the ordinance with the
21 office of the lieutenant governor. Upon receipt of an ordinance
22 ratified by the voters, the lieutenant governor shall issue an order
23 to the municipality changing its name. The name change shall become
24 effective on a date fixed in the order and occurring within 45 days
25 after receipt of the ordinance. A copy of the order shall be trans-
26 mitted to the department.

27 (b) If an ordinance adopted under (a) of this section that
28 results in a change of the municipal name is subsequently repealed,
29 the lieutenant governor shall issue an order reinstating the former

1 name within 45 days after the date of the order, unless a different
2 name is adopted as provided in (a) of this section.

3 (c) When a municipal name change takes effect by means of an
4 order issued under (a) or (b) of this section, a civil or criminal
5 suit, application, petition, hearing or other proceeding to which the
6 municipality is a party and that is pending at or brought after the
7 date the name change takes effect shall proceed in the municipal name
8 as changed by the order.

9 (d) This section applies to home rule and general law municipal-
10 ities.

11 ARTICLE 2. ANNEXATION AND DETACHMENT.

12 Sec. 29.06.040. LOCAL BOUNDARY COMMISSION. (a) The Local
13 Boundary Commission may consider any proposed municipal boundary
14 change. It may reject the proposed change, accept the proposed
15 change, or alter the boundaries and accept the proposal as altered. A
16 Local Boundary Commission decision under this subsection may be ap-
17 pealed under the Administrative Procedure Act (AS 44.62).

18 (b) The Local Boundary Commission may present a proposed muni-
19 cipal boundary change to the legislature during the first 10 days of a
20 regular session. The change becomes effective 45 days after presenta-
21 tion or at the end of the session, whichever is earlier, unless dis-
22 approved by a resolution concurred in by a majority of the members of
23 each house.

24 (c) In addition to the regulations governing annexation by local
25 action adopted under AS 44.47.567, the Local Boundary Commission shall
26 establish procedures for annexation and detachment of territory by
27 municipalities by local action. The procedures established under this
28 subsection include a provision that

29 (1) a proposed annexation and detachment must be approved

1 by a majority of votes on the question cast by voters residing in the
2 area proposed to be annexed or detached;

3 (2) municipally owned property adjoining the municipality
4 may be annexed by ordinance without voter approval; and

5 (3) an area adjoining the municipality may be annexed by
6 ordinance without an election if all property owners and voters in the
7 area petition the governing body.

8 (d) A boundary change effected under (a) and (b) of this section
9 prevails over a boundary change initiated by local action, without
10 regard to priority in time.

11 Sec. 29.06.050. ANNEXATION OF MILITARY RESERVATIONS. A military
12 reservation may be annexed to a municipality in the same manner as
13 prescribed for other territory under AS 29.06.040. If a city in a
14 borough annexes a military reservation under this section, the area
15 encompassing the military reservation automatically is annexed to the
16 borough in which the city is located.

17 Sec. 29.06.060. APPLICATION. AS 29.06.040 - 29.06.060 apply to
18 home rule and general law municipalities.

19 ARTICLE 3. MERGER AND CONSOLIDATION.

20 Sec. 29.06.090. MERGER AND CONSOLIDATION. (a) Two or more
21 municipalities may merge or consolidate to form a single municipality,
22 except a third class borough may not be formed through merger or
23 consolidation.

24 (b) Two methods may be used to initiate merger or consolidation
25 of municipalities:

26 (1) petition to the Local Boundary Commission under regula-
27 tions adopted by the commission; or

28 (2) the local option method specified in AS 29.06.100 -
29 29.06.160.

1 Sec. 29.06.100. PETITION. (a) Residents of two or more municipi-
2 palities may file a merger or consolidation petition with the depart-
3 ment. The petition must be signed by a number of voters of each
4 existing municipality equal to at least 25 percent of the number of
5 votes cast in each municipality's last regular election.

6 (b) The petition includes

7 (1) the name and class of each existing municipality;
8 (2) the name and class of the proposed municipality;
9 (3) the proposed composition and apportionment of the
10 governing body;

11 (4) maps, documents, and other information that shows that
12 the proposed municipality meets the standards for municipal incorpora-
13 tion.

14 Sec. 29.06.110. REVIEW. (a) The department shall review a
15 merger or consolidation petition for content and signatures and shall
16 return a deficient petition for correction or completion.

17 (b) If the petition contains the required information and signa-
18 tures, the department shall investigate the proposal.

19 (c) The department shall report its findings to the Local Bound-
20 ary Commission with its recommendations regarding the merger or con-
21 solidation.

22 Sec. 29.06.120. HEARING. After receipt of the report by the
23 department on a merger or consolidation petition, the Local Boundary
24 Commission shall hold at least one public hearing in each of the
25 existing municipalities included in the petition, unless officials of
26 the municipalities agree to a single hearing.

27 Sec. 29.06.130. DECISION. (a) If the Local Boundary Commission
28 determines that the proposed municipality fails to meet the standards
29 for incorporation, it shall reject the merger or consolidation

1 petition. If the commission determines that the proposed municipality
2 meets these standards, it shall accept the petition. If the commis-
3 sion determines that the proposed boundaries or the composition and
4 apportionment of the governing body can be altered to meet the stan-
5 dards, it may alter the proposal and accept the petition.

6 (b) A Local Boundary Commission decision under this section may
7 be appealed under the Administrative Procedure Act (AS 44.62).

8 Sec. 29.06.140. ELECTION. (a) The Local Boundary Commission
9 shall immediately notify the director of elections of its acceptance
10 of a merger or consolidation petition. Within 30 days after notifica-
11 tion, the director of elections shall order an election in the area to
12 be included in the new municipality to determine whether the voters
13 desire merger or consolidation. The election must be held not less
14 than 30 or more than 90 days after the election order. A voter who is
15 a resident of the area to be included in the proposed municipality may
16 vote.

17 (b) The director of elections shall supervise the election in
18 the general manner prescribed by the Alaska Election Code (AS 15).
19 The state shall pay all election costs.

20 (c) The director of elections shall certify the election re-
21 sults. If merger or consolidation is approved, the director of elec-
22 tions shall, within 10 days, set a date for election of officials of
23 the new municipality. The election date must be not less than 60 or
24 more than 90 days after the election order and it is the effective
25 date for the merger or consolidation.

26 Sec. 29.06.150. ASSETS AND LIABILITIES. (a) When two or more
27 municipalities merge, one succeeds to the rights, powers, duties,
28 assets, and liabilities of the others.

29 (b) When two or more municipalities consolidate, the newly

1 incorporated municipality succeeds to the rights, powers, duties,
2 assets, and liabilities of the consolidated municipalities.

3 Sec. 29.06.160. TRANSITION. After merger or consolidation, the
4 ordinances, resolutions, regulations, procedures, and orders of the
5 former municipalities remain in force in their respective territories
6 until superseded by the action of the new municipality.

7 Sec. 29.06.170. APPLICATION. AS 29.06.090 - 29.06.170 apply to
8 home rule and general law municipalities.

9 ARTICLE 4. UNIFICATION OF MUNICIPALITIES.

10 Sec. 29.06.190. UNIFICATION OF MUNICIPALITIES AUTHORIZED. A
11 borough and all cities in the borough may unite to form a single unit
12 of home rule government by complying with AS 29.06.190 - 29.06.410.

13 Sec. 29.06.200. UNIFICATION PROPOSED. (a) Formation of a
14 charter commission to prepare a unification charter shall be proposed
15 by resolution of the assembly or by petition. A resolution to propose
16 formation of a charter commission may be adopted not more often than
17 once every 12 months.

18 (b) An assembly, a council, or a person living in the area
19 proposed for unification may initiate a unification petition.

20 Sec. 29.06.210. PETITION REQUIREMENTS. (a) A unification peti-
21 tion shall read:

22 "PETITION FOR ELECTION OF CHARTER COMMISSION TO PROPOSE UNIFICA-
23 TION CHARTER. We, the undersigned, qualified voters of the borough do
24 hereby petition that the following proposition be placed before the
25 voters as provided by law: 'Shall a charter commission be formed (and
26 charter commission members be elected as elsewhere provided on this
27 ballot) to prepare, adopt and submit to the voters for their approval
28 or rejection a proposed charter uniting the borough and all cities
29 within it as a single unit of home rule government having the powers,

1 duties and functions of a unified municipality as authorized by law?
2 Yes [] No []'

3 Inside First Outside First
4 Class or Class or
5 Signature Address Home Rule City [] Home Rule City []"

6 (b) The petition shall be signed by at least

7 (1) the number of voters residing outside all home rule and
8 first class cities in the borough equal to 25 percent of the votes
9 cast in that area in the last regular borough election; and

10 (2) the number of voters residing in home rule or first
11 class cities in the borough equal to 25 percent of the votes cast in
12 all home rule and first class cities in the borough in the last regu-
13 lar borough election.

14 Sec. 29.06.220. REVIEW OF PETITION. The assembly shall review a
15 unification petition within 15 days to determine whether it complies
16 with AS 29.06.210. If the petition does not meet the designated re-
17 quirements, it shall be immediately returned to the person who ini-
18 tiated the petition with a statement indicating which requirements
19 have not been satisfied.

20 Sec. 29.06.230. DUTIES OF CHARTER COMMISSION. The charter
21 commission shall prepare, adopt, and submit to the voters for approval
22 or rejection a proposed home rule charter for the area to be unified.

23 Sec. 29.06.240. COMPOSITION OF CHARTER COMMISSION. The charter
24 commission shall consist of 11 voters, three of whom are residents
25 elected at large from the borough and eight of whom, proportionate to
26 the population as determined by the department, are

27 (1) residents of and elected from the area outside all home
28 rule and first class cities in the borough; or,

29 (2) residents of and elected from home rule or first class

1 cities in the borough.

2 Sec. 29.06.250. CHARTER COMMISSION NOMINATIONS. (a) If the
3 assembly determines that a unification petition meets the requirements
4 of AS 29.06.210, or the assembly by its resolution proposes an elec-
5 tion on formation of a charter commission, the assembly shall issue a
6 call for the nomination of commission candidates, specifying the
7 filing deadline and the procedure for making nominations.

8 (b) Charter commission candidates shall be nominated by petition
9 signed by at least 50 voters of the area from which the candidate
10 seeks election, or by a number of voters from that area equal to at
11 least 10 percent of the number of votes cast from that area in the
12 last regular borough election, whichever is less.

13 (c) Nomination petitions shall be filed with the borough clerk
14 at least 30 days after notice of the call for nominations has been
15 given and on or before a date fixed by the assembly.

16 (d) If at least one nomination of a qualified charter commission
17 candidate for each available seat is not filed, the unification peti-
18 tion or resolution to propose formation of a charter commission is
19 void and no election on the question shall be held.

20 Sec. 29.06.260. QUALIFICATIONS OF CANDIDATES. A person is eli-
21 gible to be nominated as a candidate for the charter commission if
22 that person is a voter of the area from which election is sought and
23 has been a voter of the area for at least one year immediately preced-
24 ing the date the nomination petition is filed.

25 Sec. 29.06.270. ELECTION OF CHARTER COMMISSION. (a) After
26 receipt of a valid unification petition or adoption of an assembly
27 resolution to propose formation of a charter commission, the assembly
28 shall submit to the voters the question of whether a charter commis-
29 sion shall be formed to prepare a proposed unification charter. The

1 vote shall be held at the next regular borough election scheduled at
2 least 90 days after receipt of the petition or adoption of the resolu-
3 tion. The ballot shall be worded exactly as in AS 29.06.210(a).

4 (b) The election of charter commission members shall take place
5 at the same time as the election on the question of formation of the
6 commission.

7 (c) All costs incurred in conducting an election under AS 29.-
8 06.190 - 29.06.410 shall be paid by the borough.

9 Sec. 29.06.280. REQUIREMENTS FOR APPROVAL OF FORMATION AND
10 ELECTION OF CHARTER COMMISSION. (a) The votes on the question of
11 formation of a charter commission shall be tabulated in two separate
12 classifications. One classification consists of all votes cast in
13 first class and home rule cities in the borough. The other classifi-
14 cation consists of all votes cast in the remaining area of the bor-
15 ough. In order for formation of a charter commission to be approved,
16 a majority of the votes in each classification must favor formation of
17 the commission.

18 (b) If formation of a charter commission is approved, the candi-
19 dates who received the highest number of votes from their respective
20 areas shall serve as members of the commission.

21 Sec. 29.06.290. CHARTER COMMISSION ORGANIZATION AND PROCEDURE.

22 (a) The charter commission shall hold its first meeting within 30
23 days after certification of its election. The commission shall elect
24 from among its members a chairman and a deputy chairman.

25 (b) A majority of the total membership of the charter commission
26 constitutes a quorum. A decision of the commission is not valid or
27 binding unless approved by the number of members necessary to consti-
28 tute a quorum.

29 (c) The charter commission may elect other officials from among

1 its membership, adopt rules governing its procedures that are consis-
2 tent with AS 29.06.190 - 29.06.410 and hire and discharge employees.

3 (d) Meetings of the charter commission shall be open to the
4 public at all times. A journal of commission proceedings shall be
5 kept and made available for public inspection at the borough office.

6 Sec. 29.06.300. VACANCIES. (a) Vacancies on the charter com-
7 mission shall be filled by a majority vote of the commission, except
8 the assembly shall appoint members to fill vacancies if, after a
9 proposed charter is rejected by the voters, more than one-half of the
10 members resign.

11 (b) A person who fills a vacancy on the charter commission must
12 be a voter of the same area as the person succeeded and must have been
13 a voter of that area for at least one year immediately preceding the
14 date the vacancy is filled.

15 Sec. 29.06.310. PER DIEM. The assembly may grant a per diem
16 allowance to members of the charter commission and may reimburse the
17 members for travel expenses incurred in carrying out the duties pre-
18 scribed by AS 29.06.190 - 29.06.410. Costs, fees, and other expenses
19 incurred by the commission are a debt of the borough and shall be paid
20 upon proper verification.

21 Sec. 29.06.320. CHARTER PROVISIONS. The charter shall include

22 (1) provision for

23 (A) the adjustment of existing bonded indebtedness and
24 other obligations in a manner that will assure a fair and equit-
25 able burden of taxation for debt service, subject to AS 29.06.-
26 380;

27 (B) the establishment of service areas;

28 (C) if election of members of the governing body is
29 not areawide, the establishment of districts for the election of

1 members of the governing body of the proposed unified municipal-
2 ity and procedures by which to reapportion the election dis-
3 tricts;

4 (D) the reapportionment of districts if they are
5 established;

6 (E) nonpartisan government, and the selection, organi-
7 zation, authority, and responsibilities of the governing body and
8 its executive and administrator;

9 (F) the transfer or other disposition of property and
10 other rights, claims, assets, and franchises of the municipal-
11 ities to be unified under the charter;

12 (G) the exercise of the rights of initiative and
13 referendum in accordance with AS 29.10.030;

14 (H) amending the charter in accordance with AS 29.10.-
15 100;

16 (2) the date on which the charter, if approved at the
17 charter election, is effective;

18 (3) designation of the proposed unified municipality's
19 official name; and

20 (4) other charter provisions that may be included in a home
21 rule charter.

22 Sec. 29.06.330. PUBLIC HEARINGS. Both before and after drafting
23 the proposed home rule charter, the charter commission shall hold a
24 public hearing in each area represented on the assembly. Other public
25 hearings may be held by the commission as it considers necessary.

26 Sec. 29.06.340. FILING OF PROPOSED CHARTER. Upon the adoption
27 of a proposed home rule charter by the charter commission, the charter
28 shall be signed by at least a majority of the total membership of the
29 commission and shall be filed with the borough clerk. A copy of the

1 charter with signatures affixed shall also be filed with the clerk of
2 each city in the borough.

3 Sec. 29.06.350. PUBLICATION AND POSTING OF PROPOSED CHARTER.
4 Within 10 days after filing the proposed home rule charter, the bor-
5 ough clerk shall have it published. In addition, the clerk shall have
6 a copy of the proposed charter posted in at least three public places
7 in each city and each unincorporated community in the borough. Copies
8 of the proposed charter shall be made available by the assembly to the
9 public at both the office of the borough clerk and the office of the
10 clerk of each city in the borough. The clerk shall have notice of the
11 publication, posting, and availability of the proposed charter pub-
12 lished.

13 Sec. 29.06.360. ELECTION ON CHARTER. (a) The proposed home
14 rule charter adopted by the charter commission shall be submitted to
15 the voters at a borough election held within 60 days of the date of
16 publication and posting of the proposed charter. The borough clerk
17 shall prepare the ballots for use in the election and shall give
18 notice of the election by radio and television in a manner intended to
19 apprise the entire borough population of the election. The election
20 shall be conducted under procedures applicable to regular elections.

21 (b) A person who is a voter of the borough may vote in the elec-
22 tion on the proposed charter.

23 (c) If a majority of the votes in the area of the borough out-
24 side all home rule or first class cities, and a majority of the votes
25 in all home rule and first class cities in the borough are cast in
26 favor of the proposed charter, the charter is ratified. If the char-
27 ter is ratified, election results shall be certified to the commission
28 and two copies of the charter shall be filed with

29 (1) the lieutenant governor;

- 1 (2) the department;
2 (3) the district recorder for the area of the borough;
3 (4) the clerk of the borough;
4 (5) the clerk of each city in the borough.

5 (d) If a proposed charter is rejected, the charter commission
6 shall prepare, adopt, and submit another proposed charter to the
7 voters at a borough election held within one year after the date of
8 the first charter election. If the second proposed charter is also
9 rejected, the charter commission shall be dissolved and the question
10 of unification shall be treated as if it had never been proposed or
11 approved.

12 Sec. 29.06.370. EFFECT OF THE CHARTER AFTER RATIFICATION. Upon
13 ratification, the home rule charter of a unified municipality operates
14 to dissolve all municipalities in the area unified in accordance with
15 the charter.

16 Sec. 29.06.380. ASSETS AND LIABILITIES. A unified municipality
17 shall succeed to all the assets and liabilities of the municipalities
18 it unified. A bonded indebtedness or other debt incurred before
19 unification remains the tax obligation of the area that contracted the
20 debt, except that by ordinance the tax obligation may be assumed by a
21 larger area if the governing body determines that the asset for which
22 the bonded indebtedness or other debt was incurred benefited the
23 larger area before unification, or benefits the larger area after
24 unification. However, bonded indebtedness or other debt for sewage
25 collection systems, water distribution systems, and streets, even if
26 determined to be benefiting a larger area than that which incurred the
27 debt, remains the tax obligation of the area that incurred the debt.

28 Sec. 29.06.390. TRANSITION. Within two years after ratification
29 of the home rule charter, the unified municipality shall revise,

1 repeal, or reaffirm all municipal ordinances, resolutions, and orders
2 in effect in the area of the unified municipality on the date of
3 unification. Each ordinance, resolution, regulation, or order in
4 effect on the date of unification remains in effect until superseded
5 by action of the unified municipality.

6 Sec. 29.06.400. RIGHT TO STATE AND FEDERAL AID. All provisions
7 of law authorizing aid from the state or federal government to a
8 former municipality that was in the area of a unified municipality
9 remain in effect after unification.

10 Sec. 29.06.410. POWERS OF A UNIFIED MUNICIPALITY. A municipal-
11 ity unified under AS 29.06.190 - 29.06.410 has all powers

12 (1) not prohibited by law or charter; and

13 (2) granted to a home rule borough.

14 Sec. 29.06.420. APPLICATION. AS 29.06.190 - 29.06.420 apply to
15 home rule and general law municipalities.

16 ARTICLE 5. DISSOLUTION.

17 Sec. 29.06.450. METHODS OF DISSOLUTION. (a) Two petition
18 methods may be used to initiate dissolution of a municipality;

19 (1) petition to the Local Boundary Commission under regula-
20 tions adopted by the commission; or

21 (2) the local option method specified in AS 29.06.460 -
22 29.06.510.

23 (b) The department shall investigate a municipality that it con-
24 siders to be inactive and shall report to the Local Boundary Commis-
25 sion on the status of the municipality. The commission may submit its
26 recommendation to the legislature that the municipality be dissolved
27 in the manner provided for submission of boundary changes in art. X,
28 sec. 12 of the state constitution.

29 (c) A borough is dissolved when its entire territory is included

1 in a home rule or first class city or cities. A city is dissolved
2 when all its powers become areawide borough powers.

3 Sec. 29.06.460. PETITION. (a) Voters of a municipality may
4 file a dissolution petition with the department in the form prescribed
5 by the department. The petition must be signed by a number of voters
6 equal to at least 25 percent of the number of votes cast in the last
7 regular election in that municipality.

8 (b) The petition must include

9 (1) the name of the municipality;

10 (2) maps, documents, and other information showing that the
11 municipality meets the standards for dissolution.

12 Sec. 29.06.470. STANDARDS. (a) Except as provided in (b) of
13 this section, voters of a municipality may petition for dissolution
14 when the municipality is free of debt, or, if in debt, each of its
15 creditors is satisfied with a method of repayment and

16 (1) it no longer meets the minimum standards prescribed for
17 incorporation by AS 29.05, or former AS 29.18.030 if it is a third
18 class borough; or

19 (2) the municipality ceases to use each of its mandatory
20 powers.

21 (b) Voters of a city in a borough may petition for dissolution
22 of the city if the borough consents to assume the city's rights,
23 powers, duties, assets, and liabilities. The consent must be ratified
24 by a majority of borough voters voting on the question.

25 Sec. 29.06.480. REVIEW. (a) The department shall review a dis-
26 solution petition for content and signatures, and shall return a defi-
27 cient petition for correction or completion.

28 (b) If the petition contains the required information and signa-
29 tures, the department shall investigate the proposal.

1 Sec. 29.06.490. REPORT AND HEARING. (a) The department shall
2 report its findings to the Local Boundary Commission with its recom-
3 mendation regarding the dissolution of a municipality.

4 (b) The Local Boundary Commission shall hold at least one public
5 hearing in the municipality proposed to be dissolved.

6 Sec. 29.06.500. DECISION. (a) If the Local Boundary Commission
7 determines that a municipality fails to meet the standards for disso-
8 lution, it shall reject the petition. If the commission determines
9 that the municipality meets the standards, it shall accept the peti-
10 tion.

11 (b) A Local Boundary Commission decision under this section may
12 be appealed under the Administrative Procedure Act (AS 44.62).

13 Sec. 29.06.510. ELECTION. (a) The Local Boundary Commission
14 shall immediately notify the director of elections of its acceptance
15 of a dissolution petition. Within 30 days after notification, the
16 director of elections shall order an election in the municipality to
17 determine whether the voters desire dissolution. The election must be
18 held at least 30 and not more than 90 days after the election order.
19 A person who is a voter of the municipality may vote in the dissolu-
20 tion election.

21 (b) The director of elections shall supervise the election in
22 the general manner prescribed by the Alaska Election Code (AS 15).
23 The state shall pay all election costs.

24 (c) The director of elections shall certify the election re-
25 sults. If dissolution is approved, the director of elections shall
26 declare that the municipality is dissolved effective on the date of
27 certification.

28 Sec. 29.06.520. SUCCESSION. The government succeeding to a dis-
29 solved municipality succeeds to all its rights, powers, duties,

1 assets, and liabilities.

2 Sec. 29.06.530. APPLICATION. AS 29.06.450 - 29.06.530 apply to
3 home rule and general law municipalities.

4 * Sec. 6. AS 29 is amended by adding a new chapter to read:

5 CHAPTER 10. HOME RULE MUNICIPALITIES.

6 ARTICLE 1. CHARTERS.

7 Sec. 29.10.010. MUNICIPAL CHARTER ADOPTION. (a) A general law
8 borough or first class city may adopt a charter for its own govern-
9 ment.

10 (b) At an election for borough incorporation, an area in the
11 unorganized borough may adopt a charter for its own government and in-
12 corporate as a home rule borough.

13 (c) A home rule municipality may adopt a new charter.

14 (d) A proposed charter for an existing municipality is prepared
15 by a charter commission of seven elected members. A charter commis-
16 sion election is called by filing a petition with the governing body
17 or by resolution of the governing body. The petition shall be signed
18 by a number of voters equal to 15 percent of the votes cast in the
19 last regular election in the municipality.

20 (e) The proposed charter for an area of the unorganized borough
21 shall be prepared by the petitioners and filed under AS 29.05.060 with
22 the petition to incorporate a home rule borough.

23 Sec. 29.10.020. MODEL CHARTERS. The department shall prepare at
24 least one model home rule charter for a borough. The model charter
25 shall be made available to persons interested in filing a petition to
26 incorporate a home rule borough under AS 29.05.060.

27 Sec. 29.10.030. INITIATIVE AND REFERENDUM. (a) A home rule
28 charter shall provide procedures for initiative and referendum.

29 (b) A charter may not require an initiative or referendum

1 petition to have a number of signatures greater than 25 percent of the
2 total votes cast in the municipality at the last regular election.

3 (c) A charter may not permit the initiative and referendum to be
4 used for a purpose prohibited by art. XI, sec. 7 of the state consti-
5 tution.

6 Sec. 29.10.040. CHARTER COMMISSION CANDIDATES. (a) A candidate
7 for a charter commission shall be a voter of an existing municipality
8 for three years immediately preceding the charter commission election.

9 (b) A charter commission candidate is nominated by a petition
10 signed by at least 50 voters or the number of voters equal to 10
11 percent of the number of votes cast in the municipality during the
12 last regular election, whichever is less. A nomination petition shall
13 be filed with the municipal clerk on or before a date fixed by the
14 governing body.

15 (c) If at least seven nominations for qualified charter commis-
16 sion candidates are not filed, the petition or resolution calling for
17 a charter commission is void and no election on the question may be
18 held.

19 Sec. 29.10.050. CHARTER COMMISSION ELECTION. At a charter com-
20 mission election the voters of an existing municipality shall consider
21 the question "Shall a charter commission be elected to prepare a pro-
22 posed charter?" and shall elect the members of the commission. If the
23 question is approved, the seven candidates receiving the highest
24 number of votes shall immediately organize as a charter commission.

25 Sec. 29.10.060. PREPARATION OF CHARTER BY CHARTER COMMISSION.
26 The charter commission shall, within one year, prepare a proposed home
27 rule charter for an existing municipality. The proposed charter shall
28 be signed by a majority of the members of the commission and filed in
29 the office of the municipal clerk. Within 15 days, the clerk shall

1 have the proposed charter published and make copies available. The
2 commission shall give published notice of and hold at least one public
3 hearing on the proposed charter before the signing and filing of the
4 charter.

5 Sec. 29.10.070. CHARTER ELECTION. The proposed home rule char-
6 ter for an existing municipality shall be submitted to the voters at
7 an election held not less than 30 days or more than 90 days after the
8 proposed charter is published. The proposed home rule charter for an
9 area in the unorganized borough shall be submitted to the voters at an
10 incorporation election held under AS 29.05.110.

11 Sec. 29.10.080. CHARTER ADOPTION. (a) If a majority of those
12 voting in an existing municipality favor the proposed charter or if a
13 majority of those voting in an area in the unorganized borough favor
14 incorporation of a home rule borough, the proposed charter becomes the
15 organic law of the municipality effective on the date the election is
16 certified. Thereafter, a court shall take judicial notice of the
17 charter. The new home rule municipality shall file the indicated
18 number of copies of the charter with

- 19 (1) the lieutenant governor -- two copies;
- 20 (2) the department -- two copies;
- 21 (3) the district recorder -- one copy;
- 22 (4) the municipal clerk -- one copy.

23 (b) At the time of voting on the proposed charter in a third
24 class borough, voters shall vote also on whether the borough shall, on
25 adoption of the charter, retain a combined assembly and school board
26 or elect a separate assembly and board as otherwise provided for home
27 rule boroughs. If a combined assembly and school board are approved
28 at the charter election, the assembly serving at the time of the
29 election continues to serve as the assembly and board on voter

1 approval of the charter and until terms of assembly members expire as
2 provided before adoption of the charter. If a separate board and
3 assembly are approved at the charter election, a school board shall be
4 elected in conformity with AS 14.12.030 - 14.12.100 at the next regu-
5 lar election, if it occurs within 90 days of the date of the charter
6 election, or otherwise at a special election within 90 days of the
7 date of the charter election. Expiration dates of terms of school
8 board members elected at a special election must coincide with the
9 date of the regular election. Until a board is elected and qualified,
10 the assembly continues to serve as the board.

11 Sec. 29.10.090. CHARTER REJECTION. (a) If a proposed charter
12 for an existing municipality is rejected, the charter commission shall
13 prepare another proposed charter to be submitted to the voters at an
14 election to be held within one year after the date of the first char-
15 ter election. If the second proposed charter is also rejected, the
16 charter commission shall be dissolved and the question of adoption of
17 a charter shall be treated as if it had never been proposed or ap-
18 proved.

19 (b) If incorporation of a home rule borough is rejected by the
20 voters in an area in the unorganized borough, the proposed charter is
21 rejected.

22 Sec. 29.10.100. CHARTER AMENDMENT. (a) A home rule charter may
23 be amended as provided in the charter, except that no amendment is
24 effective unless ratified by the voters.

25 (b) This section applies to home rule municipalities.

26 ARTICLE 2. HOME RULE LIMITATIONS.

27 Sec. 29.10.200. LIMITATION OF HOME RULE POWERS. Only the fol-
28 lowing provisions of this title apply to home rule municipalities as
29 prohibitions on acting otherwise than as provided. These provisions

1 supersede existing and prohibit future home rule enactments that
2 provide otherwise:

3 (1) AS 29.05.140 (transition)
4 (2) AS 29.06.010 (change of municipal name)
5 (3) AS 29.06.040 - 29.06.060 (annexation and detachment)
6 (4) AS 29.06.090 - 29.06.170 (merger and consolidation)
7 (5) AS 29.06.190 - 29.06.420 (unification of municipali-
8 ties)
9 (6) AS 29.06.450 - 29.06.530 (dissolution)
10 (7) AS 29.10.100 - (charter amendment)
11 (8) AS 29.20.010 (conflict of interest)
12 (9) AS 29.20.020 (meetings public)
13 (10) AS 29.20.050 (legislative power)
14 (11) AS 29.20.060 - 29.20.120 (assembly composition and
15 apportionment)
16 (12) AS 29.20.140 (qualifications of members of governing
17 bodies)
18 (13) AS 29.20.150 (term of office)
19 (14) AS 29.20.220 (executive power)
20 (15) AS 29.20.630 (prohibitions)
21 (16) AS 29.20.640 (reports)
22 (17) AS 29.25.010(a)(10) (municipal exemption on contractor
23 bond requirements)
24 (18) AS 29.25.050 (codification)
25 (19) AS 29.25.060 (resolutions)
26 (20) AS 29.26.030 (notice of elections)
27 (21) AS 29.26.050 (voter qualification)
28 (22) AS 29.26.250 - 29.26.360 (recall)
29 (23) AS 29.35.020 (extraterritorial jurisdiction)

- 1 (24) AS 29.35.030 (eminent domain)
2 (25) AS 29.35.050 (garbage and solid waste services)
3 (26) AS 29.35.070 (public utilities)
4 (27) AS 29.35.080 (alcoholic beverages)
5 (28) AS 29.35.120 (post audit)
6 (29) AS 29.35.145 (regulation of firearms)
7 (30) AS 29.35.160 (education)
8 (31) AS 29.35.170(b) (assessment and collection of taxes)
9 (32) AS 29.35.180(b) (land use regulation)
10 (33) AS 29.35.250 (cities inside boroughs)
11 (34) AS 29.35.260 (cities outside boroughs)
12 (35) AS 29.35.340 (acquisition of areawide power)
13 (36) AS 29.40.160(a) - (c) (title to vacated areas)
14 (37) AS 29.40.200 (subdivisions of state land)
15 (38) AS 29.45.010 - 29.45.570 (property taxes)
16 (39) AS 29.45.650(c) and (d) (sales and use tax)
17 (40) AS 29.46.090 (exemption from special assessment)
18 (41) AS 29.47.200(b) (security for bonds)
19 (42) AS 29.47.260 (construction)
20 (43) AS 29.60.050(a) (limitation on computation and use of
21 payment)
22 (44) AS 29.60.120(a) and (c) (state aid for health facili-
23 ties and hospitals)
24 (45) AS 29.65.010 - 29.65.140 (general grant land)

25 * Sec. 7. AS 29 is amended by adding a new chapter to read:

26 CHAPTER 20. MUNICIPAL OFFICERS AND EMPLOYEES.

27 ARTICLE 1. CONFLICT OF INTEREST AND PUBLIC MEETINGS.

28 Sec. 29.20.010. CONFLICT OF INTEREST. (a) Each municipality
29 shall adopt a conflict of interest ordinance that provides that

1 (1) a member of the governing body shall declare a substan-
2 tial financial interest the member has in an official action and ask
3 to be excused from a vote on the matter;

4 (2) the presiding officer shall rule on a request by a
5 member of the governing body to be excused from a vote;

6 (3) the decision of the presiding officer on a request by a
7 member of the governing body to be excused from a vote may be overrid-
8 den by the majority vote of the governing body; and

9 (4) a municipal employee or official, other than a member
10 of the governing body, may not participate in an official action in
11 which the employee or official has a substantial financial interest.

12 (b) If a municipality fails to adopt a conflict of interest
13 ordinance within 180 days after January 1, 1986, the provisions of
14 this section are automatically applicable to and binding upon that
15 municipality.

16 (c) This section applies to home rule and general law municipal-
17 ities.

18 Sec. 29.20.020. MEETINGS PUBLIC. (a) Meetings of all municipal
19 bodies shall be public as provided in AS 44.62.310. The governing
20 body shall provide reasonable opportunity for the public to be heard
21 at regular and special meetings.

22 (b) This section applies to home rule and general law municipal-
23 ities.

24 ARTICLE 2. GOVERNING BODIES.

25 Sec. 29.20.050. LEGISLATIVE POWER. (a) The legislative power
26 of a borough is vested in the assembly. The legislative power of a
27 city is vested in the council.

28 (b) This section applies to home rule and general law municipal-
29 ities.

1 **Sec. 29.20.060. ASSEMBLY COMPOSITION AND APPORTIONMENT.** (a)
2 **Assembly composition and apportionment shall be consistent with the**
3 **equal representation standards of the Constitution of the United**
4 **States.**

5 (b) The assembly of a newly incorporated borough is, after
6 incorporation and until the adoption of an ordinance providing for a
7 change in composition or apportionment, composed of the number of
8 members and apportioned as set out in the incorporation petition
9 approved by the voters. If the borough is already incorporated, the
10 assembly shall be composed and apportioned in a manner that is consis-
11 tant with the requirements of this section and prescribed by charter
12 or ordinance.

13 (c) An assembly may not provide for weighted voting.

14 (d) A member of the assembly may not be elected or appointed by
15 and from the council of a city in the borough.

16 (e) This section applies to home rule and general law municipal-
17 ities.

18 **Sec. 29.20.070. ASSEMBLY COMPOSITION AND FORM OF REPRESENTATION.**

19 (a) The assembly shall provide for its composition and for the form
20 of its representation.

21 (b) Not later than the first regular election that occurs after
22 the report of a federal decennial census, the assembly shall propose
23 and submit to the voters of the borough, at that regular election or
24 at a special election called for the purpose, one or more forms of
25 assembly representation. The forms of representation that the assem-
26 bly may submit to the voters are:

27 (1) election of members of the assembly at large by the
28 voters throughout the borough;

29 (2) election of members of the assembly by district,

1 including

2 (A) election at large by the voters throughout the
3 borough, but with a requirement that a candidate live in an
4 election district established by the borough for election of
5 assembly members; or

6 (B) election from election districts established by
7 the borough for the election of assembly members by the voters of
8 a district;

9 (3) election of members of the assembly both at large and
10 by district.

11 (c) A form of assembly representation that includes election of
12 assembly members under (b)(2) or (b)(3) of this section shall be sub-
13 mitted to the voters of the borough with a plan of apportionment as
14 required by AS 29.20.080.

15 (d) The assembly shall, within 30 days after certification of
16 the results of the election held under this section, adopt an ordi-
17 nance providing for

18 (1) composition of the assembly;

19 (2) the form of assembly representation that received the
20 most votes; and

21 (3) if applicable, the apportionment of assembly seats in
22 accordance with the form of representation that received the most
23 votes.

24 (e) This section applies to home rule and general law municipal-
25 ities, except it does not apply to a

26 (1) unified municipality;

27 (2) home rule borough if the home rule charter contains
28 procedures for changing assembly composition and form of representa-
29 tion.

1 Sec. 29.20.080. ASSEMBLY RECOMPOSITION AND REAPPORTIONMENT. (a)
2 Not later than two months after the official report of a federal de-
3 cennial census, the assembly shall determine and declare by resolution
4 whether the existing apportionment of the assembly meets the standards
5 of AS 29.20.060. If the assembly submits to the voters a form of
6 representation that includes election of assembly members under
7 AS 29.20.070(b)(2) or (b)(3) the assembly shall submit with the propo-
8 sition a proposed plan of apportionment that corresponds to the form
9 of representation proposed. The assembly shall describe the plan of
10 apportionment in the ballot proposition, and may present the plan in
11 any manner that it believes accurately describes the apportionment
12 that is proposed under the form of representation. If the assembly
13 determines that its existing apportionment meets the standards of
14 AS 29.20.060, the assembly may include the existing apportionment as a
15 proposed plan of apportionment of assembly seats that corresponds to a
16 form of representation that is proposed.

17 (b) The assembly shall provide, by ordinance, for a change in an
18 existing apportionment of the assembly whenever it determines that the
19 apportionment does not meet the standards of AS 29.20.060. At the
20 same time, the assembly may, by ordinance, change the composition of
21 the assembly.

22 (c) If a petition signed by not less than 50 voters requests the
23 assembly to determine whether the existing apportionment meets the
24 standards for apportionment in AS 29.20.060, and the petition contains
25 evidence that the existing apportionment does not meet those stan-
26 dards, the assembly may make the determination requested. The assem-
27 bly shall make a determination required by this subsection within two
28 months of receipt of a petition that meets the requirements of this
29 subsection.

1 (d) An ordinance adopted by the assembly under (b) or (c) of
2 this section shall be submitted to the voters for approval. In order
3 for the ordinance to be approved it must receive the approval of a
4 majority of the votes cast.

5 (e) Within six months after a determination by the assembly
6 under (b) or (c) of this section that the current apportionment does
7 not meet the standards of AS 29.20.060 the assembly shall adopt an
8 ordinance providing for reapportionment and submit the ordinance to
9 the voters. If, at the end of the six-month time period, an ordinance
10 providing for reapportionment has not been approved by the voters, the
11 commissioner shall provide for the reapportionment in accordance with
12 the standards of AS 29.20.060 by preparing an order of reapportionment
13 and delivering the order to the borough mayor.

14 Sec. 29.20.090. APPORTIONMENT APPEALS. (a) A reapportionment
15 ordinance approved by the voters, or a decision of the assembly that
16 the standards of AS 29.20.060 do not require a change in apportion-
17 ment, may be appealed to the commissioner. Fifty voters may submit a
18 petition to the commissioner requesting the commissioner to determine
19 whether the proposed reapportionment ordinance approved by the voters
20 meets the standards of AS 29.20.060 or whether a decision of the
21 assembly that the standards of AS 29.20.060 do not require a change of
22 apportionment is correct. If the petition asks the commissioner to
23 review an ordinance approved by the voters under AS 29.20.080(e), the
24 petition shall be delivered to the commissioner not later than 20 days
25 after certification of the election. If the petition asks the commis-
26 sioner to review a decision of the assembly under AS 29.20.080(c), the
27 petition shall be delivered to the commissioner within 20 days of the
28 decision of the assembly.

29 (b) The commissioner shall review the petition and may make the

1 determination requested. The commissioner shall provide copies of the
2 determination to the persons petitioning for appeal and to borough
3 officials not later than 60 days after the commissioner receives the
4 petition.

5 (c) If the commissioner determines that the proposed reapportionment
6 ordinance approved by the voters does not meet the standards
7 of AS 29.20.060, or if the commissioner determines that the decision
8 of the assembly that the standards of AS 29.20.060 do not require a
9 change of apportionment is not correct, the commissioner shall, by
10 order, direct the assembly to prepare a reapportionment ordinance that
11 meets the standards of AS 29.20.060 and submit the ordinance to the
12 voters.

13 (d) When the assembly has been directed by the commissioner to
14 prepare a reapportionment ordinance under (c) of this section, the
15 assembly shall, within two months after its receipt of the commis-
16 sioner's order, adopt an ordinance providing for reapportionment. The
17 assembly shall submit an ordinance adopted under this subsection to
18 the voters at an election held within 60 days after the date of adop-
19 tion of the reapportionment ordinance.

20 (e) If at the end of the time period provided under (d) of this
21 section an ordinance providing for reapportionment has not been ap-
22 proved by the voters, the commissioner shall provide for the reappor-
23 tionment of the assembly in accordance with the standards of AS 29.-
24 20.060 by preparing an order of reapportionment and delivering the
25 order to the borough mayor:

26 See: 29.20.100. JUDICIAL REVIEW AND RELIEF. (a) The commis-
27 sioner may request the superior court to enforce a reapportionment
28 order issued under AS 29.20.090(a).

29 (b) Each of the following is subject to judicial review:

1 (1) a plan of reapportionment approved by the voters under
2 AS 29.20.080(a);

3 (2) a determination by the assembly under AS 29.20.080 that
4 the standards of AS 29.20.060 do not require a change in apportion-
5 ment;

6 (3) a reapportionment ordinance approved by the voters
7 under AS 29.20.080(d);

8 (4) a reapportionment order of the commissioner made under
9 AS 29.20.090(c);

10 (5) a reapportionment ordinance approved by the voters
11 under AS 29.20.090(d); and

12 (6) a reapportionment order of the commissioner made under
13 AS 29.20.090(e).

14 Sec. 29.20.110. EFFECTIVE DATE OF APPORTIONMENT. (a) A change
15 in assembly apportionment or composition under AS 29.20.080 or 29.20.-
16 090 is effective beginning with the first regular election for members
17 of the assembly that is held more than 60 days after the later of

18 (1) approval of a reapportionment ordinance by the voters
19 under AS 29.20.080(a), 29.20.080(e), or 29.20.090(d); or

20 (2) the delivery to the mayor of a reapportionment order of
21 the commissioner under AS 29.20.090(d).

22 (b) The provisions of (a) of this section do not apply to a
23 borough in which a change in assembly composition or apportionment is
24 subject to review and approval or determination of nonobjection by the
25 Attorney General of the United States under the Voting Rights Act of
26 1965, as amended (42 U.S.C. 1971 - 1974). A change in assembly compo-
27 sition or apportionment subject to review under the Voting Rights Act
28 of 1965, as amended, is effective beginning with the first regular
29 election for members of the assembly that is held more than 60 days

1 after

2 (1) receipt by the assembly of approval by the Attorney
3 General of the United States of the proposed change in the composition
4 or apportionment of the assembly;

5 (2) the delivery to the mayor of a reapportionment order of
6 the commissioner under AS 29.20.090(e); or

7 (3) the last day on which the Attorney General of the
8 United States may review a proposed change in the composition or
9 apportionment of the assembly.

10 Sec. 29.20.120. APPLICABILITY OF APPORTIONMENT PROVISIONS. The
11 provisions of AS 29.20.080 - 29.20.110 apply to home rule and general
12 law municipalities, except they do not apply to a

13 (1) unified municipality;

14 (2) home rule borough if the borough, by home rule charter,
15 provides for reapportionment of the assembly.

16 Sec. 29.20.130. CITY COUNCIL COMPOSITION. Each first class city
17 has a council of six members elected by the voters at large. Each
18 second class city has a council of seven members elected by the voters
19 at large. The council of a first or second class city may by ordi-
20 nance provide for election of members other than on an at-large basis
21 for all members.

22 Sec. 29.20.140. QUALIFICATIONS. (a) A borough voter is eligi-
23 ble to be a member of the assembly and a city voter is eligible to be
24 a member of the council. A member of the governing body who ceases to
25 be a voter in the municipality immediately forfeits office.

26 (b) A municipality may by ordinance establish a durational resi-
27 dency requirement not to exceed three years for members of the govern-
28 ing body.

29 (c) A municipality may by ordinance establish district residency

1 requirements for members of its governing body. A member of the
2 governing body who represents a district and who becomes a resident of
3 another district in the municipality continues to serve until the next
4 regular election unless provided otherwise by ordinance.

5 (d) Except by ordinance ratified by the voters, no limit may be
6 placed on the total number of terms or number of consecutive terms a
7 voter may serve on the governing body.

8 (e) This section applies to home rule and general law municipal-
9 ities.

10 Sec. 29.20.150. TERM OF OFFICE. (a) A member of the governing
11 body is elected for a three-year term and until a successor qualifies,
12 unless a different term not exceeding four years is prescribed by home
13 rule charter or ordinance.

14 (b) Except when otherwise required by a change in composition or
15 apportionment, if the term of a member of a governing body is changed
16 by charter or ordinance the term of the member holding office when the
17 change becomes effective is not affected.

18 (c) The regular term of office begins on the first Monday fol-
19 lowing certification of the election, unless a different date is pre-
20 scribed by charter or ordinance.

21 (d) This section applies to home rule and general law municipal-
22 ities.

23 Sec. 29.20.160. PROCEDURES OF GOVERNING BODIES. (a) The assem-
24 bly shall elect from among its members a presiding officer and a
25 deputy presiding officer to serve at the pleasure of the members,
26 except that in a borough that has adopted a manager form of government
27 under AS 29.20.460 - 29.20.510 the mayor serves as presiding officer.
28 In a city the mayor serves as presiding officer. If the presiding
29 officer is not present or if the presiding officer is personally

1 disqualified, the deputy presiding officer shall preside.

2 (b) A governing body shall hold at least one regular meeting
3 each month unless otherwise provided by ordinance. If a majority of
4 the members are given at least 24 hours oral or written notice and
5 reasonable efforts are made to notify all members, a special meeting
6 of the governing body may be held at the call of the presiding officer
7 or at least one-third of the members. A special meeting may be con-
8 ducted with less than 24 hours notice if all members are present or if
9 absent members have waived in writing the required notice. Waiver of
10 notice can be made before or after the special meeting is held. A
11 waiver of notice shall be made a part of the journal for the meeting.

12 (c) A majority of the total membership of a governing body
13 authorized by law constitutes a quorum. A member disqualified by law
14 from voting on a question may be considered present for purposes of
15 constituting a quorum. In the absence of a quorum any number of
16 members may recess or adjourn the meeting to a later date.

17 (d) Actions of a governing body are adopted by a majority of the
18 total membership of the body. Each member present shall vote on every
19 question, unless required to abstain from voting on a question by law.
20 The final vote of each member on each ordinance, resolution, or sub-
21 stantive motion shall be recorded "yes" or "no", except that if the
22 vote is unanimous it may be recorded "unanimous".

23 (e) A governing body shall maintain a journal of its official
24 proceedings that shall be a public record.

25 (f) To the extent otherwise permitted by law, a governing body
26 may determine by ordinance its own rules of procedure and order of
27 business.

28 Sec. 29.20.170. VACANCIES. The governing body may provide by
29 ordinance the manner in which a vacancy occurs in any elected office

1 except the office of mayor or school board member. Unless otherwise
2 provided by ordinance, the governing body shall declare an elective
3 office, other than the office of mayor or school board member, vacant
4 when the person elected

5 (1) fails to qualify or take office within 30 days after
6 election or appointment;

7 (2) is physically absent from the municipality for 90
8 consecutive days unless excused by the governing body;

9 (3) resigns and the resignation is accepted;

10 (4) is physically or mentally unable to perform the duties
11 of office as determined by two-thirds vote of the governing body;

12 (5) is convicted of a felony or of an offense involving a
13 violation of the oath of office;

14 (6) is convicted of a felony or misdemeanor described in
15 AS 15.56 and two-thirds of the members of the governing body concur in
16 expelling the person elected;

17 (7) is convicted of a violation of AS 15.13;

18 (8) no longer physically resides in the municipality and
19 the governing body by two-thirds vote declares the seat vacant; or

20 (9) if a member of the governing body, misses three consec-
21 utive regular meetings and is not excused.

22 Sec. 29.20.180. FILLING A VACANCY. (a) If a vacancy occurs in
23 a governing body, the remaining members shall, within 30 days unless a
24 different period is provided by ordinance, appoint a qualified person
25 to fill the vacancy. If less than 30 days remain in a term, a vacancy
26 may not be filled.

27 (b) Notwithstanding (a) of this section, if the membership is
28 reduced to fewer than the number required to constitute a quorum, the
29 remaining members shall, within seven days, appoint a number of

1 qualified persons to constitute a quorum.

2 (c) A person appointed under this section serves until the next
3 regular election, when a successor shall be elected to serve the
4 balance of the term.

5 ARTICLE 3. MUNICIPAL EXECUTIVE AND ADMINISTRATOR.

6 Sec. 29.20.220. EXECUTIVE POWER. (a) The executive power in a
7 municipality is vested in a mayor. The mayor of a home rule or uni-
8 fied municipality is elected by the voters. The mayors of other
9 municipalities are elected in accordance with AS 29.20.230.

10 (b) The mayor acts as ceremonial head of government, executes
11 official documents on authorization of the governing body, and is
12 responsible for additional duties and powers prescribed by this chap-
13 ter or by home rule charter.

14 (c) This section applies to home rule and general law municipal-
15 ities.

16 Sec. 29.20.230. ELECTION AND TERM OF MAYOR. (a) The mayor of a
17 borough or first class city is elected at large. The mayor of a
18 borough or first class city serves a term of three years, unless by
19 ordinance a different term not to exceed four years is provided. The
20 current term of an incumbent mayor may not be altered. The regular
21 term of a mayor of a borough or first class city begins on the first
22 Monday following certification of the election.

23 (b) The mayor of a second class city is elected by and from the
24 council, and serves until a successor is elected and qualifies. The
25 council of a second class city shall meet on the first Monday after
26 certification of the regular election and elect a mayor who takes
27 office immediately. The mayor of a second class city serves a one-
28 year term, unless a longer term is provided by ordinance. The mayor
29 of a second class city may serve only while a member of the council

1 regardless of the term established for the office of mayor.

2 (c) Except by ordinance ratified by the voters, no limit may be
3 placed on the total number of terms or number of consecutive terms a
4 mayor may serve.

5 Sec. 29.20.240. QUALIFICATIONS FOR THE OFFICE OF MAYOR. (a) A
6 voter of the municipality is eligible to hold the office of mayor in a
7 borough or first class city. A member of the city council is eligible
8 to hold the office of mayor in a second class city.

9 (b) Residency requirements for the office of mayor not exceeding
10 three years may be prescribed by ordinance.

11 Sec. 29.20.250. POWERS AND DUTIES OF MAYOR. (a) If a munici-
12 pality has not adopted a manager plan of government, the mayor is the
13 chief administrator and the mayor has the same powers and duties as
14 those of a manager under AS 29.20.500.

15 (b) The mayor may take part in the discussion of a matter before
16 the governing body. The mayor may not vote, except that the mayor of
17 a first class city or the mayor of a borough with a manager form of
18 government may vote in the case of a tie. The mayor of a second class
19 city, as a council member, may vote on all matters.

20 Sec. 29.20.260. EXECUTIVE ABSENCE. The borough mayor, subject
21 to assembly approval, shall designate a person to act as mayor during
22 the borough mayor's temporary absence or disability. If a manager
23 plan has been adopted, the assembly shall designate by resolution a
24 borough administrative official to act as manager during the manager's
25 absence or disability.

26 Sec. 29.20.270. VETO. (a) Except as provided in (c) and (d) of
27 this section, the mayor may veto an ordinance, resolution, motion, or
28 other action of the governing body and may strike or reduce appropria-
29 tion items.

1 (b) A veto must be exercised before the next regular meeting of
2 the governing body and must be accompanied by a written explanation of
3 the reasons for the veto. A veto may be overridden by vote of two-
4 thirds of the authorized membership of the governing body within 21
5 days following exercise of the veto, or at the next regular meeting,
6 whichever is later.

7 (c) The veto does not extend to

8 (1) appropriation items in a school budget ordinance;

9 (2) actions of the governing body sitting as the board of
10 equalization or the board of adjustment;

11 (3) adoption or repeal of a manager plan of government.

12 (d) The mayor of a second class city has no veto power.

13 Sec. 29.20.280. VACANCY IN THE OFFICE OF MAYOR. (a) The gov-
14 erning body shall, by two-thirds concurring vote, declare the office
15 of mayor vacant only when the person elected

16 (1) fails to qualify or take office within 30 days after
17 election or appointment;

18 (2) unless excused by the governing body, is physically
19 absent for 90 consecutive days;

20 (3) resigns and the resignation is accepted;

21 (4) is physically or mentally unable to perform the duties
22 of office;

23 (5) is convicted of a felony or of an offense involving a
24 violation of the oath of office;

25 (6) is convicted of a felony or misdemeanor described in
26 AS 15.56;

27 (7) is convicted of a violation of AS 15.13;

28 (8) no longer physically resides in the municipality; or

29 (9) if a member of the governing body in a second class

1 city, misses three consecutive regular meetings and is not excused.

2 (b) A vacancy in the office of mayor occurring six months before
3 a regular election shall be filled by the governing body. The person
4 appointed serves until the next regular election when a successor is
5 elected to serve the balance of the term. If a member of the govern-
6 ing body is appointed mayor, the member shall resign the seat on the
7 governing body. If a vacancy occurs more than six months before a
8 regular election, the governing body shall call a special election to
9 fill the unexpired term.

10 (c) Notwithstanding (b) of this section, a vacancy in the office
11 of mayor of a second class city shall be filled by and from the coun-
12 cil. A mayor appointed under this subsection serves the balance of
13 the term to which appointed, except the mayor may serve only while a
14 member of the council.

15 ARTICLE 4. BOARDS AND COMMISSIONS.

16 Sec. 29.20.300. SCHOOL BOARDS. (a) Each municipal school dis-
17 trict has a school board. Except as provided in (b) of this section,
18 members of a school board are elected at the regular election for
19 three-year terms and until their successors take office. Members are
20 elected at large unless a different method of election has been ap-
21 proved by the voters in a regular election.

22 (b) The assembly is the school board for a third class borough.
23 The mayor is the presiding officer of the assembly and president of
24 the school board. However, the mayor may not veto an action of the
25 school board.

26 Sec. 29.20.310. UTILITY BOARDS. (a) The governing body of a
27 municipality operating a public utility may provide by ordinance for a
28 utility board of five members and define the board's powers and
29 duties.

1 (b) As determined by ordinance, members of a utility board are
2 either appointed by the mayor and confirmed by the governing body or
3 are elected at a regular election. The term of a utility board member
4 is two years and until a successor is selected and qualifies. How-
5 ever, the governing body may by ordinance provide for a different term
6 not to exceed four years. The current term of an elected incumbent
7 may not be altered.

8 (c) Vacancies on a utility board are filled by the mayor.
9 Executive appointments shall be confirmed by the governing body. A
10 person appointed to fill a vacancy on a utility board serves until the
11 expiration of the term for which appointed and until a successor is
12 elected and qualifies.

13 (d) Unless otherwise provided by ordinance, a utility board
14 shall

15 (1) choose its chairman and secretary;

16 (2) appoint the manager of the public utility for a term
17 not longer than five years and set the manager's salary;

18 (3) formulate and enforce the general rules and policies of
19 the utility.

20 Sec. 29.20.320. OTHER BOARDS AND COMMISSIONS. (a) The govern-
21 ing body may by ordinance establish advisory, administrative, techni-
22 cal, or quasi-judicial boards and commissions.

23 (b) Members of boards and commissions, except for members of the
24 board of adjustment and assembly members serving on the board of
25 equalization, are appointed by the mayor and confirmed by the govern-
26 ing body.

27 ARTICLE 5. OTHER OFFICIALS AND EMPLOYEES.

28 Sec. 29.20.360. APPOINTMENT OF OFFICIALS. Unless otherwise pro-
29 vided by ordinance, the municipal clerk, attorney, treasurer, and

1 police chief are appointed by the chief administrator. Unless other-
2 wise provided by ordinance, an official described in this section
3 serves at the pleasure of the appointing authority and, if appointed
4 by the chief administrator, must be confirmed by the governing body.

5 Sec. 29.20.370. MUNICIPAL ATTORNEY. The municipal attorney is
6 the legal advisor of the governing body, the school board, and the
7 other officials of the municipality. The municipal attorney repre-
8 sents the municipality as attorney in civil and criminal proceedings.
9 The school board may hire independent counsel when in its judgment
10 independent counsel is needed.

11 Sec. 29.20.380. MUNICIPAL CLERK. (a) The municipal clerk shall

12 (1) give notice of the time and place of meetings of the
13 governing body to the governing body and to the public;

14 (2) attend meetings of the governing body and keep the
15 journal;

16 (3) arrange publication of notices, ordinances, and resolu-
17 tions;

18 (4) maintain and make available for public inspection an
19 indexed file containing municipal ordinances, resolutions, rules,
20 regulations, and codes;

21 (5) attest deeds and other documents;

22 (6) perform other duties specified in this title or pre-
23 scribed by the chief administrator or by the governing body.

24 (b) The governing body may combine the office of clerk with that
25 of treasurer. If the offices are combined, the clerk-treasurer shall,
26 as required of the treasurer, give bond to the municipality for the
27 faithful performance of the duties as clerk-treasurer.

28 Sec. 29.20.390. MUNICIPAL TREASURER. (a) Except as provided in
29 AS 14.14.060, the treasurer is the custodian of all municipal funds.

1 The treasurer shall keep an itemized account of money received and
2 disbursed. The treasurer shall pay money on vouchers drawn against
3 appropriations.

4 (b) The treasurer shall give bond to the municipality in a sum
5 that the governing body directs.

6 Sec. 29.20.400. DEPARTMENTS. (a) The governing body may estab-
7 lish municipal departments and distribute functions among them.

8 (b) Each municipal department is administered by a department
9 head. With the consent of the governing body, the mayor may serve as
10 head of one or more departments or a single administrator may serve as
11 head of two or more departments.

12 Sec. 29.20.410. PERSONNEL SYSTEM. (a) Except as provided by
13 (b) of this section, appointments and promotions of municipal employ-
14 ees are made on the basis of merit. The governing body may provide
15 for a personnel system and classified service.

16 (b) By ordinance the governing body may designate confidential
17 or managerial positions that are wholly or partially exempt from the
18 classified service. A wholly or partially exempt position is filled
19 by a person who serves at the pleasure of the appointing authority and
20 whose term of employment is determined by the appointing authority.

21 ARTICLE 6. MANAGER PLAN.

22 Sec. 29.20.460. MANAGER PLAN. A municipality may adopt a man-
23 ager plan of government. Adoption of a manager plan may be initiated
24 either by petition or by motion of the governing body. A petition for
25 the adoption of a manager plan is submitted to the governing body.
26 The petition must be signed by a number of voters equal to the follow-
27 ing percentage of the votes cast at the preceding regular election:

28 (1) 25 percent if the municipality has fewer than 7,500
29 persons;

1 (2) 15 percent if the municipality has 7,500 persons or
2 more.

3 Sec. 29.20.470. ELECTION ON ADOPTION OF MANAGER PLAN. On re-
4 ceipt of a petition to adopt a manager plan or on its own motion to
5 adopt a manager plan, the governing body shall provide by ordinance or
6 resolution for a vote on the question at the next election.

7 Sec. 29.20.480. ADOPTION OF MANAGER PLAN. (a) If a manager
8 plan is approved, the governing body shall, within 60 days, adopt the
9 plan by ordinance or resolution.

10 (b) The governing body shall notify the department of the adop-
11 tion of a manager plan.

12 Sec. 29.20.490. APPOINTMENT OF MANAGER. (a) The governing body
13 shall appoint a manager by a majority vote of its membership. A
14 manager is chosen on the basis of administrative qualifications and
15 receives the compensation set by the governing body. A member of the
16 governing body may not be appointed manager of the municipality sooner
17 than one year after leaving office, except by a vote of three-fourths
18 of the authorized membership of the governing body.

19 (b) Subject to the contract of employment, the manager holds
20 office at the pleasure of the governing body.

21 Sec. 29.20.500. POWERS AND DUTIES OF A MANAGER. The manager may
22 hire necessary administrative assistants and may authorize an adminis-
23 trative official to appoint, suspend, or remove subordinates. As
24 chief administrator the manager shall

25 (1) appoint, suspend, or remove municipal employees and
26 administrative officials, except as provided otherwise in this title
27 and AS 14.14.065;

28 (2) supervise the enforcement of municipal law and carry
29 out the directives of the governing body;

1 (3) prepare and submit an annual budget and capital im-
2 provement program for consideration by the governing body, and execute
3 the budget and capital improvement program adopted;

4 (4) make monthly financial reports and other reports on
5 municipal finances and operations as required by the governing body;

6 (5) exercise custody over all real and personal property of
7 the municipality, except property of the school district;

8 (6) perform other duties required by law or by the govern-
9 ing body; and

10 (7) serve as personnel officer, unless the governing body
11 authorizes the manager to appoint a personnel officer.

12 Sec. 29.20.510. INTERGOVERNMENTAL APPOINTMENT OF MANAGER. A
13 borough adopting a manager plan may, on agreement with a city in the
14 borough, provide that the manager of the city serve also as borough
15 manager. A city adopting a manager plan may, on agreement with the
16 borough in which it is located, provide that the manager of the bor-
17 ough serve also as city manager. Appointment and service of the
18 manager shall be as provided in AS 29.20.490 - 29.20.500. Nothing in
19 this section affects the authority of the governing body to provide
20 for other dual officeholding if the dual offices held are compatible,
21 or otherwise to appoint officials and employees in accordance with
22 law.

23 Sec. 29.20.520. REPEAL OF MANAGER PLAN. A municipality may
24 repeal a manager plan in the same manner used for its adoption.
25 Within 60 days after repeal of a manager plan, the governing body
26 shall enact provisions for the reorganization of the municipal execu-
27 tive and administrative functions.

28 ARTICLE 7. MISCELLANEOUS PROVISIONS.

29 Sec. 29.20.600. OATHS OF OFFICE. Before taking office a

1 municipal official shall affirm in writing that the duties of the
2 office will be honestly, faithfully, and impartially performed by the
3 official. The oath is filed with the municipal clerk.

4 Sec. 29.20.610. BONDING. The manager and the other municipal
5 officials or employees that the governing body may designate shall
6 give bond in the amount and with the surety prescribed by the govern-
7 ing body. Premiums on bonds are paid by the municipality.

8 Sec. 29.20.620. COMPENSATION FOR ELECTED OFFICIALS. The govern-
9 ing body shall by ordinance provide a method of determining the sal-
10 aries of elected officials. The salary of the mayor may not be re-
11 duced during the term of office of the mayor, unless during the term a
12 manager plan is adopted. An elected official may not receive com-
13 pensation for service to the municipality in addition to the salary
14 received as an elected official, unless otherwise provided by ordi-
15 nance. Per diem payments or reimbursements for expenses are not
16 compensation under this section.

17 Sec. 29.20.630. PROHIBITIONS. (a) A person may not be
18 appointed to or removed from municipal office or in any way favored or
19 discriminated against with respect to a municipal position or
20 municipal employment because of the person's race, color, sex, creed,
21 national origin or, unless otherwise contrary to law, because of the
22 person's political opinions or affiliations.

23 (b) Subject to AS 14.14.140, a state employee or school district
24 employee may not be denied the right to serve as an elected municipal
25 official because of employment by the state or a school district. For
26 purposes of this subsection a school district employee is not a
27 municipal employee.

28 (c) This section applies to home rule and general law municipal-
29 ities.

1 Sec. 29.20.640. REPORTS. (a) A municipality shall file with
2 the department

3 (1) maps and descriptions of all annexed or detached ter-
4 ritory;

5 (2) a copy of the annual audit, or, for a second class
6 city, an audit or statement of annual income and expenditures;

7 (3) tax assessment and tax levy figures as requested;

8 (4) a copy of the current annual budget of the municipal-
9 ity;

10 (5) a summary of the optional property tax exemptions
11 authorized together with the estimate of the revenues lost to the
12 municipality by operation of each of the exemptions.

13 (b) Compliance with the provisions of this section is a prereq-
14 uisite to receipt of municipal tax resource equalization assistance
15 under AS 29.60.010 - 29.60.080 and state aid for miscellaneous munici-
16 pal services under AS 29.60.100 - 29.60.180. If a municipality does
17 not comply with this section, the department shall withhold the allo-
18 cations until the required reports are filed.

19 (c) This section applies to home rule and general law municipal-
20 ities.

21 * Sec. 8. AS 29 is amended by adding a new chapter to read:

22 CHAPTER 25. MUNICIPAL ENACTMENTS.

23 Sec. 29.25.010. ACTS REQUIRED TO BE BY ORDINANCE. (a) In addi-
24 tion to other actions that this title requires to be by ordinance, the
25 governing body of a municipality shall use ordinances to

26 (1) establish, alter, or abolish municipal departments;

27 (2) provide for a fine or other penalty, or establish rules
28 or regulations for violation of which a fine or other penalty is im-
29 posed;

- 1 (3) provide for the levying of taxes;
- 2 (4) make appropriations, including supplemental appropria-
- 3 tions or transfer of appropriations;
- 4 (5) grant, renew, or extend a franchise;
- 5 (6) adopt, modify, or repeal the comprehensive plan, land
- 6 use and subdivision regulations, building and housing codes, and the
- 7 official map;
- 8 (7) approve the transfer of a power to a first or second
- 9 class borough from a city;
- 10 (8) designate the borough seat;
- 11 (9) provide for the retention or sale of tax-foreclosed
- 12 property;
- 13 (10) exempt contractors from compliance with general re-
- 14 quirements relating to payment and performance bonds in the construc-
- 15 tion or repair of municipal public works projects within the limita-
- 16 tions set out in AS 36.25.025; this paragraph applies to home rule and
- 17 general law municipalities.
- 18 (b) This section grants no authority but requires the governing
- 19 body to use ordinances in exercising certain of its powers.
- 20 Sec. 29.25.020. ORDINANCE PROCEDURE. (a) An ordinance is
- 21 introduced in writing in the form required by the governing body.
- 22 (b) The following procedure governs the enactment of all ordi-
- 23 nances, except emergency ordinances:
- 24 (1) an ordinance may be introduced by a member or committee
- 25 of the governing body, or by the mayor or manager;
- 26 (2) an ordinance shall be set by the governing body for a
- 27 public hearing by the affirmative vote of a majority of the votes
- 28 authorized on the question;
- 29 (3) at least five days before the public hearing a summary

1 of the ordinance shall be published together with a notice of the time
2 and place for the hearing;

3 (4) copies of the ordinance shall be available to all
4 persons present at the hearing, or the ordinance shall be read in
5 full;

6 (5) during the hearing the governing body shall hear all
7 interested persons wishing to be heard;

8 (6) after the public hearing the governing body shall
9 consider the ordinance, and may adopt it with or without amendment;

10 (7) the governing body shall print and make available
11 copies of an ordinance that is adopted.

12 (c) An ordinance takes effect upon adoption or at a later date
13 specified in the ordinance.

14 Sec. 29.25.030. EMERGENCY ORDINANCES. (a) To meet a public
15 emergency the governing body may adopt an emergency ordinance effec-
16 tive on adoption. Each emergency ordinance shall contain a finding by
17 the governing body that an emergency exists and a statement of the
18 facts upon which the finding is based. An emergency ordinance may be
19 adopted, amended and adopted, or rejected at the meeting at which it
20 is introduced. The affirmative vote of all members present, or the
21 affirmative vote of three-fourths of the total membership, whichever
22 is less, is required for adoption of an emergency ordinance. The
23 governing body shall print and make available copies of adopted emer-
24 gency ordinances.

25 (b) An emergency ordinance may not be used to levy taxes, to
26 grant, renew, or extend a franchise, or to regulate the rate charged
27 by a public utility for its services.

28 (c) An emergency ordinance is effective for 60 days.

29 Sec. 29.25.040. CODES OF REGULATION. The governing body may in

1 a single ordinance adopt or amend by reference provisions of a pub-
2 lished code of municipal regulations. The procedure under AS 29.25.-
3 020 applies to an ordinance adopted under this section, except that
4 neither the ordinance or its amendments must be distributed to the
5 public or read in full at the public hearing. For a period of 15 days
6 before adoption of an ordinance under this section, at least five
7 copies of the code of regulations shall be made available for public
8 inspection at a time and place set out in the hearing notice. Only
9 the ordinance must be printed after it is adopted under this section.
10 The governing body shall provide for an adopted code of regulations to
11 be made available to the public at no more than cost.

12 Sec. 29.25.050. CODIFICATION. (a) Each ordinance shall be
13 codified after it is adopted.

14 (b) Within three years after incorporation of a municipality,
15 the municipal clerk or the clerk's designee shall have prepared a
16 general codification of all municipal ordinances of general applica-
17 bility having the force and effect of law. The municipal code shall
18 be revised and printed at least every five years, unless the code is
19 kept current by regular supplements.

20 (c) In (a) of this section, "codified" means

21 (1) the ordinance has been given a serial number or other
22 permanent identifying number, and, bearing a notation of the date of
23 adoption and the adopting authority, it has been entered by the munic-
24 ipal clerk in a properly indexed book maintained for the purposes of
25 organizing and recording the ordinances; or

26 (2) the ordinance is a provision that establishes a rule of
27 conduct or behavior and that is included, or to be included, in a code
28 of ordinances or other complete system of law enacted and kept current
29 at reasonable intervals.

1 (d) This section applies to home rule and general law municipi-
2 palities.

3 Sec. 29.25.060. RESOLUTIONS. (a) The governing body shall
4 provide for the maintenance of a permanent file of resolutions that
5 have been adopted.

6 (b) This section applies to home rule and general law municipal-
7 ities.

8 Sec. 29.25.070. PENALTIES. (a) For the violation of an ordi-
9 nance, a municipality may by ordinance prescribe a penalty not to
10 exceed a fine of \$1,000 and imprisonment for 90 days.

11 (b) The municipality or an aggrieved person may institute a
12 civil action against a person who violates an ordinance. In addition
13 to injunctive and compensatory relief, a civil penalty not to exceed
14 \$1,000 may be imposed for each violation. An action to enjoin a
15 violation may be brought notwithstanding the availability of any other
16 remedy. On application for injunctive relief and a finding of a
17 violation or a threatened violation, the superior court shall grant
18 the injunction. Each day that a violation of an ordinance continues
19 constitutes a separate violation.

20 (c) The penalties authorized under this section may be imposed
21 only if copies of the ordinance are made available for distribution to
22 the public at no more than cost.

23 * Sec. 9. AS 29 is amended by adding a new chapter to read:

24 CHAPTER 26. ELECTIONS.

25 ARTICLE 1. REGULAR AND SPECIAL ELECTIONS.

26 Sec. 29.26.010. ADMINISTRATION. The governing body shall pre-
27 scribe the rules for conducting an election and shall appoint an elec-
28 tion board composed of at least three judges for each precinct. A
29 judge shall be a voter of the precinct for which appointed unless no

1 voter is willing to serve.

2 Sec. 29.26.020. NOMINATIONS. (a) Subject to other provisions
3 of this title, the governing body shall provide by ordinance for
4 nominations of elected officials by providing for declaration of
5 candidacy or for petition requiring the signatures of not more than 10
6 voters, or for both.

7 (b) A person may be nominated for and occupy more than one
8 office, but may not serve simultaneously as borough mayor and as a
9 member of the assembly or, in a first class city, as city mayor and as
10 a member of the council.

11 Sec. 29.26.030. NOTICE OF ELECTIONS. (a) Subject to other pro-
12 visions of this title, a municipality shall give at least 20 days
13 notice of an election.

14 (b) This section applies to home rule and general law municipal-
15 ities.

16 Sec. 29.26.040. DATE. The date of a regular election is the
17 first Tuesday of October annually, unless a different date or interval
18 of years is provided by ordinance.

19 Sec. 29.26.050. VOTER QUALIFICATION. (a) A person may vote in
20 a municipal election only if the person

21 (1) is a United States citizen who is qualified to vote in
22 state elections;

23 (2) has been a resident of the municipality for 30 days
24 immediately preceding the election;

25 (3) is registered to vote in state elections; and

26 (4) is not disqualified under art. V of the state constitu-
27 tion.

28 (b) Voter registration by the municipality may not be required.
29 However, a municipality may by ordinance require that a person be

1 registered to vote in state elections in the precinct in which that
2 person seeks to vote in municipal elections.

3 (c) This section applies to home rule and general law municipal-
4 ities.

5 Sec. 29.26.060. RUNOFF ELECTIONS. (a) Unless otherwise pro-
6 vided by ordinance, a runoff election shall be held if no candidate
7 receives over 40 percent of the votes cast for the office of

8 (1) mayor; or

9 (2) member of the governing body or school board if candi-
10 dates run for a designated seat.

11 (b) Unless otherwise provided by ordinance, if candidates for
12 the governing body or school board run at large, a runoff election for
13 a seat shall be held if no candidate receives a number of votes great-
14 er than 40 percent of the total votes cast for all candidates divided
15 by the number of seats to be filled.

16 (c) Unless otherwise provided by ordinance, a runoff election
17 shall be held within three weeks after the date of certification of
18 the election for which a runoff is required, and notice of the runoff
19 election shall be published at least five days before the election
20 date. The runoff election shall be between the two candidates receiv-
21 ing the greatest number of votes for the seat.

22 Sec. 29.26.070. ELECTION CONTEST AND APPEAL. (a) The governing
23 body may provide by ordinance the time and procedure for the contest
24 of an election.

25 (b) Unless otherwise provided by ordinance, an election may be
26 contested only by a voter by filing a written affidavit with the
27 municipal clerk specifying with particularity the grounds for the
28 contest. An election may be contested before or during the first
29 canvass of ballots by the governing body.

1 (c) Unless otherwise provided by ordinance, the governing body
2 shall declare the election results at the first meeting to canvass the
3 election, record the results in the minutes of that meeting, and
4 authorize the results to be certified.

5 (d) A contestant shall pay all costs and expenses incurred in a
6 recount of an election demanded by the contestant if the recount fails
7 to reverse a result of the election, or the difference between the
8 winning and losing vote on the result contested is more than two per-
9 cent.

10 (e) A person may not appeal or seek judicial review of an elec-
11 tion for any cause unless the person is a voter, has exhausted all
12 administrative remedies before the governing body, and has commenced,
13 within 10 days after the governing body has declared the election
14 results, an action in the superior court in the judicial district in
15 which the municipality is located. If court action is not commenced
16 within the 10-day period, the election and election results are con-
17 clusive and valid.

18 ARTICLE 2. INITIATIVE AND REFERENDUM.

19 Sec. 29.26.100. RESERVATION OF POWERS. The powers of initiative
20 and referendum are reserved to the residents of municipalities, except
21 the powers do not extend to matters restricted by art. XI, sec. 7 of
22 the state constitution.

23 Sec. 29.26.110. APPLICATION FOR PETITION. (a) An initiative or
24 referendum is proposed by filing an application with the municipal
25 clerk containing the ordinance or resolution to be initiated or the
26 ordinance or resolution to be referred and the address to which all
27 correspondence relating to the petition may be sent. An application
28 shall be signed by at least 10 voters who will sponsor the petition.
29 An additional sponsor may be added at any time before the petition is

1 filed by submitting the name of the sponsor to the clerk. Within two
2 weeks the clerk shall certify the application if the clerk finds that
3 it is in proper form and, for an initiative petition, that the matter

4 (1) is not restricted by AS 29.26.100;

5 (2) includes only a single subject;

6 (3) relates to a legislative rather than to an administra-
7 tive matter; and

8 (4) would be enforceable as a matter of law.

9 (b) A decision by the clerk on an application for petition is
10 subject to judicial review.

11 Sec. 29.26.120. CONTENTS OF PETITION. (a) Within two weeks
12 after certification of an application for an initiative or referendum
13 petition, a petition shall be prepared by the municipal clerk. Each
14 copy of the petition shall contain

15 (1) a summary of the ordinance or resolution to be initi-
16 ated or the ordinance or resolution to be referred;

17 (2) the complete ordinance or resolution sought to be ini-
18 tiated or referred as submitted by the sponsors;

19 (3) the date on which the petition is issued by the clerk;

20 (4) notice that signatures must be secured within 90 days
21 after the date the petition is issued;

22 (5) spaces for each signature, the printed name of each
23 signer, the date each signature is affixed, and the residence and
24 mailing addresses of each signer;

25 (6) a statement, with space for the sponsor's sworn signa-
26 ture and date of signing, that the sponsor personally circulated the
27 petition, that all signatures were affixed in the presence of the
28 sponsor, and that the sponsor believes the signatures to be those of
29 the persons whose names they purport to be; and

1 (7) space for indicating the total number of signatures on
2 the petition.

3 (b) If a petition consists of more than one page, each page
4 shall contain the summary of the ordinance or resolution to be initi-
5 ated or the ordinance or resolution to be referred.

6 (c) Copies of the petition shall be provided to each sponsor by
7 the clerk.

8 Sec. 29.26.130. SIGNATURE REQUIREMENTS. (a) The signatures on
9 an initiative or referendum petition shall be secured within 90 days
10 after the clerk issues the petition. The statement provided under
11 AS 29.26.120(a)(6) shall be signed and dated by the sponsor. Signa-
12 tures shall be in ink or indelible pencil.

13 (b) The clerk shall determine the number of signatures required
14 on a petition and inform each sponsor. A petition shall be signed by
15 a number of voters based on the number of votes cast at the last
16 regular election held before the date the petition was issued equal to

17 (1) 25 percent of the votes cast if a municipality has
18 fewer than 7,500 persons; or

19 (2) 15 percent of the votes cast if a municipality has
20 7,500 persons or more.

21 (c) Illegible signatures shall be rejected by the clerk unless
22 accompanied by a legible printed name. Signatures not accompanied by
23 a legible residence address shall be rejected.

24 (d) A petition signer may withdraw the signer's signature on
25 written application to the clerk before certification of the petition.

26 Sec. 29.26.140. SUFFICIENCY OF PETITION. (a) All copies of an
27 initiative or referendum petition shall be assembled and filed as a
28 single instrument. Within 10 days after the date the petition is
29 filed, the municipal clerk shall

1 (1) certify on the petition whether it is sufficient; and
2 (2) if the petition is insufficient, identify the insuffi-
3 ciency and notify the sponsors at the address provided under AS 29.-
4 26.110(a) by certified mail.

5 (b) A petition that is insufficient may be supplemented with
6 additional signatures obtained and filed before the 11th day after the
7 date on which the petition is rejected.

8 (c) A petition that is insufficient shall be rejected and filed
9 as a public record unless it is supplemented under (b) of this sec-
10 tion. Within 10 days after a supplementary filing the clerk shall
11 recertify the petition. If it is still insufficient, the petition is
12 rejected and filed as a public record.

13 Sec. 29.26.150. PROTEST. If the municipal clerk certifies an
14 initiative or referendum petition is insufficient, a signer of the
15 petition may file a protest with the mayor within seven days after the
16 certification. The mayor shall present the protest at the next regu-
17 lar meeting of the governing body. The governing body shall hear and
18 decide the protest.

19 Sec. 29.26.160. NEW PETITION. Failure to secure sufficient
20 signatures does not preclude the filing of a new initiative or refer-
21 endum petition. However, a new petition on substantially the same
22 matter may not be filed sooner than six months after a petition is
23 rejected as insufficient.

24 Sec. 29.26.170. INITIATIVE ELECTION. (a) Unless substantially
25 the same measure is adopted, when a petition seeks an initiative vote
26 the clerk shall submit the matter to the voters at the next regular
27 election occurring no sooner than 45 days after certification of the
28 petition. If no regular election occurs within 75 days after the
29 certification of a petition, the governing body shall hold a special

1 election within 75 days, but not sooner than 45 days after certifica-
2 tion.

3 (b) If the governing body adopts substantially the same measure,
4 the petition is void and the matter initiated may not be placed before
5 the voters.

6 (c) The ordinance or resolution initiated shall be published in
7 full in the notice of the election, but may be summarized on the
8 ballot to indicate clearly the proposal submitted.

9 (d) If a majority vote favors the ordinance or resolution, it
10 becomes effective upon certification of the election, unless a diff-
11 erent effective date is provided in the ordinance or resolution.

12 Sec. 29.26.180. REFERENDUM ELECTION. (a) Unless the ordinance
13 or resolution is repealed, when a petition seeks a referendum vote the
14 clerk shall submit the matter to the voters at the next election
15 occurring no sooner than 45 days after certification of the petition.
16 If no election occurs within 75 days of certification of a petition,
17 the governing body shall hold a special election within 75 days, but
18 not sooner than 45 days after certification.

19 (b) If a petition is certified before the effective date of the
20 matter referred, the ordinance or resolution against which the peti-
21 tion is filed shall be suspended pending the referendum vote. During
22 the period of suspension, the governing body may not enact an ordi-
23 nance or resolution substantially similar to the suspended measure.

24 (c) If the governing body repeals the ordinance or resolution
25 before the referendum election, the petition is void and the matter
26 referred shall not be placed before the voters.

27 (d) If a majority vote favors the repeal of the matter referred,
28 it is repealed. Otherwise, the matter referred remains in effect or,
29 if it has been suspended, becomes effective on certification of the

1 election.

2 Sec. 29.26.190. EFFECT. (a) The effect of an ordinance or
3 resolution may not be modified or negated within two years after its
4 effective date if adopted in an initiative election or if adopted
5 after a petition that contains substantially the same measure has been
6 filed.

7 (b) If an ordinance or resolution is repealed in a referendum
8 election or by the governing body after a petition that contains sub-
9 stantially the same measure has been filed, substantially similar
10 legislation may not be enacted by the governing body for a period of
11 two years.

12 (c) If an initiative or referendum measure fails to receive
13 voter approval, a new petition application for substantially the same
14 measure may not be filed sooner than six months after the election
15 results are certified.

16 ARTICLE 3. RECALL.

17 Sec. 29.26.240. RECALL. An official who is elected or appointed
18 to an elective municipal office may be recalled by the voters after
19 the official has served the first 120 days of the term for which
20 elected or appointed.

21 Sec. 29.26.250. GROUNDS FOR RECALL. Grounds for recall are
22 misconduct in office, incompetence, or failure to perform prescribed
23 duties.

24 Sec. 29.26.260. APPLICATION FOR RECALL PETITION. (a) An appli-
25 cation for a recall petition shall be filed with the municipal clerk
26 and shall contain

27 (1) the signatures and residence addresses of at least 10
28 municipal voters who will sponsor the petition;

29 (2) the address to which all correspondence relating to the

1 petition may be sent;

2 (3) a statement in 200 words or less of the grounds for
3 recall stated with particularity.

4 (b) An additional sponsor may be added at any time before the
5 petition is filed by submitting the name of the sponsor to the clerk.

6 Sec. 29.26.270. RECALL PETITION. (a) If the municipal clerk
7 determines that an application for a recall petition meets the re-
8 quirements of AS 29.26.260, the clerk shall prepare a recall petition.
9 All copies of the petition shall contain

10 (1) the name of the official sought to be recalled;

11 (2) the statement of the grounds for recall as set out in
12 the application for petition;

13 (3) the date the petition is issued by the clerk;

14 (4) notice that signatures must be secured within 60 days
15 after the date the petition is issued;

16 (5) spaces for each signature, the printed name of each
17 signer, the date of each signature, and the residence and mailing
18 addresses of each signer;

19 (6) a statement, with space for the sponsor's sworn signa-
20 ture and date of signing, that the sponsor personally circulated the
21 petition, that all signatures were affixed in the presence of the
22 sponsor, and that the sponsor believes the signatures to be those of
23 the persons whose names they purport to be; and

24 (7) space for indicating the number of signatures on the
25 petition.

26 (b) Copies of the petition shall be provided to each sponsor by
27 the clerk.

28 Sec. 29.26.280. SIGNATURE REQUIREMENTS. (a) The signatures on
29 a recall petition shall be secured within 60 days after the date the

1 clerk issues the petition. The statement provided under AS 29.26.-
2 270(a)(6) shall be completed and signed by the sponsor. Signatures
3 shall be in ink or indelible pencil.

4 (b) The clerk shall determine the number of signatures required
5 on a petition and inform each sponsor. If a petition seeks to recall
6 an official who represents the municipality at large, the petition
7 shall be signed by a number of voters equal to 25 percent of the
8 number of votes cast for that office at the last regular election held
9 before the date the petition was issued. If a petition seeks to
10 recall an official who represents a district, the petition shall be
11 signed by a number of the voters residing in the district equal to 25
12 percent of the number of votes cast in the district for that office at
13 the last regular election held before the date the petition was is-
14 sued.

15 (c) Illegible signatures shall be rejected by the clerk unless
16 accompanied by a legible printed name. Signatures not accompanied by
17 a legible residence address shall be rejected.

18 (d) A petition signer may withdraw the signer's signature upon
19 written application to the clerk before certification of the petition.

20 Sec. 29.26.290. SUFFICIENCY OF PETITION. (a) The copies of a
21 recall petition shall be assembled and filed as a single instrument.
22 A petition may not be filed within 180 days before the end of the term
23 of office of the official sought to be recalled. Within 10 days after
24 the date a petition is filed, the municipal clerk shall

25 (1) certify on the petition whether it is sufficient; and

26 (2) if the petition is insufficient, identify the insuffi-
27 ciency and notify the sponsors at the address provided under AS 29.-
28 26.260(a)(2) by certified mail.

29 (b) A petition that is insufficient may be supplemented with

1 additional signatures obtained and filed before the 11th day after the
2 date on which the petition is rejected if

3 (1) the petition contains an adequate number of signatures,
4 counting both valid and invalid signatures; and

5 (2) the supplementary petition is filed more than 180 days
6 before the end of the term of office of the official sought to be re-
7 called.

8 (c) A petition that is insufficient shall be rejected and filed
9 as a public record unless it is supplemented under (b) of this sec-
10 tion. Within 10 days after the supplementary filing the clerk shall
11 recertify the petition. If it is still insufficient, the petition is
12 rejected and filed as a public record.

13 Sec. 29.26.300. NEW RECALL PETITION APPLICATION. A new applica-
14 tion for a petition to recall the same official may not be filed
15 sooner than six months after a petition is rejected as insufficient.

16 Sec. 29.26.310. SUBMISSION. If a recall petition is sufficient,
17 the clerk shall submit it to the governing body at the next regular
18 meeting or at a special meeting held before the next regular meeting.

19 Sec. 29.26.320. ELECTION. (a) If a regular election occurs
20 within 75 days but not sooner than 45 days after submission of the
21 petition to the governing body, the governing body shall submit the
22 recall at that election.

23 (b) If no regular election occurs within 75 days, the governing
24 body shall hold a special election on the recall question within 75
25 days but not sooner than 45 days after a petition is submitted to the
26 governing body.

27 (c) If a vacancy occurs in the office after a sufficient recall
28 petition is filed with the clerk, the recall question may not be sub-
29 mitted to the voters. The governing body may not appoint to the same

1 office an official who resigns after a sufficient recall petition is
2 filed naming that official.

3 Sec. 29.26.330. FORM OF RECALL BALLOT. A recall ballot shall
4 contain

5 (1) the grounds for recall as stated in 200 words or less
6 on the recall petition;

7 (2) a statement by the official named on the recall peti-
8 tion of 200 words or less, if the statement is filed with the clerk
9 for publication and public inspection within 20 days before the elec-
10 tion;

11 (3) the following question: "Shall (name of person) be
12 recalled from the office of (office)? Yes [] No []".

13 Sec. 29.26.340. EFFECT. (a) If a majority vote favors recall,
14 the office becomes vacant upon certification of the recall election.

15 (b) If an official is not recalled at the election, an applica-
16 tion for a petition to recall the same official may not be filed
17 sooner than six months after the election.

18 Sec. 29.26.350. SUCCESSORS. (a) If an official is recalled
19 from the governing body, the office of that official is filled in
20 accordance with AS 29.20.180. If all members of the governing body
21 are recalled, the governor shall appoint three qualified persons to
22 the governing body. The appointees shall appoint additional members
23 to fill remaining vacancies in accordance with AS 29.20.180.

24 (b) If a member of the school board is recalled, the office of
25 that member is filled in accordance with AS 14.12.070. If all members
26 are recalled from a school board, the governor shall appoint three
27 qualified persons to the school board. The appointees shall appoint
28 additional members to fill remaining vacancies in accordance with
29 AS 14.12.070.

1 (c) A person appointed under (a) or (b) of this section serves
2 until a successor is elected and takes office.

3 (d) If an official other than a member of the governing body or
4 school board is recalled, a successor shall be elected to fill the
5 unexpired portion of the term. The election shall be held not more
6 than 60 days after the date the recall election is certified, except
7 that if a regular election occurs within 75 days after certification
8 the successor shall be chosen at that election.

9 (e) Nominations for a successor may be filed until seven days
10 before the last date on which a first notice of the election must be
11 given. Nominations may not be filed before the certification of the
12 recall election.

13 Sec. 29.26.360. APPLICATION. AS 29.26.250 - 29.26.360 apply to
14 home rule and general law municipalities.

15 * Sec. 10. AS 29 is amended by adding a new chapter to read:

16 CHAPTER 35. MUNICIPAL POWERS AND DUTIES.

17 ARTICLE 1. GENERAL POWERS.

18 Sec. 29.35.010. GENERAL POWERS. All municipalities have the
19 following general powers, subject to other provisions of law:

20 (1) to establish and prescribe a salary for an elected or
21 appointed municipal official or employee;

22 (2) to combine two or more appointive or administrative
23 offices;

24 (3) to establish and prescribe the functions of a municipal
25 department, office, or agency;

26 (4) to require periodic and special reports from a municipi-
27 pal department to be submitted through the mayor;

28 (5) to investigate an affair of the municipality and make
29 inquiries into the conduct of a municipal department;

1 (6) to levy a tax or special assessment, and impose a lien
2 for its enforcement;

3 (7) to enforce an ordinance and to prescribe a penalty for
4 violation of an ordinance;

5 (8) to acquire, manage, control, use, and dispose of real
6 and personal property, whether the property is situated inside or
7 outside the municipal boundaries; this power includes the power of a
8 borough to expend, for any purpose authorized by law, money received
9 from the disposal of land in a service area established under AS 29.-
10 35.450;

11 (9) to expend money for a community purpose, facility, or
12 service for the good of the municipality to the extent the municipal-
13 ity is otherwise authorized by law to exercise the power necessary to
14 accomplish the purpose or provide the facility or service;

15 (10) to regulate the operation and use of a municipal right-
16 of-way, facility, or service;

17 (11) to borrow money and issue evidences of indebtedness;

18 (12) to acquire membership in an organization that promotes
19 legislation for the good of the municipality;

20 (13) to enter into an agreement, including an agreement for
21 cooperative or joint administration of any function or power with a
22 municipality, the state, or the United States;

23 (14) to sue and be sued.

24 Sec. 29.35.020. EXTRATERRITORIAL JURISDICTION. (a) To the
25 extent a municipality is otherwise authorized by law to exercise the
26 power necessary to provide the facility or service, the municipality
27 may provide parks, playgrounds, cemeteries, emergency medical ser-
28 vices, solid and septic waste disposal, airports, streets (including
29 ice roads), trails, transportation facilities, wharves, harbors and

1 other marine facilities outside its boundaries and may regulate their
2 use and operation to the extent that the jurisdiction in which they
3 are located does not regulate them. A regulation adopted under this
4 section must state that it applies outside the municipality.

5 (b) A municipality may adopt an ordinance to protect its water
6 supply and watershed, and may enforce the ordinance outside its bound-
7 aries. Before this power may be exercised inside the boundaries of
8 another municipality, the approval of the other municipality must be
9 given by ordinance.

10 (c) A municipality that owns or operates a utility may extend
11 service to adjacent areas outside its municipal boundaries. For that
12 purpose the municipality may acquire, maintain, and operate utility
13 facilities together with necessary interests in real property outside
14 its boundaries.

15 (d) This section applies to home rule and general law municipal-
16 ities.

17 Sec. 29.35.030. EMINENT DOMAIN. (a) A municipality may exer-
18 cise the powers of eminent domain and declaration of taking in the
19 performance of a power or function of the municipality under the
20 procedures set out in AS 09.55.250 - 09.55.460. In the case of a
21 second class city, the exercise of the power of eminent domain or
22 declaration of taking must be by ordinance that is submitted to the
23 voters at the next general election or at a special election called
24 for that purpose. A majority of the votes on the question is required
25 for approval of the ordinance.

26 (b) This section applies to home rule and general law municipal-
27 ities.

28 Sec. 29.35.040. EMERGENCY DISASTER POWERS. (a) A municipality
29 that is wholly or partially in an area that is declared by the

1 President or governor to be a disaster area may participate in and
2 provide for housing, urban renewal, and redevelopment in the same
3 manner as a home rule city. The exercise of these powers by a borough
4 shall be on a nonareawide basis, except a borough may exercise the
5 powers transferred to it by a city as provided by AS 29.35.310.

6 (b) Powers granted by this section must be initiated within a
7 period of not more than five years after the date of declaration of a
8 natural disaster by the President or governor, but these powers may be
9 extended for an additional period of not more than three years.

10 Sec. 29.35.050. GARBAGE AND SOLID WASTE SERVICES. (a) A muni-
11 cipality may by ordinance

12 (1) provide for the establishment, maintenance, and opera-
13 tion of a system of garbage and solid waste collection and disposal
14 for the entire municipality, or for districts or portions of it;

15 (2) require all persons in the municipality or district to
16 use the system and to dispose of their garbage and solid waste as
17 provided in the ordinance;

18 (3) award contracts for collection and disposal, or provide
19 for the collection and disposal of garbage and solid waste by muni-
20 cipal officials and employees;

21 (4) pay for garbage and solid waste collection and disposal
22 from available money;

23 (5) require property owners or occupants of premises to use
24 the garbage and solid waste collection and disposal system provided by
25 the municipality;

26 (6) fix charges against the property owners or occupants of
27 premises for the collection and disposal; and

28 (7) provide penalties for violations of the ordinances.

29 (b) The governing body of a municipality may not prohibit a

1 person holding a valid certificate from the Alaska Public Utilities
2 Commission from continuing to collect and dispose of garbage, refuse,
3 trash, waste material, or provide other related services in an area in
4 the municipality if the certificate authorizes the collection and
5 disposal of garbage, refuse, trash, or other waste material and pro-
6 viding of other services in the area, and the certificate was orig-
7 inally issued before the municipality provided similar services. A
8 municipality may not provide for a garbage, refuse, trash, or other
9 waste material collection and disposal service in an area to the
10 extent it lies in an area granted to a garbage, refuse, trash, or
11 other waste material carrier by a certificate issued by the Alaska
12 Public Utilities Commission to the carrier until it has purchased the
13 certificate, equipment and facilities of the carrier, or that portion
14 of the certificate that would be affected, at fair market value. A
15 municipality may exercise the right of eminent domain to acquire the
16 certificate, equipment and facilities of the carrier, or that portion
17 of the certificate that would be affected.

18 (c) This section applies to home rule and general law municipal-
19 ities.

20 Sec. 29.35.060. FRANCHISES AND PERMITS. (a) The assembly
21 acting for the area outside all cities in the borough and the council
22 acting for the area in a city may grant franchises, including exclu-
23 sive franchise privileges, to a person, corporation, organization, or
24 utility not certificated by the Alaska Public Utilities Commission and
25 may permit the use of streets and other public places by the franchise
26 holder under regulations prescribed by ordinance.

27 (b) Unless the grant is made on a competitive basis, the grant
28 of an exclusive right to use a public street or right-of-way for more
29 than five years to a utility or a transportation system not

1 certificated by the Alaska Public Utilities Commission shall be valid
2 only if approved by a majority of the voters at an election.

3 Sec. 29.35.070. PUBLIC UTILITIES. (a) The assembly acting for
4 the area outside all cities in the borough and the council acting for
5 the area in a city may regulate, fix, establish, and change the rates
6 and charges imposed for a utility service provided to the municipality
7 or its inhabitants by a utility that it is not subject to regulation
8 under AS 42.05 unless that utility is exempted from regulation under
9 AS 42.05.711(a) or (d) - (k).

10 (b) A municipality may provide for a reasonable deposit for
11 meters and service to be given if interest is paid on the deposit.

12 (c) Unless the utility is owned by the municipality, all rates,
13 charges, and regulations established under this section shall be
14 established by ordinance and shall be reasonable and permit a fair
15 return on invested capital.

16 (d) This section applies to home rule and general law municipal-
17 ities.

18 Sec. 29.35.080. ALCOHOLIC BEVERAGES. (a) A municipality may
19 regulate the barter, sale, importation, and consumption of alcoholic
20 beverages in accordance with AS 04.11.480 - 04.11.506 and AS 04.21.-
21 010.

22 (b) This section applies to home rule and general law munici-
23 palities.

24 Sec. 29.35.090. MUNICIPAL PROPERTY. The governing body shall by
25 ordinance establish a formal procedure for acquisition and disposal of
26 land and interests in land by the municipality.

27 Sec. 29.35.100. BUDGET AND CAPITAL PROGRAM. (a) The governing
28 body shall establish the manner for the preparation and submission of
29 the budget and capital program. After a public hearing, the governing

1 body may approve the budget with or without amendments, and shall
2 appropriate the money required for the approved budget.

3 (b) The governing body may make supplemental and emergency
4 appropriations. Payment may not be authorized or made and an obliga-
5 tion may not be incurred except in accordance with appropriations.

6 Sec. 29.35.110. EXPENDITURE OF BOROUGH REVENUES. Borough reve-
7 nues received through taxes collected on an areawide basis by the
8 borough may be expended on general administrative costs and on area-
9 wide functions only. Borough revenues received through taxes col-
10 lected on a nonareawide basis may be expended on general administra-
11 tive costs and functions that render service only to the area outside
12 all cities in the borough.

13 Sec. 29.35.120. POST AUDIT. (a) The governing body shall
14 provide for an annual independent audit of the accounts and financial
15 transactions of the municipality or, in the case of a second class
16 city, an audit or statement of annual income and expenditures. To
17 make the audit the governing body shall designate a public accountant
18 who has no personal interest, direct or indirect, in the fiscal af-
19 fairs of the municipality. Copies of the audit shall be available to
20 the public upon request.

21 (b) This section applies to home rule and general law municipal-
22 ities.

23 Sec. 29.35.130. EMERGENCY SERVICES COMMUNICATIONS CENTERS. (a)
24 A municipality may establish an emergency services communications
25 center with one or more other municipalities and one or more state,
26 federal, or private agencies that provide emergency service communica-
27 tions to the same geographic area. An emergency services communica-
28 tions center established under this section may be organized and
29 operated as a public nonprofit corporation under AS 10.20.

1 (b) An emergency services communications center under this
2 section may be governed by a board of directors. A member of a board
3 of directors of an emergency services communications center serves
4 without compensation but is entitled to per diem and travel expenses.
5 If an emergency services communications center is organized as a
6 nonprofit corporation, a member of its board of directors may not be
7 employed by the nonprofit corporation.

8 (c) An emergency services communications center may assess the
9 feasibility and desirability of providing emergency services communi-
10 cations for the geographic area in which it is located through one
11 central office. An emergency services communications center may

12 (1) combine or coordinate the existing emergency services
13 communications programs of the participating municipalities and agen-
14 cies;

15 (2) operate a dispatch center to receive all requests for
16 emergency services and dispatch those services;

17 (3) study the need for improvement in the timely delivery
18 of emergency services to residents of the participating municipali-
19 ties;

20 (4) hold public hearings to obtain information concerning
21 the timely delivery of emergency services;

22 (5) apply for and accept federal, state, municipal, and
23 private money, property, or assistance for use in providing the timely
24 delivery of emergency services;

25 (6) enter into contracts to carry out the provisions of
26 this section;

27 (7) employ personnel necessary to carry out the provisions
28 of this section.

29 (d) In this section

1 (1) "emergency services" means services provided by law
2 enforcement agencies, fire departments, ambulance services, and other
3 organizations that are intended to respond to emergency situations of
4 imminent danger to life or property;

5 (2) "state agency" means a department, division, or office
6 in the executive branch of state government.

7 Sec. 29.35.140. REGULATION OF TRANSPORTATION CARRIERS. A
8 municipality may not regulate an activity regarding transportation of
9 passengers or freight for hire if the regulation conflicts with the
10 regulation of that activity by the Alaska Transportation Commission as
11 the regulation existed on April 1, 1983 under former AS 02.05, former
12 AS 42.07, or former AS 42.10.

13 Sec. 29.35.145. REGULATION OF FIREARMS. (a) A municipality may
14 not, except by ordinance ratified by the voters, restrict the right to
15 own or possess firearms or transport unloaded firearms.

16 (b) This section applies to home rule and general law
17 municipalities.

18 ARTICLE 2. MANDATORY AREAWIDE POWERS.

19 Sec. 29.35.150. SCOPE OF AREAWIDE POWERS. A borough shall
20 exercise the powers as specified and in the manner specified in
21 AS 29.35.150 - 29.35.180 on an areawide basis.

22 Sec. 29.35.160. EDUCATION. (a) Each borough constitutes a
23 borough school district and establishes, maintains, and operates a
24 system of public schools on an areawide basis as provided in AS 14.-
25 14.060. A military reservation in a borough is not part of the bor-
26 ough school district until the military mission is terminated or until
27 inclusion in the borough school district is approved by the Department
28 of Education. However, operation of the military reservation schools
29 by the borough school district may be required by the Department of

1 Education under AS 14.14.110. If the military mission of a military
2 reservation terminates or continued management and control by a re-
3 gional educational attendance area is disapproved by the Department of
4 Education, operation, management, and control of schools on the mili-
5 tary reservation transfers to the borough school district in which the
6 military reservation is located.

7 (b) This section applies to home rule and general law municipal-
8 ities.

9 Sec. 29.35.170. ASSESSMENT AND COLLECTION OF TAXES. (a) A
10 borough shall assess and collect property, sales, and use taxes that
11 are levied in its boundaries, subject to AS 29.45.

12 (b) Taxes levied by a city shall be collected by a borough and
13 returned in full to the levying city. This subsection applies to home
14 rule and general law municipalities.

15 Sec. 29.35.180. LAND USE REGULATION. (a) A first or second
16 class borough shall provide for planning, platting, and land use
17 regulation in accordance with AS 29.40.

18 (b) A home rule borough shall provide for planning, platting,
19 and land use regulation.

20 ARTICLE 3. ADDITIONAL POWERS.

21 Sec. 29.35.200. FIRST CLASS BOROUGH POWERS. (a) A first class
22 borough may exercise by ordinance on a nonareawide basis any power not
23 otherwise prohibited by law.

24 (b) A first class borough may by ordinance exercise the follow-
25 ing powers on an areawide basis:

26 (1) provide transportation systems;

27 (2) provide water pollution control;

28 (3) provide air pollution control in accordance with

29 AS 46.03.140 - 46.03.230;

- 1 (4) license day care facilities;
2 (5) license, impound, and dispose of animals.

3 (c) In addition to powers conferred by (b) of this section, a
4 first class borough may, on an areawide basis, exercise a power not
5 otherwise prohibited by law if the power has been acquired in accor-
6 dance with AS 29.35.300.

7 Sec. 29.35.210. SECOND CLASS BOROUGH POWERS. (a) A second
8 class borough may by ordinance exercise the following powers on a
9 nonareawide basis:

- 10 (1) provide transportation systems;
11 (2) regulate the offering for sale, exposure for sale,
12 sale, use or explosion of fireworks;
13 (3) license, impound, and dispose of animals;
14 (4) provide garbage, solid waste, and septic waste col-
15 lection and disposal;
16 (5) provide air pollution control in accordance with
17 AS 46.03.140 - 46.03.230;
18 (6) provide water pollution control;
19 (7) participate in federal or state loan programs for
20 housing rehabilitation and improvement for energy conservation;
21 (8) provide for economic development;
22 (9) provide for the acquisition and construction of local
23 service roads and trails under AS 19.30.111 - 19.30.251;
24 (10) establish an emergency services communications center
25 under AS 29.35.130;
26 (11) subject to AS 28.01.010, regulate the licensing and
27 operation of motor vehicles and operators.

28 (b) A second class borough may by ordinance exercise the follow-
29 ing powers on an areawide basis:

- 1 (1) provide transportation systems;
- 2 (2) license, impound, and dispose of animals;
- 3 (3) provide air pollution control in accordance with
- 4 AS 46.03.140 - 46.03.230;
- 5 (4) provide water pollution control;
- 6 (5) license day care facilities.

7 (c) In addition to powers conferred by (a) of this section, a
8 second class borough may, on a nonareawide basis, exercise a power not
9 otherwise prohibited by law if the exercise of the power has been
10 approved at an election by a majority of voters living in the borough
11 but outside all cities in the borough.

12 (d) In addition to powers conferred by (b) of this section, a
13 second class borough may, on an areawide basis, exercise a power not
14 otherwise prohibited by law if the power has been acquired in accor-
15 dance with AS 29.35.300.

16 Sec. 29.35.220. THIRD CLASS BOROUGH POWERS. (a) A third class
17 borough may borrow money and issue negotiable or nonnegotiable bonds
18 or other evidences of indebtedness as provided by AS 29.47.

19 (b) Areawide exercise of a power by a third class borough other
20 than education and tax assessment and collection is not authorized.

21 (c) A third class borough may acquire the power to provide for
22 planning, platting, and land use regulation as provided in AS 29.40
23 for first and second class boroughs, except the power may only be
24 exercised within a service area.

25 (d) A third class borough may acquire any power not otherwise
26 prohibited by law, except the power may only be exercised within a
27 service area.

28 ARTICLE 4. CITY POWERS.

29 Sec. 29.35.250. CITIES INSIDE BOROUGHES. (a) A city inside a

1 borough may exercise any power not otherwise prohibited by law.

2 (b) On adoption of a borough ordinance to provide for areawide
3 exercise of a power, no city may exercise the power unless the borough
4 ordinance provides otherwise or the borough by ordinance ceases to
5 exercise the power.

6 (c) A home rule city in a third class borough shall provide for
7 planning, platting, and land use regulation as provided by AS 29.35.-
8 180(b) for home rule boroughs. A first class city in a third class
9 borough shall provide for planning, platting, and land use regulation
10 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,
12 platting, and land use regulation as provided by AS 29.35.180(a) for
13 first and second class boroughs.

14 (d) This section applies to home rule and general law cities.

15 Sec. 29.35.260. CITIES OUTSIDE BOROUGHES. (a) A city outside a
16 borough may exercise a power not otherwise prohibited by law. A
17 provision that is incorporated by reference to laws governing boroughs
18 applies to home rule cities outside boroughs only if the provision is
19 made applicable to home rule boroughs.

20 (b) A home rule or first class city outside a borough is a city
21 school district and shall establish, operate, and maintain a system of
22 public schools as provided by AS 29.35.160 for boroughs. A second
23 class city outside a borough is not a school district and may not
24 establish a system of public schools.

25 (c) A home rule city outside a borough shall provide for plan-
26 ning, platting, and land use regulation as provided by AS 29.35.180(b)
27 for home rule boroughs. A first class city outside a borough shall,
28 and a second class city outside a borough may, provide for planning,
29 platting, and land use regulation as provided by AS 29.35.180(a) for

1 first and second class boroughs.

2 (d) This section applies to home rule and general law cities.

3 ARTICLE 5. ACQUISITION OF ADDITIONAL POWERS.

4 Sec. 29.35.300. ADDITIONAL POWERS. (a) A first class borough
5 acquires an additional areawide power by transfer of the power by a
6 city or by holding an areawide election on the question.

7 (b) A second class borough acquires an additional power by
8 transfer of the power by a city or by holding an election on the ques-
9 tion. For acquisition of an areawide power, the election shall be
10 held areawide. For acquisition of a nonareawide power, the election
11 shall be held nonareawide.

12 (c) A third class borough acquires an additional power to exer-
13 cise in a service area by forming a service area in accordance with
14 AS 29.35.490(b) or (c).

15 Sec. 29.35.310. TRANSFER BY CITY. (a) A city in a first or
16 second class borough may transfer to the borough in which it is lo-
17 cated any of its powers or functions, subject to the approval of the
18 assembly.

19 (b) A first or second class borough shall exercise all powers
20 transferred to it by a city.

21 Sec. 29.35.320. INITIATION OF ACQUISITION OF POWER. (a) An
22 election on the question of adding an areawide power in a first class
23 borough or of adding an areawide or nonareawide power in a second
24 class borough may be initiated in two ways:

25 (1) a number of voters equal to 15 percent of the number of
26 votes cast at the preceding regular election in the area, either area-
27 wide or nonareawide, in which the election is to be held may file a
28 petition with the borough clerk; or

29 (2) the assembly may propose the acquisition of the power.

1 (b) An election on the question of adding a power in a third
2 class borough for exercise in a service area may be initiated in two
3 ways:

4 (1) a number of voters equal to 15 percent of the number of
5 votes cast at the preceding regular election in a proposed service
6 area in which the power is sought to be exercised may file a petition
7 with the assembly; or

8 (2) the assembly may propose the acquisition of the power.

9 (c) The borough clerk shall certify whether a petition filed
10 under (a) or (b) of this section contains the required number of
11 signatures.

12 (d) Within 30 days after a petition is certified as containing
13 the required number of signatures or the assembly proposes the acqui-
14 sition of a power, at least one public hearing shall be held in the
15 borough on the question. The assembly shall then evaluate the ability
16 of the borough to exercise the power and make its findings public.
17 Within 60 days after its findings have been made public, the assembly
18 shall order an election on the question.

19 Sec. 29.35.330. ELECTION. (a) If more than one power is pro-
20 posed for acquisition under AS 29.35.320, each shall appear separately
21 on the ballot.

22 (b) If a power is proposed for exercise by a third class borough
23 in a service area, only voters residing in the proposed service area
24 may vote.

25 (c) A vote on the question of adding an areawide power in a
26 first or second class borough shall be tabulated in two separate
27 classifications. One shall consist of all votes cast in all cities
28 located in the borough. The other shall consist of all votes cast in
29 the borough area outside all cities. If the majority of the votes

1 cast in each classification is favorable, the borough shall assume the
2 added power within 30 days after certification of the election re-
3 sults.

4 (d) If a majority of the votes cast on the question of adding a
5 nonareawide power in a second class borough or a power to be exercised
6 in a service area in a third class borough is favorable, the borough
7 shall assume the added power within 30 days after certification of the
8 election results.

9 (e) The borough mayor shall certify the election results to the
10 department.

11 Sec. 29.35.340. EFFECT OF ACQUIRING AN AREAWIDE POWER. (a) On
12 acquisition of an areawide power the first or second class borough
13 succeeds to all of the rights, powers, and duties of any city or
14 service area with respect to that power. The borough succeeds to
15 claims, franchises, and other contractual obligations, liability for
16 bonded and all other indebtedness, and to all of the right, title, and
17 interest in the real and personal property held by a city or service
18 area for the exercise of the power.

19 (b) The assembly may levy and collect special charges, taxes, or
20 assessments including interest for the purpose of amortizing bonded
21 indebtedness previously incurred by a city or service area for exer-
22 cising an areawide power acquired by the borough. When a city or
23 service area had previously incurred bonded indebtedness, all property
24 that was in the city or service area at the time the bonds were issued
25 remains subject to taxation to pay the principal of and interest on
26 the bonds.

27 (c) On acquisition of an additional areawide power the first or
28 second class borough, in consultation with the city or service area
29 personnel, shall arrange for an orderly and equitable transfer of

1 rights, assets, liabilities, powers, duties, and other matters related
2 to acquisition of the areawide powers.

3 (d) This section applies to home rule and general law cities.

4 Sec. 29.35.350. DEFINITION. In AS 29.35.200 - 29.35.350,
5 "power" means the provision of a public facility or service, or the
6 exercise of a regulatory power.

7 ARTICLE 6. CONSTRUCTION OF POWERS.

8 Sec. 29.35.400. GENERAL CONSTRUCTION. A liberal construction
9 shall be given to all powers and functions of a municipality conferred
10 in this title.

11 Sec. 29.35.410. EXTENT OF POWERS. Unless otherwise limited by
12 law, a municipality has and may exercise all powers and functions
13 necessarily or fairly implied in or incident to the purpose of all
14 powers and functions conferred in this title.

15 Sec. 29.35.420. ENUMERATION OF POWERS. Specific examples in an
16 enumerated power or function conferred upon a municipality in this
17 title is illustrative of the object and not a limitation on or exclu-
18 sion from the exercise of the power or function.

19 ARTICLE 7. SERVICE AREAS.

20 Sec. 29.35.450. SERVICE AREAS. (a) A service area to provide
21 special services in a borough may be established, operated, altered,
22 or abolished by ordinance. Special services include services not
23 provided on an areawide or nonareawide basis in the borough, or a
24 higher or different level of service than that provided on an areawide
25 or nonareawide basis. The borough may include a city in a service
26 area if

- 27 (1) the city agrees by ordinance; or
28 (2) approval is granted by a majority of voters residing in
29 the city, and by a majority of voters residing inside the boundaries

1 of the proposed service area but outside of the city.

2 (b) A new service area may not be established if, consistent
3 with the purposes of art. X of the state constitution, the new service
4 can be provided by an existing service area, by annexation to a city,
5 or by incorporation as a city.

6 Sec. 29.35.460. SERVICE AREA BOARDS. The assembly may provide
7 for an appointed or elected board to supervise the furnishing of
8 special services in a service area.

9 Sec. 29.35.470. FINANCING. The assembly may levy or authorize
10 the levying of taxes, charges, or assessments in a service area to
11 finance the special services. If the assembly authorizes the levying
12 of taxes, charges, or assessments, the rate of taxation and the issu-
13 ance of bonds are subject to assembly approval.

14 Sec. 29.35.480. SERVICE AREAS IN FIRST CLASS BOROUGHES. In a
15 first class borough, the assembly may exercise in a service area any
16 power granted a first class city by law. The assembly may exercise in
17 a service area any nonareawide power that may be exercised by a first
18 class borough.

19 Sec. 29.35.490. SERVICE AREAS IN SECOND AND THIRD CLASS BOR-
20 OUGHS. (a) A second class borough may exercise in a service area any
21 power granted a first class city by law or a nonareawide power that
22 may be exercised by a first class borough if

23 (1) the exercise of the power is approved by a majority of
24 the voters residing in the service area; or

25 (2) all owners of real property in the service area consent
26 in writing to the exercise of the power if no voters reside in the
27 service area.

28 (b) If the exercise of the power is approved by a majority of
29 the voters residing in the service area, a third class borough may

1 exercise in a service area any power not otherwise prohibited by law.

2 (c) A second or third class borough may establish a service area
3 that includes only vacant, unappropriated, and unreserved land owned
4 by the borough. A second or third class borough may establish a
5 service area, with the concurrence of the commissioner of natural
6 resources, that includes only vacant, unappropriated, and unreserved
7 land owned by the state and classified for disposal to individuals.
8 By ordinance a second or third class borough may provide the services
9 in a service area established under this subsection necessary to
10 develop state or municipal land as required by the planning, platting,
11 and land use regulations of the borough.

12 * Sec. 11. AS 29 is amended by adding a new chapter to read:

13 CHAPTER 40. PLANNING, PLATTING, AND LAND USE REGULATION.

14 Sec. 29.40.010. PLANNING, PLATTING, AND LAND USE REGULATION.

15 (a) A first or second class borough shall provide for planning,
16 platting, and land use regulation on an areawide basis.

17 (b) If a city in a borough consents by ordinance, the assembly
18 may by ordinance delegate any of its powers and duties under this
19 chapter to the city. The assembly may by ordinance, without first
20 obtaining the consent of the city, revoke any power or duty delegated
21 under this section.

22 Sec. 29.40.020. PLANNING COMMISSION. (a) Each first and second
23 class borough shall establish a planning commission consisting of five
24 residents unless a greater number is required by ordinance. Commis-
25 sion membership shall be apportioned so that the number of members
26 from home rule and first class cities reflects the proportion of
27 borough population residing in home rule and first class cities lo-
28 cated in the borough. A member shall be appointed by the borough
29 mayor for a term of three years subject to confirmation by the

1 assembly, except that a member from a home rule or first class city
2 shall be selected from a list of recommendations submitted by the
3 council. Members first appointed shall draw lots for one, two, and
4 three year terms. Appointments to fill vacancies are for the
5 unexpired term. The compensation and expenses of the planning
6 commission and its staff are paid as directed by the assembly.

7 (b) In addition to the duties prescribed by ordinance, the plan-
8 ning commission shall

9 (1) prepare and submit to the assembly a proposed compre-
10 hensive plan in accordance with AS 29.40.030 for the systematic and
11 organized development of the borough;

12 (2) review, recommend, and administer measures necessary to
13 implement the comprehensive plan, including measures provided under
14 AS 29.40.040.

15 Sec. 29.40.030. COMPREHENSIVE PLAN. (a) The comprehensive plan
16 is a compilation of policy statements, goals, standards, and maps for
17 guiding the physical, social, and economic development, both private
18 and public, of the first or second class borough, and may include, but
19 is not limited to, the following:

- 20 (1) statements of policies, goals, and standards;
21 (2) a land use plan;
22 (3) a community facilities plan;
23 (4) a transportation plan; and
24 (5) recommendations for implementation of the comprehensive
25 plan.

26 (b) With the recommendations of the planning commission, the
27 assembly shall adopt by ordinance a comprehensive plan. The assembly
28 shall, after receiving the recommendations of the planning commission,
29 periodically undertake an overall review of the comprehensive plan and

1 update the plan as necessary.

2 Sec. 29.40.040. LAND USE REGULATION. (a) In accordance with a
3 comprehensive plan adopted under AS 29.40.030 and in order to imple-
4 ment the plan, the assembly by ordinance shall adopt or amend provi-
5 sions governing the use and occupancy of land that may include, but
6 are not limited to,

7 (1) zoning regulations restricting the use of land and
8 improvements by geographic districts;

9 (2) land use permit requirements designed to encourage or
10 discourage specified uses and construction of specified structures, or
11 to minimize unfavorable effects of uses and the construction of struc-
12 tures;

13 (3) measures to further the goals and objectives of the
14 comprehensive plan.

15 (b) A variance from a land use regulation adopted under this
16 section may not be granted if

17 (1) special conditions that require the variance are caused
18 by the person seeking the variance;

19 (2) the variance will permit a land use in a district in
20 which that use is prohibited; or

21 (3) the variance is sought solely to relieve pecuniary
22 hardship or inconvenience.

23 Sec. 29.40.050. APPEALS FROM ADMINISTRATIVE DECISIONS. (a) By
24 ordinance the assembly shall provide for an appeal from an administra-
25 tive decision of a municipal employee, board, or commission made in
26 the enforcement, administration, or application of a land use regula-
27 tion adopted under this chapter. The assembly may provide for an
28 appeal to a court, hearing officer, board of adjustment, or other
29 body. The assembly shall provide for an appeal from a decision on a

1 request for a variance from the terms of a land use regulation when
2 literal enforcement would deprive a property owner of rights commonly
3 enjoyed by other properties in the district.

4 (b) By ordinance the assembly may provide for appointment of a
5 hearing officer, or for the composition, appointment, and terms of
6 office of a board of adjustment or other body established to hear
7 appeals from administrative actions. The assembly may define proper
8 parties and prescribe evidentiary rules, standards of review, and
9 remedies available to the hearing officer, board of adjustment, or
10 other body.

11 Sec. 29.40.060. JUDICIAL REVIEW. (a) The assembly shall pro-
12 vide by ordinance for an appeal by a municipal officer or person
13 aggrieved from a decision of a hearing officer, board of adjustment,
14 or other body to the superior court.

15 (b) An appeal to the superior court under this section is an
16 administrative appeal heard solely on the record established by the
17 hearing officer, board of adjustment, or other body.

18 Sec. 29.40.070. PLATTING REGULATION. By ordinance the assembly
19 shall adopt platting requirements that may include, but are not lim-
20 ited to, the control of

21 (1) form, size, and other aspects of subdivision, dedica-
22 tions, and vacations of land;

23 (2) dimensions and design of lots;

24 (3) street width, arrangement, and rights-of-way, including
25 requirements for public access to lots and installation of street
26 paving, curbs, gutters, sidewalks, sewers, water lines, drainage and
27 other public utility facilities and improvements;

28 (4) dedication of streets, rights-of-way, public utility
29 easements and areas considered necessary by the platting authority for

1 other public uses.

2 Sec. 29.40.080. PLATTING AUTHORITY. (a) The assembly by ordi-
3 nance shall establish a platting authority to administer subdivision
4 regulations and to perform other duties as required by the assembly.
5 The platting authority may consist of members of the planning commis-
6 sion or of other municipal residents.

7 (b) The assembly may by ordinance provide for an administrative
8 official to act as the platting authority with regard to abbreviated
9 plats.

10 Sec. 29.40.090. ABBREVIATED PLATS AND WAIVERS. (a) Notwith-
11 standing other provisions of this chapter, the assembly shall by
12 ordinance establish an abbreviated plat procedure for a plat that will

13 (1) subdivide a single lot into not more than four lots;
14 (2) provide legal and physical access to a public highway
15 or street for each lot created by the subdivision;
16 (3) not contain or require a dedication of a street, right-
17 of-way, or other area;

18 (4) not require a vacation of a public dedication of land
19 or a variance from a subdivision regulation.

20 (b) The platting authority shall waive the preparation, submis-
21 sion for approval, and recording of a plat on satisfactory evidence
22 that the subdivision meets the requirements of (a) of this section and
23 each lot created by the subdivision is five acres or larger.

24 Sec. 29.40.100. INFORMATION REQUIRED. A plat shall show

25 (1) initial point of survey;
26 (2) original or reestablished corners and their descrip-
27 tions;

28 (3) actual traverse showing area of closure and all dis-
29 tances, angles, and calculations required to determine initial point,

1 corners, and distances of the plat; and

2 (4) other information that may be required by ordinance.

3 Sec. 29.40.110. PLAT PROCEDURE. (a) The platting authority
4 shall approve or disapprove a plat within 60 days after it is filed,
5 or shall return it to the applicant for modification or correction.
6 Unless the applicant for plat approval consents to an extension of
7 time, the plat is considered approved and a certificate of approval
8 shall be issued by the platting authority on demand if the platting
9 authority fails to act within 60 days.

10 (b) The platting authority shall state in writing its reasons
11 for disapproval of a plat. If the platting authority approves a plat,
12 the plat shall be acknowledged and filed in accordance with AS 40.15.-
13 010 - 40.15.020.

14 Sec. 29.40.120. ALTERATION OR REPLAT PETITION. A recorded plat
15 may not be altered or replatted except by the platting authority on
16 petition of the state, the borough, a public utility, or the owners of
17 a majority of the land affected by the alteration or replat. A plat-
18 ted street may not be vacated, except on petition of the state, the
19 borough, a public utility, or owners of a majority of the land front-
20 ing the part of the street sought to be vacated. The petition shall
21 be filed with the platting authority and shall be accompanied by a
22 copy of the existing plat showing the proposed alteration or replat.

23 Sec. 29.40.130. NOTICE OF HEARING. The platting authority shall
24 fix a time for a hearing on an alteration or replat petition that may
25 not be more than 60 days after the petition is filed. Notice shall be
26 published by the platting authority stating when and by whom the peti-
27 tion was filed, its purpose, and the time and place of the hearing.
28 The notice shall generally describe the alteration or replat sought.
29 The platting authority shall also mail a copy of the notice to each

1 affected property owner who did not sign the petition.

2 Sec. 29.40.140. HEARING AND DETERMINATION. (a) The platting
3 authority shall consider the alteration or replat petition at a hear-
4 ing and make its decision on the merits of the proposal.

5 (b) Vacation of a city street may not be made without the con-
6 sent of the council. Vacation of a street in the borough area outside
7 all cities may not be made without the consent of the assembly. The
8 governing body shall have 30 days from the decision of the platting
9 authority in which to veto a vacation of a street. If no veto is
10 received by the platting authority within the 30-day period, consent
11 is considered to have been given to the vacation.

12 Sec. 29.40.150. RECORDING. If the alteration or replat is ap-
13 proved, the revised plat shall be acknowledged and filed in accordance
14 with AS 40.15.010 - 40.15.020.

15 Sec. 29.40.160. TITLE TO VACATED AREA. (a) The title to the
16 street or other public area vacated on a plat attaches to the lot or
17 lands bordering the area in equal proportions, except that if the area
18 was originally dedicated by different persons, original boundary lines
19 shall be adhered to so that the street area that lies on one side of
20 the boundary line shall attach to the abutting property on that side,
21 and the street area that lies on the other side of the boundary line
22 shall attach to the property on that side. The portion of a vacated
23 street that lies inside the limits of a platted addition attaches to
24 the lots of the platted addition bordering on the area. If a public
25 square is vacated, the title to it vests in a city if it lies inside
26 the city, and in the borough if it lies inside the borough but outside
27 all cities. If the property vacated is a lot, title vests in the
28 rightful owner.

29 (b) If the municipality acquired the street or other public area

1 vacated for legal consideration or by express dedication to the muni-
2 cipality other than as a subdivision platting requirement, before the
3 final act of vacation the fair market value of the street or public
4 area shall be deposited with the platting authority to be paid to the
5 municipality on final vacation.

6 (c) The provisions of (a) and (b) of this section apply to home
7 rule and general law municipalities.

8 (d) The council of a second class city located outside a borough
9 may vacate streets, alleys, crossings, sidewalks, or other public ways
10 that may have been previously dedicated or established when the coun-
11 cil finds that the streets, alleys, crossings, sidewalks, or other
12 public ways are no longer necessary for the public welfare, or when
13 the public welfare will be enhanced by the vacation. If the council
14 determines that all or a portion of the area vacated under this sub-
15 section should be devoted to another public purpose, title to the area
16 vacated and held for another public purpose does not vest as provided
17 in (a) of this section but remains in the city.

18 Sec. 29.40.170. DELEGATIONS. The planning commission and the
19 platting authority may, as authorized by ordinance, delegate powers to
20 hear and decide cases under this chapter, including, but not limited
21 to, delegations to

22 (1) one or more members of the planning commission or plat-
23 ting authority;

24 (2) other boards or commissions;

25 (3) a hearing officer designated by the planning commission
26 or platting authority.

27 Sec. 29.40.180. VIOLATIONS. It is unlawful for the owner of
28 land located in a subdivision to transfer, sell, offer to sell, or
29 enter into a contract to sell land in a subdivision before a plat of

1 the subdivision has been prepared, approved, and filed in accordance
2 with this chapter. It is unlawful for a person to file a plat or
3 other document depicting subdivided land in a public recorder's office
4 unless the plat or document has been approved by the platting author-
5 ity. For the violation of a provision of this chapter, a subdivision
6 regulation adopted under this chapter, or a term, condition, or
7 limitation imposed by a platting authority in the exercise of its
8 powers under this chapter, a municipality may by ordinance prescribe a
9 penalty not to exceed a fine of \$1,000 and imprisonment for 90 days.

10 Sec. 29.40.190. REMEDIES. (a) The municipality or an aggrieved
11 person may institute a civil action against a person who violates a
12 provision of this chapter, a subdivision regulation adopted under this
13 chapter, or a term, condition, or limitation imposed by a platting
14 authority. In addition to other relief, a civil penalty not to exceed
15 \$1,000 may be imposed for each violation. An action to enjoin a
16 violation may be brought notwithstanding the availability of any other
17 remedy. Upon application for injunctive relief and a finding of a
18 violation or threatened violation, the superior court shall grant the
19 injunction.

20 (b) Each day that an unlawful act or condition continues consti-
21 tutes a separate violation.

22 Sec. 29.40.200. SUBDIVISIONS OF STATE LAND. (a) The subdivi-
23 sion requirements adopted under this chapter apply to a subdivision
24 plat of undeveloped state land for disposal under AS 38.05 or AS 38.08
25 filed with the platting authority. Subdivision ordinances and regula-
26 tions adopted after the platting authority is notified by the commis-
27 sioner of natural resources of a proposed sale of subdivided state
28 land under AS 38.05 or AS 38.08 do not apply to the state land in the
29 proposed sale.

1 (b) The platting authority shall approve and sign a subdivision
2 plat of state land within 60 days after its receipt from the commis-
3 sioner of natural resources unless the platting authority

4 (1) determines that the plat does not comply with subdivi-
5 sion requirements; and

6 (2) notifies the commissioner of each determination of non-
7 compliance within the 60-day period established in this subsection.

8 (c) The commissioner of natural resources may withdraw the sub-
9 division plat and amend it in response to the determination of non-
10 compliance by the platting authority under (b) of this section. The
11 platting authority shall respond within 30 days to the amendment or
12 response from the commissioner of natural resources.

13 (d) Nothing in this section relieves the Department of Natural
14 Resources of its obligation to provide legal access to a subdivision.

15 (e) This section applies to home rule and general law municipal-
16 ities.

17 * Sec. 12. AS 29 is amended by adding a new chapter to read:

18 CHAPTER 45. MUNICIPAL TAXATION.

19 ARTICLE 1. MUNICIPAL PROPERTY TAX.

20 Sec. 29.45.010. PROPERTY TAX. (a) A unified municipality may
21 levy a property tax. A borough may levy

22 (1) an areawide property tax for areawide functions;

23 (2) a nonareawide property tax for functions limited to the
24 area outside cities;

25 (3) a property tax in a service area for functions limited
26 to the service area.

27 (b) A home rule or first class city may levy a property tax
28 subject to AS 29.45.550 - 29.45.560. A second class city may levy a
29 property tax subject to AS 29.45.590.

1 (c) If a tax is levied on real property or on personal property,
 2 the tax must be assessed, levied, and collected as provided in this
 3 chapter.

4 Sec. 29.45.020. TAXPAYER NOTICE. (a) If a municipality levies
 5 and collects property taxes, the governing body shall provide the
 6 following notice:

7 "NOTICE TO TAXPAYER

8 For the current fiscal year the (city)(borough) has been allo-
 9 cated the following amount of state aid for school and municipal
 10 purposes under the applicable financial assistance Acts:

11	PUBLIC SCHOOL FOUNDATION PROGRAM ASSISTANCE	
12	(AS 14.17)	\$
13	STATE AID FOR RETIREMENT OF SCHOOL CONSTRUC-	
14	TION DEBT (AS 14.11.100)	\$
15	MUNICIPAL TAX RESOURCE EQUALIZATION ASSISTANCE	
16	(AS 29.60.010 - 29.60.080)	\$
17	STATE AID FOR MISCELLANEOUS MUNICIPAL	
18	SERVICES (AS 29.60.100 - 29.60.180)	\$
19	TOTAL AID	\$

20 The millage equivalent of this state aid, based on the
 21 dollar value of a mill in the municipality during the
 22 current assessment year and for the preceding assessment
 23 year, is:

	MILLAGE EQUIVALENT	
	PREVIOUS YEAR	THIS YEAR
24		
25		
26	PUBLIC SCHOOL FOUNDATION PROGRAM	
27	ASSISTANCEMILLS
28	STATE AID FOR RETIREMENT OFMILLS
29	SCHOOL CONSTRUCTION DEBTMILLS

1	MUNICIPAL TAX RESOURCE EQUALI-		
2	ZATION ASSISTANCEMILLSMILLS
3	STATE AID FOR MISCELLANEOUS		
4	MUNICIPAL SERVICESMILLSMILLS
5	TOTAL MILLAGE EQUIVALENTMILLSMILLS"

6 Notice shall be provided

7 (1) by furnishing a copy of the notice with tax statements
8 mailed for the fiscal year for which aid is received; or

9 (2) by publishing in a newspaper of general circulation in
10 the municipality a copy of the notice once each week for a period of
11 three successive weeks, with publication to occur not later than 45
12 days after the final adoption of the municipality's budget.

13 (b) Compliance with the provisions of this section is a pre-
14 requisite to receipt of municipal tax resource equalization assistance
15 under AS 29.60.010 - 29.60.080 and state aid for miscellaneous munici-
16 pal services under AS 29.60.100 - 29.60.180. The department shall
17 withhold annual allocations under those sections until municipal
18 officials demonstrate that the requirements of this section have been
19 met.

20 Sec. 29.45.030. REQUIRED EXEMPTIONS. (a) The following prop-
21 erty is exempt from general taxation:

22 (1) municipal, state, or federally owned property, except
23 that a private leasehold, contract, or other interest in the property
24 is taxable to the extent of the interest;

25 (2) household furniture of the head of a family or house-
26 hold;

27 (3) property used exclusively for nonprofit religious,
28 charitable, cemetery, hospital, or educational purposes;

29 (4) property of a nonbusiness organization or its auxiliary

1 composed entirely of persons with 90 days or more of active service in
2 the armed forces of the United States whose conditions of service and
3 separation were other than dishonorable;

4 (5) money on deposit;

5 (6) the real property of certain residents of the state to
6 the extent and subject to the conditions provided in (e) of this sec-
7 tion;

8 (7) real property or an interest in real property that is
9 exempt from taxation under 43 U.S.C. 1620(d), as amended.

10 (b) In (a) of this section, "property used exclusively for
11 religious purposes" includes the following property owned by a reli-
12 gious organization:

13 (1) the residence of a bishop, pastor, priest, rabbi,
14 minister, or religious order of a recognized religious organization;

15 (2) a structure, its furniture, and its fixtures used
16 solely for public worship, charitable purposes, religious administra-
17 tive offices, religious education, or a nonprofit hospital;

18 (3) lots required by local ordinance for parking near a
19 structure defined in (2) of this subsection.

20 (c) Property described in (a)(3) or (4) of this section from
21 which income is derived is exempt only if that income is solely from
22 use of the property by nonprofit religious, charitable, hospital, or
23 educational groups. If used by nonprofit educational groups, the
24 property is exempt only if used exclusively for classroom space.

25 (d) Laws exempting certain property from execution under the
26 Code of Civil Procedure (AS 09) do not exempt the property from taxes
27 levied and collected by municipalities.

28 (e) The real property owned and occupied as a permanent place of
29 abode by a resident 65 years of age or over or by a disabled veteran

1 is exempt from taxation of the assessed value of the real property.
2 Real property may not be exempted under this subsection if the asses-
3 sor determines, after notice and hearing to the parties concerned,
4 that the property was conveyed to the applicant primarily for the
5 purpose of obtaining the exemption. The determination of the assessor
6 may be appealed under AS 44.62.560 and 44.62.570.

7 (f) An exemption may not be granted under (e) of this section
8 except upon written application for the exemption on a form approved
9 by the state assessor for use by local assessors. The claimant must
10 file the application no later than January 15, or a date provided by
11 ordinance that is not later than March 31, of the assessment year for
12 which the exemption is sought. The governing body of the municipality
13 for good cause shown may waive during a year the claimant's failure to
14 make timely application for exemption for that year and authorize the
15 assessor to accept the application as if timely filed. The claimant
16 must file a separate application for each assessment year in which the
17 exemption is sought. If an application is filed within the required
18 time and is approved by the assessor, the assessor shall allow an
19 exemption in accordance with the provisions of this section. If a
20 failure to file by January 15, or a date provided by ordinance that is
21 not later than March 31, of the assessment year has been waived as
22 provided in this subsection and the application for exemption is
23 approved, the amount of tax that the claimant has already paid for the
24 assessment year for the property exempted shall be refunded to the
25 claimant. The assessor shall require proof in the form the assessor
26 considers necessary of the right to and amount of an exemption claimed
27 under (e) of this section, and shall require a disabled veteran claim-
28 ing an exemption under (e) of this section to provide evidence of the
29 disability rating. The assessor may require proof under this section

1 at any time.

2 (g) The state shall reimburse a borough or city, as appropriate,
3 for the real property tax revenues lost to it by the operation of (e)
4 of this section. However, reimbursement will be made to a municipal-
5 ity for revenue lost to it only to the extent that the loss exceeds an
6 exemption that was granted by the municipality, or that on proper
7 application by an individual would have been granted under AS 29.45.-
8 050(a).

9 (h) Except as provided in (g) of this section, nothing in (e) -
10 (j) of this section affects similar exemptions from property taxes
11 granted by a municipality on September 10, 1972, or prevents a munici-
12 pality from granting similar exemptions by ordinance as provided in
13 AS 29.45.050.

14 (i) In (e) - (i) of this section

15 (1) "disabled veteran" means a disabled person separated
16 from the military service of the United States under a condition that
17 is not dishonorable who is a resident of the state, whose disability
18 was incurred or aggravated in the line of duty in the military service
19 of the United States, and whose disability has been rated as 50 per-
20 cent or more by the branch of service in which that person served or
21 by the Veterans' Administration;

22 (2) "real property" includes but is not limited to mobile
23 homes, whether classified as real or personal property for municipal
24 tax purposes.

25 (j) One motor vehicle per household owned by a resident 65 years
26 of age or older on January 1 of the assessment year is exempt either
27 from taxation on its assessed value or from the registration tax under
28 AS 28.10.431. An exemption may be granted under this subsection only
29 upon written application on a form prescribed by the Department of

1 Public Safety. The state shall reimburse a municipality for tax reve-
2 nues lost to it because of the exemption required by this subsection.
3 Reimbursement to a municipality equals the amount of registration tax
4 authorized under AS 28.10.431(b) for each vehicle exempted under this
5 subsection.

6 (k) The department shall adopt regulations to implement the pro-
7 visions of (g) and (j) of this section.

8 (1) Two percent of the assessed value of a structure is exempt
9 from taxation if the structure contains a fire protection system ap-
10 proved under AS 18.70.081, in operating condition, and incorporated as
11 a fixture or part of the structure. The exemption granted by this
12 subsection is limited to

13 (1) an amount equal to two percent of the value of the
14 structure based on the assessment for 1981, if the fire protection
15 system is a fixture of the structure on January 1, 1981; or

16 (2) an amount equal to two percent of the value of the
17 structure based on the assessment as of January 1 of the year immedi-
18 ately following the installation of the fire protection system if the
19 fire protection system becomes a fixture of the structure after
20 January 1, 1981.

21 (m) For the purpose of determining property exempt under (a)(7)
22 of this section, the following definitions apply to terms used in 43
23 U.S.C. 1620(d) unless superseded by applicable federal law:

24 (1) "developed" means a purposeful modification of the
25 property from its original state that effectuates a condition of
26 gainful and productive present use without further substantial modifi-
27 cation; surveying, construction of roads, providing utilities or other
28 similar actions normally considered to be component parts of the
29 development process, but that do not create the condition described in

1 this paragraph, do not constitute a developed state within the meaning
2 of this paragraph; developed property, in order to remove the exemp-
3 tion, must be developed for purposes other than exploration, and be
4 limited to the smallest practicable tract of the property actually
5 used in the developed state;

6 (2) "exploration" means the examination and investigation
7 of undeveloped land to determine the existence of subsurface nonrenew-
8 able resources;

9 (3) "lease" means a grant of primary possession entered
10 into for gainful purposes with a determinable fee remaining in the
11 hands of the grantor; with respect to a lease that conveys rights of
12 exploration and development, this exemption shall continue with re-
13 spect to that portion of the leased tract that is used solely for the
14 purpose of exploration.

15 (n) If property or an interest in property that is determined
16 not to be exempt under (a)(7) of this section reverts to an undevel-
17 oped state, or if the lease is terminated, the exemption shall be
18 granted, subject to the provisions of (a)(7) and (m) of this section.

19 Sec. 29.45.040. PROPERTY TAX EQUIVALENCY PAYMENTS. (a) A
20 resident of the state 65 years of age or older or a disabled veteran
21 who rents a permanent place of abode is eligible for a tax equivalency
22 payment from the state through the department.

23 (b) For purposes of determining the amount of a payment to an
24 eligible person, the department shall calculate at the rate of one
25 percent per mill a property tax equivalent percentage for each munici-
26 pality that levies a property tax. The property tax equivalent per-
27 centage applied to the annual rent charged to the applicant equals the
28 property tax equivalency payment payable under this section.

29 (c) To obtain a tax equivalency payment the eligible resident

1 must apply to the department for payment for the preceding year by
2 January 15 of each year on forms and in the manner prescribed by the
3 department. The department for good cause shown may waive an appli-
4 cant's failure to make timely application for a tax equivalency pay-
5 ment and accept the application as if timely filed. Each applicant
6 shall submit with the application rental receipts or, if rental re-
7 cepts are not available, other evidence satisfactory to the depart-
8 ment for determination of the fact of payment of rent and the amount
9 paid. A disabled veteran shall submit with the application evidence
10 of the disability rating.

11 (d) If two or more persons occupy a residence as tenants, not
12 all of whom are eligible for a tax equivalency payment under this
13 section, the assessor shall determine equitable partial payments to be
14 made to the eligible tenants. However, a tax equivalency payment to
15 an eligible applicant may not be reduced because the spouse is less
16 than 65 years of age or is not a disabled veteran. If all occupants
17 in a residence are eligible for a tax equivalency payment under this
18 section, the occupants shall decide between and among themselves which
19 shall receive payment.

20 (e) In this section "disabled veteran" has the meaning given in
21 AS 29.45.030(i).

22 Sec. 29.45.045. REIMBURSEMENT PAYMENTS. (a) A resident of the
23 state 65 years of age or older or a disabled veteran who rents a
24 permanent place of abode is eligible for a reimbursement payment from
25 the state through the department if the abode is located in a munici-
26 pality that

27 (1) does not levy and collect a property tax; and

28 (2) levies and collects a sales tax on rents paid for
29 residential property.

1 (b) The amount of a reimbursement payment under this section
2 equals the amount of sales taxes paid on the abode during the preced-
3 ing year by the eligible resident.

4 (c) To obtain a reimbursement payment under this section an
5 eligible resident must apply by January 15 of each year to the depart-
6 ment for reimbursement of sales taxes paid for the preceding year.
7 The application shall be on the form and filed as prescribed by the
8 department. The department for good cause shown may waive an appli-
9 cant's failure to make timely application for reimbursement and accept
10 the application as if timely filed. Each applicant shall submit with
11 the application rental receipts or, if rental receipts are not avail-
12 able, other evidence satisfactory to the department for determination
13 of the fact of payment of rent and the amount paid. A disabled
14 veteran shall submit with the application evidence of the disability
15 rating.

16 (d) If two or more persons occupy a residence as tenants, not
17 all of whom are eligible for a reimbursement payment under this sec-
18 tion, the assessor shall determine equitable partial payments to be
19 made to the eligible tenants. However, a reimbursement payment to an
20 eligible applicant may not be reduced because the spouse is less than
21 65 years of age or not a disabled veteran. If all occupants in a
22 residence are eligible for a reimbursement payment, the occupants
23 shall decide between and among themselves which shall receive the
24 payment.

25 (e) In this section "disabled veteran" has the meaning given in
26 AS 29.45.030(1)(1).

27 Sec. 29.45.050. OPTIONAL EXEMPTIONS AND EXCLUSIONS. (a) A
28 municipality may exclude or exempt or partially exempt residential
29 property from taxation by ordinance ratified by the voters at an

1 election. An exclusion or exemption authorized by this section may
2 not exceed the assessed value of \$10,000 for any one residence.

3 (b) A municipality may by ordinance

4 (1) classify boats and vessels for the purposes of taxation
5 and may establish the assessed valuation of boats and vessels on the
6 basis of their registered or certificated net tonnage;

7 (2) classify and exempt from taxation

8 (A) the property of an organization not organized for
9 business or profit-making purposes and used exclusively for
10 community purposes if the income derived from rental of that
11 property does not exceed the actual cost to the owner of the use
12 by the renter;

13 (B) historic sites, buildings, and monuments;

14 (C) land of a nonprofit organization used for agricul-
15 tural purposes if rights to subdivide the land are conveyed to
16 the state and the conveyance includes a covenant restricting use
17 of the land to agricultural purposes only; rights conveyed to the
18 state under this subparagraph may be conveyed by the state only
19 in accordance with AS 38.05.069(c);

20 (3) exempt personal property from taxation;

21 (4) exempt business inventories from taxation;

22 (5) classify as to type and exempt or partially exempt any
23 or all types of motor vehicles from taxation.

24 (c) The provisions of (a) of this section notwithstanding,

25 (1) a borough may, by ordinance, adjust its property tax
26 structure in whole or in part to the property tax structure of a city
27 in the borough, including but not limited to, excluding personal
28 property from taxation, establishing exemptions, and extending the
29 redemption period;

1 (2) a home rule or first class city has the same power to
2 grant exemptions or exclude property from borough taxes that it has as
3 to city taxes if

4 (A) the exemptions or exclusions have been adopted as
5 to city taxes; and

6 (B) the city appropriates to the borough sufficient
7 money to equal revenues lost by the borough because of the exemp-
8 tions or exclusions, the amount to be determined annually by the
9 assembly;

10 (3) a city in a borough may, by ordinance, adjust its prop-
11 erty tax structure in whole or in part to the property tax structure
12 of the borough, including but not limited to exempting or partially
13 exempting property from taxation.

14 (d) Exemptions or exclusions from property tax that have been
15 granted by a home rule municipality in addition to exemptions autho-
16 rized or required by law, and that are in effect on September 10,
17 1972, and not later withdrawn, are not affected by this chapter.

18 (e) A municipality may by ordinance classify and exempt or par-
19 tially exempt from taxation privately owned land, wet land and water
20 areas for which a scenic, conservation, or public recreation use ease-
21 ment is granted to a governmental body. To be eligible for a tax
22 exemption, or partial exemption, the easement must be in perpetuity.
23 However, the easement is automatically terminated before an eminent
24 domain taking of fee simple title or less than fee simple title to the
25 property, so that the property owner is compensated at a rate that
26 does not reflect the easement grant.

27 (f) A municipality may by ordinance exempt from taxation all or
28 part of the increase in assessed value of improvements to real prop-
29 erty if an increase in assessed value is directly attributable to

1 alteration of the natural features of the land, or new maintenance,
2 repair, or renovation of an existing structure, and if the alteration,
3 maintenance, repair, or renovation, when completed, enhances the
4 exterior appearance or aesthetic quality of the land or structure. An
5 exemption may not be allowed under this subsection for the construc-
6 tion of an improvement to a structure if the principal purpose of the
7 improvement is to increase the amount of space for occupancy or non-
8 residential use in the structure or for the alteration of land as a
9 consequence of construction activity. An exemption provided in this
10 subsection may continue for up to four years from the date the im-
11 provement is completed, or from the date of approval for the exemption
12 by the local assessor, whichever is later.

13 (g) A municipality may by ordinance exempt from taxation all or
14 part of the increase in assessed value of improvements to a single-
15 family dwelling if the principal purpose of the improvement is to
16 increase the amount of space for occupancy. An exemption provided in
17 this subsection may continue for up to two years from the date the
18 improvement is completed, or from the date of approval of an applica-
19 tion for the exemption by the local assessor, whichever is later.

20 Sec. 29.45.060. FARM OR AGRICULTURAL LAND. (a) Farm use land
21 included in a farm unit and not dedicated or being used for nonfarm
22 purposes shall be assessed on the basis of full and true value for
23 farm use and may not be assessed as if subdivided or used for some
24 other nonfarm purpose. The assessor shall maintain records valuing
25 the land for both full and true value and farm use value. If the land
26 is sold, leased, or otherwise disposed of for uses incompatible with
27 farm use or converted to a use incompatible with farm use by the
28 owner, the owner is liable to pay an amount equal to the additional
29 tax at the current mill levy together with eight percent interest for

1 the preceding seven years, as though the land had not been assessed
2 for farm use purposes. Payment by the owner shall be made to the
3 state to the extent of its reimbursement for revenue loss under (e) of
4 this section for the preceding seven years. The balance of the pay-
5 ment shall be made to the municipality.

6 (b) An owner of farm use land must, to secure the assessment
7 under this section, apply to the assessor before May 15 of each year
8 in which the assessment is desired. The application shall be made
9 upon forms prescribed by the state assessor for the use of the local
10 assessor, and shall include information that may reasonably be
11 required to determine the entitlement of the applicant. If the land
12 is leased for farm use purposes, the applicant shall furnish to the
13 assessor a copy of the lease bearing the signatures of both lessee and
14 lessor along with the completed application. The applicant shall
15 furnish the assessor a copy of the lease covering the period for which
16 the exemption is requested.

17 (c) In this section "farm use" means the use of land for profit
18 for raising and harvesting crops, for the feeding, breeding, and
19 management of livestock, for dairying, or another agricultural use, or
20 any combination of these. To be farm use land, the owner or lessee
21 must be actively engaged in farming the land, and derive at least 10
22 percent of yearly gross income from the land. This section does not
23 apply to land for which the owner has granted, and has outstanding, a
24 lease or option to buy the surface rights. A property owner wishing
25 to file for farm use classification having no history of farm-related
26 income may submit a declaration of intent at the time of filing the
27 application with the assessor setting out the intended use of the land
28 and the anticipated percentage of income. An applicant using this
29 procedure shall file with the assessor before February 1 of the

1 following year a notarized statement of the percentage of gross income
2 attributable to the land. Failure to make the filing required in this
3 subsection forfeits the exemption.

4 (d) In the event of a crop failure by an act of God the previous
5 year, the owner or lessee may submit an affidavit affirming that 10
6 percent of gross income for the past three years was from farming.

7 (e) Subject to legislative appropriations for the purpose, the
8 state shall reimburse a borough or city, as appropriate, for the prop-
9 erty tax revenues lost to it by the operation of this section.

10 Sec. 29.45.070. MOBILE HOMES. Mobile homes, trailers, house
11 trailers, trailer coaches and similar property used or intended to be
12 used for residential, office, or commercial purposes and attached to
13 the land or connected to water, gas, electric, or sewage facilities
14 are classified as real property for tax purposes unless expressly
15 classified as personal property by ordinance. This section does not
16 apply to house trailers and mobile homes that are unoccupied and held
17 for sale by persons engaged in the business of selling mobile homes.

18 Sec. 29.45.080. TAX ON OIL AND GAS PRODUCTION AND PIPELINE PROP-
19 erty. (a) A municipality may levy and collect taxes on taxable
20 property taxable under AS 43.56 only by using one of the methods set
21 out in (b) or (c) of this section.

22 (b) A municipality may levy and collect a tax on the full and
23 true value of taxable property taxable under AS 43.56 as valued by the
24 Department of Revenue at a rate not to exceed that which produces an
25 amount of revenue from the total municipal property tax equivalent to
26 \$1,500 a year for each person residing in its boundaries.

27 (c) A municipality may levy and collect a tax on the full and
28 true value of that portion of taxable property taxable under AS 43.56
29 as assessed by the Department of Revenue which value, when combined

1 with the value of property otherwise taxable by the municipality, does
2 not exceed the product of 225 percent of the average per capita
3 assessed full and true value of property in the state multiplied by
4 the number of residents of the taxing municipality.

5 (d) By February 1 of each assessment year a taxing municipality
6 must inform the Department of Revenue which method of taxation the
7 municipality will use.

8 (e) For purposes of this section, population shall be determined
9 by the commissioner based on the latest statistics of the United
10 States Bureau of the Census or on other reliable population data, and
11 the commissioner shall advise each municipality of its population by
12 January 15 of each year.

13 Sec. 29.45.090. TAX LIMITATION. (a) A municipality may not,
14 during a year, levy and tax for any purpose in excess of three percent
15 of the assessed value of property in the municipality. All property
16 on which a tax is levied shall be taxed at the same rate during the
17 year.

18 (b) A municipality, or combination of municipalities occupying
19 the same geographical area, in whole or in part, may not levy taxes

20 (1) that will result in tax revenues from all sources ex-
21 ceeding \$1,500 a year for each person residing within the municipal
22 boundaries; or

23 (2) upon value that, when combined with the value of prop-
24 erty otherwise taxable by the municipality, exceeds the product of 225
25 percent of the average per capita assessed full and true value of
26 property in the state multiplied by the number of residents of the
27 taxing municipality.

28 (c) The commissioner shall apportion the lawful levy and equi-
29 tably divide the tax revenues on the basis of need, services

1 performed, and other considerations in the public interest if two or
2 more municipalities occupying the same geographical area, in whole or
3 in part, attempt to levy a tax

4 (1) the combined levy of which would result in tax revenues
5 from all sources exceeding \$1,500 a year for each person residing
6 within the municipal boundaries; or

7 (2) upon value that, when combined with the value of prop-
8 erty otherwise taxable by the municipality, exceeds the product of 225
9 percent of the average per capita assessed full and true value of
10 property in the state multiplied by the number of residents of the
11 taxing municipality.

12 (d) For the purpose of (b) and (c) of this section, population
13 shall be determined by the commissioner based on the latest statistics
14 of the United States Bureau of the Census or on other reliable popula-
15 tion data.

16 Sec. 29.45.100. NO LIMITATIONS ON TAXES TO PAY BONDS. The
17 limitations provided for in AS 29.45.080 - 29.45.090 do not apply to
18 taxes levied or pledged to pay or secure the payment of the principal
19 and interest on bonds. Taxes to pay or secure the payment of princi-
20 pal and interest on bonds may be levied without limitation as to rate
21 or amount, regardless of whether the bonds are in default or in danger
22 of default.

23 Sec. 29.45.103. TAXATION RECORDS. (a) Municipal records deal-
24 ing with assessment, valuation or taxation may be inspected by the
25 State Assessor or a designee.

26 (b) If a municipality's assessment and valuation has been done
27 by a private contractor, records concerning the municipality's valua-
28 tion and assessment shall be made available to the State Assessor or a
29 designee on request.

1 Sec. 29.45.105. ERRORS IN TAXATION PROCEDURES. (a) If a
2 municipality receives a notice from the State Assessor that major
3 errors have been found in its assessment, valuation or taxation proce-
4 dures, the municipality shall correct its procedures before the begin-
5 ning of the next fiscal year or file an appeal under (b) of this
6 section.

7 (b) A municipality may appeal a notice from the State Assessor
8 that it has made a major error in assessment, valuation or taxation
9 procedures by filing an appeal with the commissioner within 30 days
10 after receipt of notice of error.

11 (c) The commissioner, after consulting with the Alaska Associa-
12 tion of Assessing Officers, shall render a decision within 60 days
13 after the receipt of a request under (b) of this section. If the
14 commissioner determines that a major error has been made in assess-
15 ment, valuation or taxation procedures the commissioner shall notify
16 the municipality of changes that must be made and the municipality
17 shall correct its procedures before the beginning of the next fiscal
18 year.

19 (d) If errors in its assessment, valuation or taxation proce-
20 dures have resulted in a loss of revenue to the state, the municipal-
21 ity shall reimburse the state for the amount of revenues lost.

22 Sec. 29.45.110. FULL AND TRUE VALUE. (a) The assessor shall
23 assess property at its full and true value as of January 1 of the
24 assessment year, except as provided in this section, AS 29.45.060, and
25 29.45.230. The full and true value is the estimated price that the
26 property would bring in an open market and under the then prevailing
27 market conditions in a sale between a willing seller and a willing
28 buyer both conversant with the property and with prevailing general
29 price levels.

1 (b) Assessment of business inventories may be based on the
2 average monthly method of assessment rather than the value existing on
3 January 1. The method used to assess business inventories shall be
4 prescribed by the governing body.

5 (c) In the case of cessation of business during the tax year,
6 the municipality may provide for reassessment of business inventories
7 using the average monthly method of assessment for the tax year rather
8 than the value existing on January 1 of the tax year, and for reduc-
9 tion and refund of taxes. In enacting an ordinance authorized by this
10 section, the municipality may prescribe procedures, restrictions, and
11 conditions of assessing or reassessing business inventories and of
12 remitting or refunding taxes.

13 Sec. 29.45.120. RETURNS. (a) The municipality may require each
14 person having ownership or control of or an interest in property to
15 submit a return in the form prescribed by the assessor, based on prop-
16 erty values existing on January 1, except as otherwise provided in
17 this chapter.

18 (b) The assessor may, by written notice, require a person to
19 provide additional information within 30 days.

20 Sec. 29.45.130. INDEPENDENT INVESTIGATION. (a) The assessor is
21 not bound to accept a return as correct. The assessor may make an
22 independent investigation of property returned or of taxable property
23 on which no return has been filed. In either case, the assessor may
24 make the assessor's own valuation of the taxable property and this
25 valuation is prima facie evidence of the value of the property.

26 (b) For investigation, the assessor or the assessor's agent may
27 enter a premise during reasonable hours and may examine property on
28 the premise. The assessor or the assessor's agent may examine all
29 property records involved. A person shall, on request, furnish to the

1 assessor or the assessor's agent every facility and assistance for the
2 investigation. The assessor may seek a court order to compel entry
3 and production of records needed for assessment purposes.

4 (c) An assessor may examine a person on oath. On request, the
5 person shall submit to examination at a reasonable time and place
6 selected by the assessor.

7 Sec. 29.45.140. VIOLATIONS. For knowingly failing to file a tax
8 statement required by ordinance or knowingly making a false affidavit
9 to a statement required by a tax ordinance relative to the amount,
10 location, kind or value of property subject to taxation with intent to
11 evade the taxation, a municipality may by ordinance prescribe a
12 penalty not to exceed a fine of \$1,000 or imprisonment for 90 days.

13 Sec. 29.45.150. REEVALUATION. A systematic reevaluation of
14 taxable real and personal property undertaken by the assessor, whether
15 of specific areas in which real property is located or of specific
16 classes of real or personal property to be assessed, shall be made
17 only in accordance with a resolution or other act of the municipality
18 directing a systematic reevaluation of all taxable property in the
19 municipality over the shortest period of time practicable, as fixed in
20 the resolution or act.

21 Sec. 29.45.160. ASSESSMENT ROLL. (a) The assessor shall pre-
22 pare an annual assessment roll. The roll shall contain

23 (1) a description of all taxable property;

24 (2) the assessed value of all taxable property;

25 (3) the names and addresses of persons with property sub-
26 ject to assessment and taxation.

27 (b) The assessor may list real property by any description that
28 may be made certain. Real property is assessed to the record owner.
29 The district recorder shall at least monthly provide the assessor a

1 copy of each recorded change of ownership showing the name and mailing
2 address of the owner and the name and mailing address of the person
3 recording the change of ownership. Other persons having an interest
4 in the property may be listed on the assessment records with the
5 owner. The person in whose name property is listed as owner is conclu-
6 sively presumed to be the legal record owner. If the property owner
7 is unknown, the property may be assessed to "unknown owner". An
8 assessment is not invalidated by a mistake, omission, or error in the
9 name of the owner, if the property is correctly described.

10 Sec. 29.45.170. ASSESSMENT NOTICE. (a) The assessor shall give
11 each person named in the assessment roll a notice of assessment,
12 showing the assessed value of the person's property. On each notice
13 is printed a brief summary of the dates when taxes are payable, delin-
14 quent, and subject to penalty and interest, and the dates when the
15 board of equalization will sit.

16 (b) Sufficient assessment notice is given if mailed by first
17 class mail 30 days before the equalization hearings. If the address
18 is not known to the assessor, the notice may be addressed to the
19 person at the post office nearest the property. Notice is effective
20 on the date of mailing.

21 Sec. 29.45.180. CORRECTIONS. (a) A person receiving an assess-
22 ment notice shall advise the assessor of errors or omissions in the
23 assessment of the person's property. The assessor may correct errors
24 or omissions in the roll before the board of equalization hearing.

25 (b) If errors found in the preparation of the assessment roll
26 are adjusted, the assessor shall mail a corrected notice allowing 30
27 days for appeal to the board of equalization.

28 Sec. 29.45.190. APPEAL. (a) A person whose name appears on the
29 assessment roll or the agent or assigns of that person may appeal to

1 the board of equalization for relief from an alleged error in valua-
2 tion not adjusted by the assessor to the taxpayer's satisfaction.

3 (b) The appellant shall, within 30 days after the date of mail-
4 ing of notice of assessment, submit to the assessor a written appeal
5 specifying grounds in the form that the board of equalization may
6 require. Otherwise, the right of appeal ceases unless the board of
7 equalization finds that the taxpayer was unable to comply.

8 (c) The assessor shall notify an appellant by mail of the time
9 and place of hearing.

10 (d) The assessor shall prepare for use by the board of equaliza-
11 tion a summary of assessment data relating to each assessment that is
12 appealed.

13 (e) A city in a borough may appeal an assessment to the borough
14 board of equalization in the same manner as a taxpayer. Within five
15 days after receipt of the appeal, the assessor shall notify the person
16 whose property assessment is being appealed by the city.

17 Sec. 29.45.200. BOARD OF EQUALIZATION. (a) The governing body
18 sits as a board of equalization for the purpose of hearing an appeal
19 from a determination of the assessor, or it may delegate this author-
20 ity to one or more boards appointed by it. An appointed board may be
21 composed of not less than three persons, who may be members of the
22 governing body, municipal residents, or a combination of members of
23 the governing body and residents. The governing body shall by ordi-
24 nance establish the qualifications for membership.

25 (b) The board of equalization is governed in its proceedings by
26 rules adopted by ordinance that are consistent with general rules of
27 administrative procedure. The board may alter an assessment of a lot
28 only pursuant to an appeal filed as to the particular lot.

29 (c) Notwithstanding other provisions in this section, a

1 determination of the assessor as to whether property is taxable under
2 law may be appealed directly to the superior court.

3 Sec. 29.45.210. HEARING. (a) If an appellant fails to appear,
4 the board of equalization may proceed with the hearing in the absence
5 of the appellant.

6 (b) The appellant bears the burden of proof. The only grounds
7 for adjustment of assessment are proof of unequal, excessive, im-
8 proper, or under valuation based on facts that are stated in a valid
9 written appeal or proven at the appeal hearing. If a valuation is
10 found to be too low, the board of equalization may raise the assess-
11 ment.

12 (c) The board of equalization shall certify its actions to the
13 assessor within seven days. Except as to supplementary assessments,
14 the assessor shall enter the changes and certify the final assessment
15 roll by June 1.

16 (d) An appellant or the assessor may appeal a determination of
17 the board of equalization to the superior court as provided by rules
18 of court applicable to appeals from the decisions of administrative
19 agencies. Appeals are heard on the record established at the hearing
20 before the board of equalization.

21 Sec. 29.45.220. SUPPLEMENTARY ASSESSMENT ROLLS. The assessor
22 shall include property omitted from the assessment roll on a supple-
23 mentary roll, using the procedures set out in this chapter for the
24 original roll.

25 Sec. 29.45.230. TAX ADJUSTMENTS ON PROPERTY AFFECTED BY A NATU-
26 RAL DISASTER. (a) The municipality may provide for assessment or
27 reassessment and reduction of taxes for property destroyed, damaged,
28 or otherwise reduced in value as a result of a natural disaster.

29 (b) An assessment or reassessment under this section may be made

1 by the assessor only upon the receipt of a sworn statement of the tax-
2 payer that losses exceed \$1,000. A reduction of taxes may be made
3 only on losses in excess of \$1,000 for the remainder of the year
4 following the disaster. On reassessment, the municipality shall
5 recompute this tax and refund taxes that have already been paid.

6 (c) The municipality shall give notice of assessment or re-
7 assessment under this section and shall hold an equalization hearing
8 as provided in this chapter, except that a notice of appeal must be
9 filed with the board of equalization within 10 days after notice of
10 assessment or reassessment is given to the person appealing. Other-
11 wise, the right of appeal ceases unless the board finds that the
12 taxpayer is unable to comply.

13 (d) In enacting an ordinance or resolution authorized by this
14 section the municipality may, consistent with this section, prescribe
15 procedures, restrictions, and conditions of assessing or reassessing
16 property and of remitting, refunding, or forgiving taxes.

17 (e) In this section "disaster" means a major disaster declared
18 by the President of the United States under the provisions of 42
19 U.S.C. sec. 1855 - 1855g (Federal Disaster Act of 1950), or other
20 federal law, or a disaster declared by the governor under AS 26.-
21 23.010 - 26.23.110.

22 Sec. 29.45.240. TAX LEVY AND RATE. (a) The power granted to a
23 municipality to assess, levy, and collect a property tax shall be
24 exercised by means of an ordinance. The rate of levy, the date of
25 equalization, and the date when taxes become delinquent shall be fixed
26 by resolution.

27 (b) A municipality shall annually determine the rate of levy
28 before June 15. By July 1 the tax collector shall mail tax statements
29 setting out the levy, dates when taxes are payable and delinquent, and

1 penalties and interest.

2 Sec. 29.45.250. RATES OF PENALTY AND INTEREST. (a) A penalty
3 not to exceed 20 percent of the tax due may be added to all delinquent
4 taxes, and interest not to exceed 15 percent a year shall accrue upon
5 all unpaid taxes, not including penalty, from the due date until paid
6 in full. A municipality may impose a penalty not to exceed 20 percent
7 of the tax due upon the late return of personal property assessment
8 forms. A penalty under this section may be imposed according to a
9 formula that increases the amount of the penalty as the length of time
10 increases during which payment is delinquent or assessment forms are
11 not returned.

12 (b) If a taxpayer is given the right to pay the tax in two in-
13 stallments, penalty and interest on an unpaid installment accrues from
14 the date the installment becomes due.

15 ARTICLE 2. ENFORCEMENT OF TAX LIENS.

16 Sec. 29.45.290. VALIDITY. Certified assessment and tax rolls
17 are valid and binding on all persons, notwithstanding a defect, error,
18 omission, or invalidity in the assessment rolls or proceedings per-
19 taining to the assessment roll.

20 Sec. 29.45.300. TAX LIABILITY. (a) The owner of assessed per-
21 sonal property is personally liable for the amount of taxes assessed
22 against the property. The tax, together with penalty and interest,
23 may be collected in a personal action brought in the name of the
24 municipality.

25 (b) Property taxes, together with penalty and interest, are a
26 lien upon the property assessed, and the lien is prior and paramount
27 to all other liens or encumbrances against the property.

28 Sec. 29.45.310. ENFORCEMENT OF PERSONAL PROPERTY TAX LIENS BY
29 DISTRAINT AND SALE. (a) A lien for personal property taxes may be

1 enforced by distraint and sale of the property. The municipality
2 shall provide the procedure for distraint and sale by ordinance. A
3 seizure, levy, or distraint is not legal unless demand is first made
4 of the person assessed for the amount of the tax, penalty, and inter-
5 est, and a sale is not valid unless made at public auction no sooner
6 than 15 days after notice is published. The seizure is made by virtue
7 of a warrant issued by the municipal clerk to a peace officer.

8 (b) If the personal property sold is not sufficient to satisfy
9 the tax, penalty, and interest, and costs of sale, the warrant may
10 authorize the seizure of other personal property sufficient to satisfy
11 the tax, penalty, interest, and costs of sale. If the property is
12 sold for more money than is needed to satisfy the tax, the municipal-
13 ity shall remit the excess to the former record owner upon presenta-
14 tion of a proper claim. A claim for the excess filed after six months
15 of the date of sale is forever barred.

16 Sec. 29.45.320. REAL PROPERTY TAX COLLECTION. (a) The munici-
17 pality shall enforce delinquent real property tax liens by annual
18 foreclosure, unless otherwise provided by ordinance.

19 (b) If the tax on property described in AS 29.45.070 or on a
20 taxable interest in tax-exempt property is not paid when due, a muni-
21 cipality may enforce the tax by a personal action against the delin-
22 quent taxpayer brought in the district or superior court, in addition
23 to other remedies available to enforce the lien.

24 Sec. 29.45.330. FORECLOSURE LIST. (a) A municipality shall

25 (1) annually present a petition for judgment and a certi-
26 fied copy of the foreclosure list for the previous year's delinquent
27 taxes in the superior court for judgment;

28 (2) publish the foreclosure list for four consecutive weeks
29 in a newspaper of general circulation distributed in the municipality

1 or, if there is no newspaper of general circulation distributed in the
2 municipality, post the list at three public places for at least 30
3 days;

4 (3) within 10 days after the first publication or posting,
5 mail to the last known owner of each property as the owner's name and
6 address appear on the list a notice advising of the foreclosure pro-
7 ceeding in which a petition for judgment of foreclosure has been filed
8 and describing the property and the amount due as stated on the list.

9 (b) The list shall be arranged in alphabetical order as to the
10 last name and shall include

11 (1) the last known owner;

12 (2) the property description as stated on the assessment
13 roll;

14 (3) years and amounts of delinquency;

15 (4) penalty and interest due;

16 (5) a statement that the list is available for public
17 inspection at the clerk's office;

18 (6) a statement that the list has been presented to the
19 superior court with a petition for judgment and decree.

20 (c) Completion of the requirements of (a) of this section con-
21 stitutes and has the same force and effect as the filing of an indi-
22 vidual and separate complaint and service of summons to foreclose a
23 lien against each property described on the foreclosure list.

24 Sec. 29.45.340. CLEARING DELINQUENCIES. During the publication
25 or posting of the foreclosure list and up to the time of transfer to
26 the municipality a person may pay the taxes, together with the penal-
27 ty, interest, and costs. The collector shall note payment on the
28 foreclosure list.

29 Sec. 29.45.350. LIST TO LIENHOLDER. A holder of a mortgage or

1 other lien on real property may request the clerk to send by certified
2 mail notice of a foreclosure list that includes the real property.

3 Sec. 29.45.360. GENERAL FORECLOSURE. A municipality shall bring
4 one general foreclosure proceeding in rem against the properties in-
5 cluded in the foreclosure list. If the owner is unknown, the property
6 is proceeded against as belonging to "unknown owner."

7 Sec. 29.45.370. ANSWER AND OBJECTION. A person having an inter-
8 est in a lot on the foreclosure list may file an answer within 30 days
9 after the date of last publication, specifying the person's objection.
10 The court shall make its decision in summary proceedings. The fore-
11 closure list is prima facie evidence that the assessment and levy of
12 the tax is valid and that the tax is unpaid.

13 Sec. 29.45.380. JUDGMENT. The court shall in a proper case give
14 judgment and decree that the tax liens be foreclosed. It is a several
15 judgment against each lot and a lien on each lot.

16 Sec. 29.45.390. TRANSFER AND APPEAL. (a) Foreclosed properties
17 are transferred to the municipality for the lien amount. When answers
18 are filed the court may enter judgment against and order the transfer
19 to the municipality of all other properties on the list pending deter-
20 mination of the matters in controversy. The court shall hear and
21 determine the issues raised by the complaint and answers in the same
22 manner and under the same rules as it hears and determines other
23 actions.

24 (b) The court clerk shall deliver a certified copy of the judg-
25 ment and decree to the municipal clerk. The certified judgment and
26 decree constitutes a transfer to the municipality.

27 (c) The judgment and decree stops objections to it that could
28 have been presented before judgment and decree. Appeal from a judg-
29 ment and decree of foreclosure, or from a final order in the

1 proceeding, may be taken in the manner provided for appeals in civil
2 actions.

3 Sec. 29.45.400. REDEMPTION PERIOD. Properties transferred to
4 the municipality are held by the municipality for at least one year.
5 During the redemption period a party having an interest in the prop-
6 erty may redeem it by paying the lien amount plus penalties, interest,
7 and costs, including all costs incurred under AS 29.45.440(a). Prop-
8 erty redeemed is subject to all accrued taxes, assessments, liens, and
9 claims as though it had continued in private ownership. Only the
10 amount applicable under the judgment and decree must be paid in order
11 to redeem the property.

12 Sec. 29.45.410. EFFECT. Receipt of redemption money by the
13 municipality releases the judgment obtained under AS 29.45.380. The
14 clerk or the clerk's designee shall record the redemption and issue a
15 certificate containing a property description, the redemption amount,
16 and the dates of judgment and decree of foreclosure. The clerk or the
17 clerk's designee shall collect the recording fee at the time of re-
18 demption and shall file the certificate with the record as part of the
19 judgment roll.

20 Sec. 29.45.420. ADDITIONAL LIENS. If a property included in a
21 foreclosure list is removed after payment of delinquencies or redemp-
22 tion by another lienholder, the payment represented by receipt for
23 payment constitutes an additional lien on the property, collectible by
24 the lienholder in the same manner as the original lien.

25 Sec. 29.45.430. POSSESSION DURING REDEMPTION PERIOD. Foreclo-
26 sure does not affect the former owner's right to possession during the
27 redemption period. If waste is committed by the former owner or by
28 anyone acting under the permission or control of the former owner, the
29 municipality may declare an immediate forfeiture of the right to

1 possession.

2 Sec. 29.45.440. EXPIRATION. (a) At least 30 days before the
3 expiration of the redemption period the clerk or the clerk's designee
4 shall publish a redemption period expiration notice. The notice shall
5 contain the date of judgment, the date of expiration of the period of
6 redemption, and a warning that all properties ordered sold under the
7 judgment, unless redeemed, shall be deeded to the municipality immedi-
8 ately on expiration of the period of redemption and that every right
9 or interest of a person in the properties will be forfeited forever to
10 the municipality. The notice appears once a week for four consecutive
11 weeks in a newspaper of general circulation distributed in the muni-
12 cipality. If there is no newspaper of general circulation distributed
13 in the municipality, the notice is posted in three public places for
14 at least four consecutive weeks. The clerk shall send a copy of the
15 notice by certified mail to each record owner of property against
16 which a judgment of foreclosure has been taken and, if the assessed
17 value of the property is more than \$10,000, to all holders of mort-
18 gages or other liens of record on the property. The notice shall be
19 mailed within five days after the first publication. The mailing
20 shall be sufficient if mailed to the property owner and to the holder
21 of a mortgage or recorded lien at the last address of record.

22 (b) The right of redemption expires 30 days after the date of
23 the first notice publication.

24 (c) Costs incurred in the determination of holders of mortgages
25 and other liens of record and costs of notice publication incurred by
26 a municipality under (a) of this section are a lien on the property
27 and may be recovered by the municipality.

28 Sec. 29.45.450. DEED TO BOROUGH OR CITY. (a) Unredeemed prop-
29 erty in the area of the borough outside all cities is deeded to the

1 borough by the clerk of the court. Unredeemed property in a city is
2 deeded to the city subject to the payment by the city of unpaid bor-
3 ough taxes and costs of foreclosure levied against the property before
4 foreclosure. The deed shall be recorded in the recording district in
5 which the property is located.

6 (b) Conveyance gives the municipality clear title, except for
7 prior recorded tax liens of the United States and the state.

8 (c) If unredeemed property lies in a city and if the city has no
9 immediate public use for the property but the borough does have an
10 immediate public use, the city shall deed the property to the borough.
11 If unredeemed property lies in the borough outside all cities and if
12 the borough does not have an immediate public use for the property but
13 a city does have an immediate public use, the borough shall deed the
14 property to the city.

15 (d) No deed is invalid for irregularities, omissions, or defects
16 in the proceedings under this chapter unless the former owner has been
17 misled so as to be injured. Two years after the date of the deed, its
18 validity is conclusively presumed and a claim of the former owner or
19 other person having an interest in the property is forever barred.

20 Sec. 29.45.460. DISPOSITION AND SALE OF FORECLOSED PROPERTY.

21 (a) The municipality shall determine by ordinance whether foreclosed
22 property deeded to the municipality shall be retained for a public
23 purpose. The ordinance shall contain the legal description of the
24 property, the address or a general description of the property suffi-
25 cient to provide the public with notice of its location, and the name
26 of the last record owner of the property as the name appears on the
27 assessment rolls.

28 (b) Tax-foreclosed property conveyed to a municipality by tax
29 foreclosure and not required for a public purpose may be sold. Before

1 the sale of tax-foreclosed property held for a public purpose, the
2 municipality, by ordinance, shall determine that a public need does
3 not exist. The ordinance shall contain the information required under
4 (a) of this section.

5 (c) The clerk or the clerk's designee shall send a copy of the
6 published notice of hearing of an ordinance to consider a determina-
7 tion required under (a) or (b) of this section by certified mail to
8 the former record owner of the property that is the subject of the
9 ordinance. The notice shall be mailed within five days after its
10 first publication and shall be sufficient if mailed to the last record
11 owner of the property as the name appears on the assessment rolls of
12 the municipality.

13 (d) The provisions of (c) of this section do not apply with
14 respect to property that has been held by the municipality for a
15 period of more than 10 years after the close of the redemption period.

16 Sec. 29.45.470. REPURCHASE BY RECORD OWNER. (a) The record
17 owner at the time of tax foreclosure of property acquired by a muni-
18 cipality, or the assigns of that record owner, may, within 10 years
19 and before the sale or contract of sale of the tax-foreclosed property
20 by the municipality, repurchase the property. The municipality shall
21 sell the property for the full amount applicable to the property under
22 the judgment and decree, with interest not to exceed 15 percent a year
23 from the date of entry of the judgment of foreclosure to the date of
24 repurchase, delinquent taxes assessed and levied as though it had
25 continued in private ownership, and costs of foreclosure and sale.

26 (b) After adoption of an ordinance providing for the retention
27 of tax-foreclosed property by the municipality for a public purpose,
28 the right of the former record owner to repurchase the property
29 ceases.

1 Sec. 29.45.480. PROCEEDS OF TAX SALE. (a) On sale of fore-
2 closed real or personal property the municipality shall divide the
3 proceeds less cost of collection, between the borough and the city
4 having unpaid taxes against the property. The division is in propor-
5 tion to the respective municipal taxes against the property at the
6 time of foreclosure.

7 (b) If tax-foreclosed real property that has been held by a
8 municipality for less than 10 years after the close of the redemption
9 period and never designated for a public purpose is sold at a tax-
10 foreclosure sale, the former record owner is entitled to the portion
11 of the proceeds of the sale that exceeds the amount of unpaid taxes,
12 the amount equal to taxes that would have been assessed and levied
13 after foreclosure if the property had continued in private ownership,
14 penalty, interest, and costs to the municipality of foreclosing and
15 selling the property. If the proceeds of the sale of tax-foreclosed
16 property exceed the total of unpaid and delinquent taxes, penalty,
17 interest, and costs, the municipality shall provide the former owner
18 of the property written notice advising of the amount of the excess
19 and the manner in which a claim for the balance of the proceeds may be
20 submitted. Notice is sufficient under this subsection if mailed to
21 the former record owner at the last address of record of the former
22 record owner. On presentation of a proper claim, the municipality
23 shall remit the excess to the former record owner. A claim for the
24 excess filed after six months of the date of sale is forever barred.

25 Sec. 29.45.490. PAYMENT OF TAXES UPON PUBLIC UTILIZATION. If a
26 municipality takes title to tax-foreclosed property for a public pur-
27 pose, the municipality shall satisfy unpaid taxes and assessments
28 against the property held by other municipalities, with accrued inter-
29 est but without penalty. If the amount required to satisfy the unpaid

1 taxes and assessments exceeds the assessed value of the property, the
2 municipality shall pay the other municipalities the assessed value,
3 which shall be divided between the other municipalities in proportion
4 to their respective taxes and assessments against the property at the
5 time of foreclosure.

6 Sec. 29.45.500. REFUND OF TAXES. (a) If a taxpayer pays taxes
7 under protest, the taxpayer may bring suit in the superior court
8 against the municipality for recovery of the taxes. If judgment for
9 recovery is given against the municipality, or, if in the absence of
10 suit, it becomes obvious to the governing body that judgment for
11 recovery of the taxes would be obtained if legal proceedings were
12 brought, the municipality shall refund the amount of the taxes to the
13 taxpayer with interest at eight percent from the date of payment plus
14 costs.

15 (b) If, in payment of taxes legally imposed, a remittance by a
16 taxpayer through error or otherwise exceeds the amount due, and the
17 municipality, on audit of the account in question, is satisfied that
18 this is the case, the municipality shall refund the excess to the tax-
19 payer with interest at eight percent from the date of payment. A
20 claim for refund filed one year after the due date of the tax is
21 forever barred.

22 (c) The governing body may correct manifest clerical errors at
23 anytime.

24 ARTICLE 3. CITY PROPERTY TAX.

25 Sec. 29.45.550. CITIES OUTSIDE BOROUGHES. Home rule and first
26 class cities outside boroughs may assess, levy, and collect a property
27 tax. A property tax if levied must be assessed, levied, and collected
28 as provided by AS 29.45.010 - 29.45.500.

29 Sec. 29.45.560. CITIES INSIDE BOROUGHES. Home rule and first

1 class cities inside boroughs may levy a property tax. A property tax,
2 if levied, is subject to AS 29.45.010 - 29.45.050, 29.45.090 - 29.45.-
3 100, 29.45.250, 29.45.400 - 29.45.440 and 29.45.460 - 29.45.500. The
4 council shall by June 15 of each year present to the assembly a state-
5 ment of the city's rate of levy unless a different date is agreed upon
6 by the borough and city.

7 Sec. 29.45.570. APPLICATION. AS 29.45.010 - 29.45.570 apply to
8 home rule and general law municipalities.

9 Sec. 29.45.580. DIFFERENTIAL TAX ZONES. A city may by ordinance
10 establish, alter, and abolish differential tax zones to provide and
11 levy property taxes for services not provided generally in the city or
12 a different level of service than that provided generally in the city.

13 Sec. 29.45.590. LIMITED PROPERTY TAXING POWER FOR SECOND CLASS
14 CITIES. A second class city may by referendum levy property taxes as
15 provided for first class cities. However, levy by a second class city
16 may not exceed one-half of one percent of the assessed value of the
17 property taxed, except that the limit does not apply to a levy neces-
18 sary to avoid a default upon payment of principal and interest of
19 bonded or other indebtedness that is secured by a pledge to levy ad
20 valorem or other taxes without limit to meet debt payments.

21 Sec. 29.45.600. COMBINING PROPERTY TAX WITH INCORPORATION OF A
22 SECOND CLASS CITY. A petition for second class city incorporation may
23 request that a property tax proposal be placed on the same ballot.
24 The petition must state the proposed tax rate. The petition may re-
25 quest that incorporation be dependent on the passage of the property
26 tax proposition. If so, the incorporation proposition fails if the
27 property tax fails.

28 ARTICLE 4. BOROUGH SALES AND USE TAX.

29 Sec. 29.45.650. SALES AND USE TAX. (a) A borough may levy and

1 collect a sales tax not exceeding six percent on sales, rents, and on
2 services provided in the borough. The sales tax may apply to any or
3 all of these sources. Exemptions may be granted by ordinance.

4 (b) A borough levying a sales tax may also by ordinance levy a
5 use tax on the storage, use, or consumption of tangible personal
6 property in the borough. The use tax rate must equal the sales tax
7 rate and the use tax shall be levied only on buyers.

8 (c) A person who furnishes proof, in the form required by the
9 borough tax collector, that the person has paid a sales tax on the
10 source on which a use tax is levied by the borough is required to pay
11 the use tax only to the extent of the difference between the amount of
12 the sales tax paid and the amount of the use tax levied by the bor-
13 ough. This subsection applies to a sales tax levied in any taxing
14 jurisdiction whether inside or outside the state.

15 (d) If the assembly charges interest on sales taxes not paid
16 when due, the rate of interest may not exceed 15 percent a year on the
17 delinquent taxes and shall be charged from the due date until paid in
18 full. This subsection applies to home rule and general law municipal-
19 ities.

20 (e) A borough may provide for the creation, recording, and
21 notice of a lien on real or personal property to secure the payment of
22 a sales and use tax, and the interest, penalties, and administration
23 costs in the event of delinquency. When recorded, a lien authorized
24 under this section has priority over other liens except those for
25 property taxes and special assessments.

26 Sec. 29.45.660. NOTICE OF SALES AND USE TAX. (a) If the bor-
27 ough levies and collects only a sales tax and use tax, the assembly
28 shall provide a notice substantially in the form set out in AS 29.45.-
29 020. In providing notice under this subsection, the assembly shall

1 substitute for the millage equivalency its estimate of the equivalent
2 sales tax rate for each of the categories of financial assistance set
3 out in AS 29.45.020. Notice shall be provided

4 (1) by publishing in a newspaper of general circulation in
5 the borough a copy of the notice once each week for a period of three
6 successive weeks, with publication to occur not later than 45 days
7 after the final adoption of the borough's budget; or

8 (2) if there is no newspaper of general circulation in the
9 borough, by posting a copy of the notice for at least 20 days in at
10 least two public places in the borough, with posting to occur not
11 later than 45 days after the final adoption of the borough's budget.

12 (b) Compliance with the provisions of this section is a prereq-
13 uisite to receipt of municipal tax resource equalization assistance
14 under AS 29.60.010 - 29.60.080 and state aid for miscellaneous munici-
15 pal services under AS 29.60.100 - 29.60.180. The department shall
16 withhold annual allocations under those sections until municipal
17 officials demonstrate that the requirements of this section have been
18 met.

19 Sec. 29.45.670. REFERENDUM, ADOPTION, AND MODIFICATION. A new
20 sales and use tax or an increase in the rate of levy of a sales tax
21 approved by ordinance does not take effect until ratified by a major-
22 ity of the voters at an election.

23 ARTICLE 5. CITY SALES AND USE TAXES.

24 Sec. 29.45.700. POWER OF LEVY. (a) A city in a borough that
25 levies and collects areawide sales and use taxes may levy sales and
26 use taxes on all sources taxed by the borough in the manner provided
27 for boroughs, except that the assembly may by ordinance authorize a
28 city to levy and collect sales and use taxes on other sources.

29 (b) A city in a borough that does not levy and collect sales and

1 use taxes for areawide borough functions may levy and collect sales
2 and use taxes in the manner provided for boroughs.

3 (c) A city outside a borough may levy and collect sales and use
4 taxes in the manner provided for boroughs.

5 Sec. 29.45.710. COMBINING SALES AND USE TAX WITH INCORPORATION
6 OF A SECOND CLASS CITY. A petition for incorporation of a second
7 class city may request that a sales and use tax proposal be placed on
8 the same ballot. The petition must state the proposed tax rate. The
9 petition may request that incorporation be dependent on the passage of
10 the tax proposition. If so, the incorporation proposition fails if
11 the tax fails.

12 * Sec. 13. AS 29 is amended by adding a new chapter to read:

13 CHAPTER 46. SPECIAL ASSESSMENTS.

14 Sec. 29.46.010. ASSESSMENT AND PROPOSAL. The municipality may
15 assess against the property of a state or federal governmental unit
16 and private real property to be benefited by an improvement all or a
17 portion of the cost of acquiring, installing, or constructing capital
18 improvements. The state shall pay an assessment levied, except as
19 otherwise provided by law and subject to its right of protest under
20 AS 29.46.020(b). If a governmental unit other than the state benefit-
21 ed by an improvement refuses to pay the assessment, it shall be denied
22 the benefit of the improvement. An improvement proposal may be initi-
23 a.ed by

24 (1) petition to the governing body of the owners of one-
25 half in value of the property to be benefited; or

26 (2) the governing body.

27 Sec. 29.46.020. PROCEDURE. (a) The municipality may prescribe
28 by ordinance the procedures relating to creating special assessment
29 districts, making local improvements, levying and collecting

1 assessments, and financing improvements, including the following:

2 (1) a procedure for filing petitions;

3 (2) a survey and report by the mayor concerning the need
4 for, desirable extent of, and estimated cost of each proposed local
5 improvement;

6 (3) a public hearing on the necessity for the proposed
7 local improvement;

8 (4) a resolution or ordinance determining to proceed or not
9 to proceed with the proposed local improvement;

10 (5) a public hearing by the governing body on the special
11 assessment roll for the proposed local improvement;

12 (6) published notice of each public hearing required by
13 this section and mailing notice to each record owner of real property
14 in the special assessment district;

15 (7) a resolution or ordinance confirming the special as-
16 sessment roll for the proposed local improvement.

17 (b) If protests as to the necessity of a proposed local improve-
18 ment are made by owners of property that will bear 50 percent or more
19 of the estimated cost of the improvement, the governing body may not
20 proceed with the improvement until the objections have been reduced to
21 less than 50 percent, except on approval of not fewer than three-
22 fourths of the governing body.

23 (c) To the extent that the municipality does not prescribe a
24 procedure for special assessments as permitted by this section, the
25 municipality shall comply with the special assessment procedures set
26 out in AS 29.46.030 - 29.46.100.

27 Sec. 29.46.030. CREATION OF DISTRICT. (a) When an improvement
28 proposal is filed with the municipal clerk and presented to the gov-
29 erning body, the municipality shall find by resolution or ordinance

1 whether (1) the improvement requested is necessary and should be made,
2 and (2) if by petition, the request has sufficient and proper peti-
3 tioners. The findings under this section are conclusive.

4 (b) If the municipality approves an improvement proposal, it
5 shall develop a proposed improvement plan including the total cost
6 estimate and the percentage of the cost to be assessed against the
7 benefited property. The improvement plan shall be filed with the
8 municipal clerk.

9 (c) The governing body shall set a time for public hearing on
10 the improvement plan and the period for filing objections to the plan.
11 The governing body shall publish a notice of the hearing and of the
12 period during which objections may be filed at least once a week for
13 four consecutive weeks in a newspaper of general circulation if dis-
14 tributed in the municipality and shall send notice by mail to every
15 record owner of property in the special assessment district.

16 Sec. 29.46.040. RECORD OWNER. The person in whose name property
17 is listed on the municipal property tax roll as owner is conclusively
18 presumed to be the legal owner of record. If the owner is unknown,
19 the assessment roll may designate "unknown owner".

20 Sec. 29.46.050. OBJECTIONS AND REVISION. (a) Objections to an
21 improvement plan may be filed during a period of 60 days after publi-
22 cation of notice. The municipality may by resolution or ordinance
23 approve the plan and order the improvement subject to the limitation
24 of (b) of this section.

25 (b) If objections are made in writing during the period set for
26 objections by the owners of property bearing 50 percent or more of the
27 estimated total cost of the improvement, the governing body may not
28 proceed with the improvement unless it revises the plan to meet the
29 objections and the objections are reduced to less than 50 percent. A

1 revised plan shall be approved and adopted as an original plan in
2 accordance with AS 29.46.030.

3 Sec. 29.46.060. ASSESSMENT ROLL. (a) At any time after ap-
4 proval of an improvement plan, the governing body shall assess the
5 authorized percentage of the cost against property in the district
6 included in the plan in proportion to the benefit received.

7 (b) The special assessment roll shall contain property descrip-
8 tions, names of record owners, and assessment amounts.

9 (c) The governing body shall fix a time to hear objections to
10 the roll. The municipal clerk shall send an assessment and hearing
11 notice by mail to each record owner of an assessed property not less
12 than 15 days before the hearing.

13 Sec. 29.46.070. HEARING AND SETTLEMENT. After the public hear-
14 ing, the governing body shall correct errors and inequalities in the
15 roll. If an assessment is increased, a new hearing shall be set and
16 notice published, except that a new hearing and notice is not required
17 if all record owners of property subject to the increased assessment
18 consent in writing to the increase. Objections to the increased
19 assessment shall be limited to record owners of property on which the
20 assessment was increased. When the roll is corrected, it shall be
21 confirmed by resolution or ordinance.

22 Sec. 29.46.080. PAYMENT. (a) The governing body shall fix
23 times of payment, penalties on delinquent payments, and the rate of
24 interest on the unpaid balance of the assessment. Payment may be in
25 one sum or by installments. If payment is to be in one sum, payment
26 may not be required sooner than 60 days after mailing of the assess-
27 ment statement. The entire assessment may be prepaid without interest
28 or penalty within 30 days after mailing of the assessment statement,
29 and thereafter the assessment may be prepaid in whole or in part with

1 interest to the payment date.

2 (b) Within 30 days after fixing the time of payment the municipi-
3 pal clerk shall mail a statement to the record owner of each property
4 assessed. The statement designates the property, the assessment
5 amount, method of payment, rate of interest on the unpaid balance of
6 the assessment, the time of delinquency, and penalties on delinquent
7 payments. Within five days after the statements are mailed, the clerk
8 shall have notice published that the statements have been mailed.

9 (c) Assessments are liens on the property assessed and are prior
10 and paramount to all liens except municipal tax liens. They may be
11 enforced as provided in AS 29.45.320 - 29.45.470 for enforcement of
12 property tax liens.

13 Sec. 29.46.090. EXEMPTION. (a) The real property owned and
14 occupied by a resident 65 years of age or over, or the spouse, widow,
15 widower, or minor heir of the original applicant, on which is located
16 only the permanent abode of the applicant that is a single-family
17 residence, is exempt from (1) special sewer assessments levied by a
18 municipality after September 2, 1975, and (2) special water assess-
19 ments levied by a municipality after September 2, 1975. Only one
20 exemption may be granted with respect to the same property, and, if
21 two or more persons are eligible for an exemption with respect to the
22 same property, the parties shall decide between or among themselves
23 which shall receive the benefit of the exemption. Real property may
24 not be exempted under this subsection that the municipality deter-
25 mines, after notice and hearing to the parties concerned, has been
26 conveyed to the applicant primarily for the purpose of obtaining the
27 exemption. The determination of the municipality is appealable under
28 AS 44.62.560 - 44.62.570.

29 (b) An exemption may not be granted under this section except

1 upon written application for the exemption on a form prescribed by the
2 state assessor for use by local assessors and in accordance with the
3 following requirements:

4 (1) The claimant must file the initial application during
5 the period of time between the date the assessment roll is confirmed
6 and the time of payment fixed by the governing body. Within one year
7 after the date the assessment roll is confirmed the governing body for
8 good cause shown may waive the claimant's failure to make timely
9 initial application for the exemption and authorize the assessor to
10 accept the application as if timely filed.

11 (2) A claimant receiving the exemption must file with the
12 assessor by March 15 of each subsequent year a separate application
13 proving eligibility as of January 1 in order to retain the exemption.
14 Within the same year the assessor for good cause shown may waive the
15 claimant's failure to make timely application and approve the applica-
16 tion as if timely filed.

17 (3) If an application is filed within the required time
18 under this subsection and is approved by the governing body, the
19 exemption shall be allowed in accordance with the provisions of this
20 section. If a waiver under this subsection is granted and the appli-
21 cation for exemption approved, the amount of any assessment, penalty,
22 or interest that the claimant has already paid on the assessment shall
23 be refunded to the claimant. The municipality may at any time require
24 proof in the form considered necessary of the right and amount of an
25 exemption claimed under this section.

26 (c) The state shall reimburse a municipality for the sewer and
27 water assessment revenues that it would receive but for the operation
28 of this section. Reimbursement under this subsection is a lien in
29 favor of the state against the property exempted to the extent of the

1 assessment against the property exempted. When properly recorded, the
2 lien is prior and superior to other liens against the property except
3 for property taxes or other special assessments and may be enforced by
4 lien foreclosure. The lien becomes immediately due and payable

5 (1) upon sale or other transfer of the property except to a
6 spouse, widow, widower, or minor heir; however, if the property is
7 transferred to a minor heir the lien becomes due and payable on the
8 date the minor heir reaches the age of 25 years;

9 (2) when property exempted under (a)(1) or (2) of this
10 section receives more than one sewer connection or more than one water
11 connection; or

12 (3) when the claimant fails to prove eligibility under
13 (b)(2) of this section.

14 (d) This section applies to home rule and general law municipal-
15 ities.

16 (e) In this section

17 (1) "minor heir" means a person who, at the time of trans-
18 fer of the property, has not attained the age of 19 years or who, if
19 under 22 years of age, is a full-time student at an educational insti-
20 tution or a member of the armed forces of the United States;

21 (2) "real property" includes, but is not limited to, mobile
22 homes, whether classified as real or personal property for municipal
23 tax purposes.

24 Sec. 29.46.100. REASSESSMENT. (a) The governing body shall
25 within one year correct any deficiency in a special assessment found
26 by a court. Notice and hearing must conform to the initial assessment
27 procedures.

28 (b) Payments on the initial assessment are credited to the prop-
29 erty upon reassessment. The reassessment becomes a charge upon the

1 property notwithstanding failure to comply with any provision of the
2 assessment procedure.

3 Sec. 29.46.110. ALLOWABLE COSTS. (a) When a special assessment
4 district is created, there may be included in the assessments

5 (1) all of the cost of acquiring, installing, making, or
6 constructing the local improvement;

7 (2) the costs of all engineering and surveying to be done
8 in connection with creating the district or improvement;

9 (3) the cost of mailing and publishing notices;

10 (4) interest on interim financing;

11 (5) the cost of legal services and other expenses incurred
12 in the formation of the special assessment district;

13 (6) the cost of completing the improvement and financing
14 the improvement, including the issuance of bonds.

15 (b) The total amount of the assessment roll may not exceed
16 actual costs, but actual costs may include reasonable estimates of the
17 costs to be incurred in connection with issuance of bonds.

18 Sec. 29.46.120. OBJECTION AND APPEAL. (a) The validity of an
19 assessment may not be contested by a person who did not file with the
20 municipal clerk a written objection to the assessment roll before its
21 confirmation.

22 (b) The decision of the governing body on an objection may be
23 appealed to the superior court within 30 days after the date of con-
24 firmation of the assessment roll. If no objection is filed or appeal
25 taken within that time, the assessment procedure is considered valid
26 in all respects.

27 Sec. 29.46.130. INTERIM FINANCING. (a) A municipality may
28 provide by resolution or ordinance for the issuance of notes in pay-
29 ment of the costs of a local improvement project, payable out of

1 special assessments for the improvement. The notes shall bear inter-
2 est at a rate or rates authorized by the resolution or ordinance, and
3 shall be redeemed either in cash or bonds for the improvement project.

4 (b) Notes issued against assessments shall be claims against the
5 assessments that are prior and superior to a right, lien or claim of a
6 surety on the bond given to the municipality to secure the performance
7 of its contract for a local improvement project, or to secure the
8 payment of persons who have performed work or furnished materials
9 under the contract.

10 (c) The municipal treasurer may accept notes against special
11 assessments on conditions prescribed by the governing body in payment
12 of

13 (1) assessments against which the notes were issued in
14 order of priority;

15 (2) judgments rendered against property owners who have
16 become delinquent in the payment of assessments; and

17 (3) certificates of purchase when property has been sold
18 under execution or at tax sale for failure to pay the assessments.

19 Sec. 29.46.140. SPECIAL ASSESSMENT BONDS. (a) The municipality
20 may by ordinance authorize the issuance and sale of special assessment
21 bonds to pay all or part of the cost of an improvement in a special
22 assessment district. The principal and interest of bonds issued shall
23 be payable solely from the levy of special assessments against the
24 property to be benefited. The assessments shall constitute a sinking
25 fund for the payment of principal and interest on the bonds. The
26 benefited property may be pledged by the governing body to secure a
27 payment.

28 (b) On default in a payment due on a special assessment bond, a
29 bondholder may enforce payment of principal, interest, and costs of

1 collection in a civil action in the same manner and with the same
2 effect as actions for the foreclosure of mortgages on real property.
3 Foreclosure shall be against all property on which assessments are in
4 default. The period for redemption is the same as for a mortgage
5 foreclosure on real property.

6 (c) Before the governing body may issue special assessment
7 bonds, it shall establish a guarantee fund and appropriate to the fund
8 annually a sum adequate to cover a deficiency in meeting payments of
9 principal and interest on bonds if the reason for the deficiency is
10 nonpayment of assessments when due. Money received from actions taken
11 against property for nonpayment of assessments shall be credited to
12 the guarantee fund.

13 * Sec. 14. AS 29 is amended by adding a new chapter to read:

14 CHAPTER 47. MUNICIPAL DEBT.

15 ARTICLE 1. REVENUE ANTICIPATION NOTES.

16 Sec. 29.47.010. BORROWING IN ANTICIPATION OF REVENUE. A muni-
17 cipality that is authorized to incur indebtedness may borrow money to
18 meet appropriations for any fiscal year in anticipation of the collec-
19 tion of the revenues for that year, but all debt so contracted shall
20 be paid before the end of the next fiscal year. Negotiable or nonne-
21 gotiable revenue anticipation notes may be issued as evidence of the
22 borrowing.

23 Sec. 29.47.020. ISSUANCE OF NOTES. A municipality may by ordi-
24 nance or resolution authorize the issuance of revenue anticipation
25 notes. The governing body may delegate to its chief fiscal officer
26 the power to issue the notes from time to time under the terms and
27 conditions of the ordinance or resolution that provides for the manner
28 of their sale.

29 Sec. 29.47.030. ISSUANCE OF NOTES IN ANTICIPATION OF STATE,

1 FEDERAL GRANTS. (a) A municipality, on adoption of a long-range
2 capital improvement budget by ordinance or resolution, may by
3 resolution provide for negotiable or nonnegotiable revenue
4 anticipation notes in an amount not to exceed the total amount of any
5 state or federal grants finally committed for these projects. The
6 notes mature no later than the end of the next fiscal year. The notes
7 may be for single or multiple projects outlined in the adopted capital
8 improvement budget.

9 (b) If the state or federal grants for capital improvement pro-
10 jects have not been paid to the municipality before maturity of the
11 notes issued in anticipation of the receipt of the revenue, the gov-
12 erning body may issue new notes in order to meet payment of the notes
13 then maturing or may renew the outstanding revenue anticipation notes.
14 New notes issued or renewals of outstanding revenue anticipation notes
15 mature not later than the end of the next fiscal year.

16 Sec. 29.47.040. PRIORITY OF REPAYMENT. The payment of the
17 principal and interest on revenue anticipation notes is payable from
18 revenues, and their payment additionally shall be secured by a pledge
19 of the full faith and credit of the municipality issuing them.

20 ARTICLE 2. BOND ANTICIPATION NOTES.

21 Sec. 29.47.080. BOND ANTICIPATION BORROWING. A municipality may
22 borrow money in anticipation of the sale of general obligation and
23 revenue bonds if

24 (1) the general obligation bonds to be sold have been
25 authorized by ordinance and ratified by a majority vote at an elec-
26 tion;

27 (2) the revenue bonds to be sold have been authorized by
28 ordinance.

29 Sec. 29.47.090. ISSUANCE OF NOTES. The governing body shall

1 issue negotiable or nonnegotiable notes for the amounts borrowed with
2 a maturity date not to exceed one year from the date of issue. All
3 notes and the interest on them are payable at fixed places on or
4 before a fixed time from the proceeds of the sale of bonds in antici-
5 pation of which the original note or notes were issued, unless the
6 bonds have not been sold by the maturity date of the notes.

7 Sec. 29.47.100. ISSUANCE OF NEW NOTES. If the sale of the bonds
8 has not occurred before the maturity of the notes issued in antici-
9 pation of the sale, the governing body shall issue new notes in order to
10 meet payment of the notes then maturing, or shall renew the outstand-
11 ing bond anticipation notes. New notes issued or renewals of out-
12 standing bond anticipation notes bear a maturity date not to exceed
13 one year from the date of issue. Notes, new notes, and renewals of
14 notes may not be outstanding for a total elapsed time of more than
15 three years.

16 Sec. 29.47.110. REPAYMENT OF NOTES. Every note is payable from
17 the proceeds of the sale of bonds that the notes anticipated or from
18 the proceeds of the sale of new bond anticipation notes.

19 Sec. 29.47.120. SECURITY. (a) Notwithstanding other provisions
20 of this chapter as to payment of notes, notes issued in anticipation
21 of the sale of general obligation bonds and the interest on them are
22 secured by the full faith and credit of the municipality. The muni-
23 cipality may levy ad valorem taxes for payment without limitation of
24 rate or amount.

25 (b) Notes issued in anticipation of the sale of revenue bonds
26 and the interest on them are secured in the same manner as are the
27 revenue bonds in anticipation of which the notes are issued.

28 Sec. 29.47.130. LIMITATION. The total amount of notes issued
29 and outstanding may at no time exceed the total amount of bonds

1 authorized to be issued.

2 Sec. 29.47.140. USE OF PROCEEDS. The proceeds from the sale of
3 notes shall be used only for the purposes for which the proceeds from
4 the sale of bonds may be used, or to meet payment of outstanding bond
5 anticipation notes.

6 ARTICLE 3. GENERAL OBLIGATION BONDS.

7 Sec. 29.47.180. GENERAL OBLIGATION BONDS. A municipality may
8 acquire, construct, improve, and equip capital improvements and issue
9 negotiable or nonnegotiable general obligation bonds for these pur-
10 poses.

11 Sec. 29.47.190. VOTE AND NOTICE OF EXISTING INDEBTEDNESS RE-
12 QUIRED. (a) A municipality may incur general obligation bond debt
13 only after a bond authorization ordinance is approved by a majority
14 vote at an election. Any municipal voter may vote in the bond elec-
15 tion, except as otherwise provided by law.

16 (b) Before a general obligation bond issue election, the govern-
17 ing body shall have published a notice of the total existing bond
18 indebtedness at least once a week for three consecutive weeks. The
19 first notice shall be published at least 20 days before the date of
20 the election. A notice shall include

21 (1) the current total general obligation bonded indebted-
22 ness, including authorized but unsold bonds of the municipality;

23 (2) the cost of the debt service on the current indebted-
24 ness;

25 (3) the total assessed value of property in the municipal-
26 ity.

27 Sec. 29.47.200. PAYMENT. (a) The full faith and credit of a
28 municipality are pledged for the payment of principal and interest on
29 general obligation bonds. The municipality may levy ad valorem taxes

1 for payment without limitation of rate or amount to pay or secure the
2 payment of the principal and interest on bonds, regardless of whether
3 the bonds are in default or in danger of default.

4 (b) General obligation bonds issued for acquiring, constructing,
5 improving and equipping a municipally owned utility or other revenue-
6 generating enterprise may be additionally secured by a pledge of the
7 revenue derived from operation. Bonds so secured are not subject to a
8 debt limitation imposed by a home rule charter. This subsection
9 applies to home rule and general law municipalities.

10 ARTICLE 4. REVENUE BONDS.

11 Sec. 29.47.240. REVENUE BONDS. (a) A municipality may issue
12 negotiable or nonnegotiable revenue bonds for a public enterprise or
13 public corporation of the municipality where the only security is the
14 revenue of the public enterprise or corporation.

15 (b) A municipality may issue its revenue bonds to finance the
16 purchase of residential mortgage loans. The revenue bonds issued
17 under this subsection are payable solely from the principal and inter-
18 est of the mortgage loans and from other amounts pledged by the muni-
19 cipality, except the pledge of revenues derived from taxes. Revenue
20 bonds issued under this subsection do not constitute a general obli-
21 gation of the municipality.

22 Sec. 29.47.250. NO ELECTION REQUIRED. An election is not re-
23 quired to authorize the issuance and sale of revenue bonds, unless
24 otherwise provided by ordinance.

25 Sec. 29.47.260. CONSTRUCTION. The prohibitions of AS 37.10.085
26 do not apply to the issuance of revenue bonds or the use of proceeds
27 from revenue bonds by a home rule or general law municipality.

28 ARTICLE 5. REFUNDING BONDS.

29 Sec. 29.47.300. AUTHORIZATION. If a municipality has

1 outstanding general obligation or revenue bonds and the governing body
2 determines that it would be financially advantageous to refund the
3 bonds, the municipality may provide by ordinance or resolution for the
4 issuance of negotiable or nonnegotiable

5 (1) general obligation refunding bonds; or

6 (2) revenue refunding bonds.

7 Sec. 29.47.310. EFFECT OF REFUNDING BONDS. The refunding bonds
8 may take up and refund all or part of outstanding bonds at or before
9 their maturity or redemption date. The governing body may include
10 various series and issues of bonds in a single issue of refunding
11 bonds.

12 Sec. 29.47.320. NO ELECTION REQUIRED. An election is not re-
13 quired to authorize the issuance and sale of refunding bonds. Their
14 issuance may be authorized and all proceedings with reference to them
15 prescribed by ordinance. However, when it is desirable to use general
16 obligation bonds to refund a revenue bond issue, the governing body
17 shall call an election on the question.

18 Sec. 29.47.330. PAYMENT OF REFUNDING BONDS. General obligation
19 refunding bonds are payable according to AS 29.47.200. Revenue re-
20 funding bonds are payable according to AS 29.47.240.

21 Sec. 29.47.340. SALE OF REFUNDING BONDS. General obligation or
22 revenue refunding bonds may, at the discretion of the governing body,
23 be exchanged for the bonds being refunded, or may be sold at public or
24 private sale. They may be issued and delivered at any time before the
25 date of maturity or redemption of the refunded bonds.

26 ARTICLE 6. MISCELLANEOUS PROVISIONS.

27 Sec. 29.47.390. OTHER MUNICIPAL FINANCING. (a) A municipality
28 may authorize by ordinance or resolution the issuance of negotiable or
29 nonnegotiable revenue bonds to finance any project that serves a

1 public purpose, and the bonds shall be secured and payable from any
2 source except revenues, including tax revenue, of the municipality.

3 (b) Bonds issued under this section are not a debt or liability
4 of the municipality and do not create or constitute an indebtedness,
5 liability, or obligation of the municipality, nor do they constitute a
6 pledge of faith, credit, or taxing power of the municipality. Each
7 bond must contain on its face a statement that the municipality is not
8 obligated to pay the principal or the interest on the bonds except
9 from those sources indicated, and that neither the faith and credit
10 nor the taxing power of the municipality is pledged to the payment of
11 principal or interest on the bond.

12 (c) A municipality may

13 (1) loan the proceeds of the bonds issued under this sec-
14 tion;

15 (2) pledge, mortgage or assign money, leases, agreements,
16 property, or other assets of the project being financed;

17 (3) enter into covenants and agreements concerning bonds
18 issued under this section that the municipality determines to be de-
19 sirable;

20 (4) provide for any matter that affects the security of the
21 bonds.

22 (d) In this section

23 (1) "bonds" means bonds, notes, or other evidence of in-
24 debtedness;

25 (2) "project" includes commercial, manufacturing,
26 agricultural, industrial, residential housing, recreation, tourism,
27 and medical projects and programs.

28 Sec. 29.47.400. SALE. Bonds and notes issued under this chapter
29 may be sold at either public or private sale by the municipality in

1 the manner and at the price it determines.

2 Sec. 29.47.410. FORMS AND TERMS. The municipality may by ordi-
3 nance or resolution fix the date, denominations, maturities, rate or
4 rates of interest, redemption terms, registration privileges, manner
5 of execution, signatures required, purchase price, manner of sale, and
6 other requirements for issuing bonds or notes under this chapter. If
7 an official whose signature appears on the bonds or coupons ceases to
8 be an official before delivery of the bonds, the signature of the
9 former official is valid as if the former official had remained in
10 office until delivery.

11 Sec. 29.47.420. INTEREST RATE. The interest rate payable on a
12 bond or note issued under this chapter shall be determined by the
13 municipality and is not subject to the usury rate limitations of
14 AS 45.45.010.

15 Sec. 29.47.430. REDEMPTION BEFORE MATURITY. A bond or note
16 issued under this chapter may be made subject to redemption before
17 maturity as stated in the authorization or in the bond or note.

18 Sec. 29.47.440. BOROUGH INDEBTEDNESS. (a) A borough may incur
19 indebtedness

20 (1) on an areawide basis for areawide functions; or

21 (2) on a nonareawide basis for functions performed only in
22 the borough area outside all cities; or

23 (3) on a service area basis for functions performed only in
24 a service area.

25 (b) Payment of debt principal and interest as well as other
26 costs shall be derived from the area incurring the debt under (a)(2)
27 or (a)(3) of this section, except that the full faith and credit of
28 the entire borough may be pledged to guarantee payment of principal
29 and interest.

1 (c) If the bonded debt to be incurred by a borough is an area-
2 wide debt, the vote is areawide. If the full faith and credit of the
3 entire borough is pledged for the payment of the debt of the borough
4 area outside all cities or of a service area, an areawide election is
5 held and the proposition must pass both areawide and in the area that
6 will benefit from the improvement. If the bonded indebtedness to be
7 incurred is limited to the borough area outside all cities, the vote
8 is limited to voters outside all cities. If the indebtedness to be
9 incurred is limited to a service area, the vote is limited to voters
10 in the service area. Only the full faith and credit of the area
11 voting on the indebtedness is pledged for the payment of the debt.

12 (d) The indebtedness of a municipality reclassified under
13 AS 29.04.040 - 29.04.060 is not affected by reclassification. All
14 property in a municipality that is reclassified remains subject to
15 taxation to amortize bonded or other indebtedness affecting the muni-
16 cipality and authorized on the effective date of reclassification.

17 Sec. 29.47.450. SERVICE AREA DEBT. The indebtedness of a ser-
18 vice area acquired under AS 29.47.440 remains the indebtedness of the
19 area that incurred the debt, notwithstanding a subsequent court deter-
20 mination that the service area was not validly formed under law or by
21 virtue of a defect in the proceedings creating the service area. All
22 property in the service area remains subject to taxation to pay the
23 bonded indebtedness.

24 * Sec. 15. AS 29 is amended by adding a new chapter to read:

25 CHAPTER 55. MUNICIPAL PROGRAMS.

26 Sec. 29.55.010. CREATION OF LOCAL HISTORICAL DISTRICT COMMIS-
27 SIONS. The governing body of a municipality may establish a local
28 historical district commission or designate the planning commission or
29 itself to serve as the historical district commission.

1 Sec. 29.55.020. ESTABLISHMENT OF HISTORICAL DISTRICTS. (a) In
2 addition to existing municipal authority providing for the preserva-
3 tion, protection, and maintenance of historic sites, the local histor-
4 ical district commission, in consultation with the Historic Sites
5 Advisory Committee in the Department of Natural Resources, may estab-
6 lish historical districts within the boundaries of the municipality.

7 (b) A historical district shall be a reasonably compact area of
8 historical significance in which two or more structures important in
9 state or national history, and related by physical proximity or his-
10 torical association, are located. For purposes of this section,
11 "structures important in state or national history" means properties
12 recommended by historical district commissions that are listed in the
13 National Register of Historic Places or are characteristic of the
14 Russian-American period before October 18, 1867, the early territorial
15 period before 1930, or early Native heritage, reflecting the indige-
16 nous characteristics of Native culture in Alaska. On recommendation
17 of the governing body of a municipality and the Historic Sites Advi-
18 sory Committee, the Department of Natural Resources may by regulation
19 formulate additional criteria for the establishment of historical
20 districts not inconsistent with this subsection.

21 (c) The establishment of a historical district under this sec-
22 tion shall be consistent with any applicable comprehensive plan for
23 the municipality.

24 * Sec. 16. AS 29 is amended by adding a new chapter to read:

25 CHAPTER 60. STATE PROGRAMS.

26 ARTICLE 1. MUNICIPAL TAX RESOURCE EQUALIZATION.

27 Sec. 29.60.010. STATE EQUALIZATION OF TAX RESOURCES FOR MUNICI-
28 PAL SERVICES. (a) During each fiscal year the department shall
29 compute an equalization entitlement for municipal services provided by

1 a taxing unit.

2 (b) The equalization entitlement computed for a taxing unit is
3 based on the population, relative ability to generate revenue, and
4 local tax burden of the taxing unit and is determined by the applica-
5 tion of the formula

6 Entitlement = P x R

7 where P = population, and

8 R = millage rate equivalent, determined by dividing the sum
9 of the locally generated revenue of the taxing unit by one-tenth of
10 one percent of the full and true value of assessed property of the
11 taxing unit determined under AS 29.60.030(d); however, the per capita
12 property value used under this subsection may not be less than 15
13 percent of the statewide average per capita full and true assessed
14 property value.

15 (c) For purposes of this section, locally generated revenue

16 (1) includes

17 (A) the actual revenue derived from the levy and
18 collection of local taxes in the taxing unit for municipal ser-
19 vices during the preceding fiscal year of the taxing unit;

20 (B) motor vehicle payments received by the municipal-
21 ity during the preceding fiscal year under AS 28.10.431;

22 (C) revenue from fees, rentals, leases, penalties,
23 licenses or permits received during the preceding fiscal year by
24 the municipality for a function or service over which it has con-
25 trol, including revenues derived from parks and recreation ser-
26 vices, mass transit, offstreet parking, and garbage and solid
27 waste disposal services;

28 (D) special assessments received during the preceding
29 fiscal year; and

1 (E) payments received by a municipality from a utility
2 that are in place of taxes levied and collected by the municipal-
3 ity;

4 (2) excludes

5 (A) revenue derived from the levy and collection of
6 municipal taxes and appropriated for the operating expenses and
7 debt service of utilities;

8 (B) revenue from interest earned on investments and
9 from the sale and lease of land or equipment; and

10 (C) all other revenue from whatever service derived.

11 Sec. 29.60.020. DETERMINATION OF POPULATION. For purposes of
12 AS 29.60.010 - 29.60.080, the population of a taxing unit shall be
13 determined annually by the latest figures of the United States Bureau
14 of the Census or other population data that in the judgment of the
15 department is reliable.

16 Sec. 29.60.030. DETERMINATION OF MILLAGE RATE EQUIVALENT. (a)
17 The department may require a municipality to return a certification,
18 signed by the municipal treasurer or manager and the mayor, that pro-
19 vides an estimate of the locally generated revenue received by the
20 municipality during the preceding fiscal year.

21 (b) By October 15 of each year, the department shall make an
22 initial determination of the millage rate equivalent of each taxing
23 unit to be used for computing and distributing equalization entitle-
24 ments for the current fiscal year under AS 29.60.010 - 29.60.080. The
25 department shall base the initial determination on the estimates in
26 the certification returned by a municipality under (a) of this sec-
27 tion.

28 (c) As early as possible, but not later than December 15 of each
29 year, the department shall make a final determination of the millage

1 rate equivalent of each taxing unit to use to compute and distribute
2 equalization entitlements under AS 29.60.010 - 29.60.080. The depart-
3 ment shall base the determination on audits, financial statements and
4 other financial reports prepared and submitted by a municipality. The
5 department shall adjust the locally generated revenue reported by a
6 municipality to exclude the municipal revenue claimed that does not
7 qualify for inclusion in or recognition as locally generated revenue
8 for municipal purposes under AS 29.60.010(c)(1). The adjustment shall
9 be made by deducting from total revenue claimed by the municipality
10 the amount of the department's estimate of revenue that is not recog-
11 nized for municipal purposes.

12 (d) The full and true assessed property value shall be deter-
13 mined by the department in the manner provided for the computation of
14 state aid to education under AS 14.17.140. When the determination of
15 locally generated revenue includes revenue of a utility received under
16 AS 29.60.010(c)(1)(E), the full and true assessed property value shall
17 include the computed assessed value of the utility, determined by
18 dividing the amount of the payment in place of taxes made by the
19 utility by the millage rate that would apply to the utility if the
20 utility were subject to levy and collection of taxes under AS 29.45.

21 (e) In addition to the computation for municipalities that levy
22 and collect a property tax, the department shall determine an esti-
23 mated full and true assessed property value under (d) of this section
24 for

25 (1) each municipality that is a school district and that
26 does not levy and collect a property tax;

27 (2) each second class city with a population of 750 or more
28 persons; however, a computation is not required under this paragraph
29 more often than once during a period of three successive calendar

1 years; and

2 (3) all other second class cities, by determining the
3 average per capita full and true assessed property value of all cities
4 having a population of less than 750 persons in which an assessment
5 has been completed by a municipality or for which a determination is
6 not made under (1) or (2) of this subsection.

7 (f) The department shall annually compute a statewide average
8 per capita full and true assessed property value.

9 Sec. 29.60.040. REPORTS. A payment of an equalization entitle-
10 ment may not be made to a municipality under AS 29.60.010 - 29.60.080
11 until the municipality has submitted its certificate of estimated
12 revenue and its financial report to the department for the fiscal year
13 preceding the year for which the equalization entitlement is sought,
14 together with a budget for the municipality's current fiscal year.
15 The financial report shall include a listing of general revenue col-
16 lected from taxes levied and assessed and any other revenue that, in
17 the opinion of the municipal officials, is eligible for inclusion in
18 computations of the locally generated revenue of the taxing unit.

19 Sec. 29.60.050. LIMITATION ON COMPUTATION AND USE OF PAYMENTS.
20 (a) An equalization entitlement generated by the tax levy of a taxing
21 unit may be used only for authorized expenditures of that taxing unit,
22 but up to 15 percent of the payment of an equalization entitlement
23 generated by areawide revenue of a municipality may be used by the
24 municipality for areawide or nonareawide purposes at the discretion of
25 its governing body. This subsection applies to home rule and general
26 law municipalities.

27 (b) An equalization entitlement determined with reference to
28 revenue other than revenue obtained from the levy and collection of
29 taxes may be used for areawide or nonareawide purposes, at the

1 discretion of the governing body.

2 Sec. 29.60.060. TAX EQUALIZATION ACCOUNT. The tax equalization
3 account is established. Money to carry out the provisions of AS 29.-
4 60.010 - 29.60.080 shall be allocated by the department to the ac-
5 count. The amount allocated to the account shall be fully distributed
6 by the department as payments to municipalities to fulfill each share
7 authorized under AS 29.60.010. The amount allocated to the account
8 shall be distributed by the department pro rata among eligible munici-
9 palities.

10 Sec. 29.60.070. ADMINISTRATION. (a) The department may adopt
11 regulations necessary to implement AS 29.60.010 - 29.60.080. The
12 regulations shall include, among other provisions,

13 (1) procedures and filing dates for submitting certifica-
14 tion and financial reports;

15 (2) procedures for obtaining information required to com-
16 pute and determine the municipality's millage rate equivalent; and

17 (3) procedures by which the department shall notify a
18 municipality in writing of the reasons for a proposed disallowance or
19 adjustment of any factor bearing upon the determination of the muni-
20 cipality's entitlement and by which the municipality will be provided
21 reasonable time in which to respond or to challenge the department's
22 determination.

23 (b) The department shall make reasonable efforts to advise and
24 assist municipalities in collecting information and completing reports
25 necessary for the determination of entitlements under AS 29.60.010 -
26 29.60.080.

27 (c) The department shall, by regulation, classify for inclusion
28 or exclusion as a component of a municipality's millage rate equiva-
29 lent under AS 29.60.010 any tax revenue appropriated for a utility not

1 included in the definition set out in AS 29.60.080(2).

2 Sec. 29.60.080. DEFINITIONS. In AS 29.60.010 - 29.60.080

3 (1) "taxing unit" means a municipality and

4 (A) in a borough or unified municipality, a service
5 area or the entire area outside cities;

6 (B) in a city, a differential tax zone;

7 (2) "utility" means electric, water, sewer, gas heat, tele-
8 phone, or refuse and garbage collection service.

9 ARTICLE 2. STATE AID FOR MISCELLANEOUS PURPOSES.

10 Sec. 29.60.100. REVENUE SHARING PAYABLE. In addition to the
11 equalization entitlements paid under AS 29.60.010 - 29.60.080, during
12 each fiscal year the department shall pay aid

13 (1) to a municipality or other eligible recipient that has
14 the power to provide the services described in AS 29.60.110 - 29.60.-
15 130 and exercises the power in the manner required by AS 29.60.100 -
16 29.60.180;

17 (2) to an unincorporated community under AS 29.60.140.

18 Sec. 29.60.110. STATE AID TO MUNICIPALITIES FOR ROADS. (a) The
19 department shall pay to a municipality that has power to provide for
20 road maintenance and exercises that power, \$2,500 a mile for each mile
21 of road, street, or highway maintained by the municipality, excluding
22 (1) the official state highway system, (2) roads, streets, or highways
23 not dedicated to public use, (3) roads, streets, or highways main-
24 tained under the local service road program (AS 19.30.111 - 19.30.-
25 251), and (4) alleyways, in accordance with regulations adopted by the
26 Department of Transportation and Public Facilities. A payment may not
27 be made under this subsection for maintenance of a road that is not
28 used by automotive equipment.

29 (b) A frozen waterway and a connection from an inhabited area to

1 a waterway that may be safely used for public transportation by auto-
2 motive equipment and is so used during a portion of a year is eligible
3 for a payment of \$1,500 per mile if the waterway and connection are
4 maintained during the period of use by a municipality or combination
5 of municipalities. The department, after consultation with the De-
6 partment of Transportation and Public Facilities, shall determine
7 which waterways and connections qualify and, where the waterways or
8 connections lie outside the corporate limits of a municipality, which
9 municipalities shall receive the payments under this subsection,
10 unless the municipalities involved have agreed in writing to a partic-
11 ular distribution.

12 Sec. 29.60.120. STATE AID TO MUNICIPALITIES AND OTHER ELIGIBLE
13 RECIPIENTS FOR HEALTH FACILITIES AND HOSPITALS. (a) The department
14 shall pay

15 (1) to a municipality that has the power to provide hospi-
16 tal facilities and services and that exercises that power, \$1,000 per
17 bed for each bed actually used for patient care, limited to the number
18 of beds provided for in the construction design of the hospital, or
19 \$250,000 a hospital for those hospitals with 10 or more beds, or
20 \$50,000 a hospital for those hospitals with less than 10 beds, as the
21 municipality may elect; money received under this paragraph may be
22 used only for hospitals and shall be apportioned among qualifying
23 hospitals as the municipality determines;

24 (2) on the basis set out in (1) of this subsection to a
25 municipality for a nonprofit hospital not operated by a municipality
26 if the municipality first certifies to the department that the non-
27 profit hospital is in compliance with all standards for hospitals that
28 have been adopted by the municipality; money may not be paid on behalf
29 of a nonprofit hospital without this certification; payments to the

1 municipality shall be transferred to the nonprofit hospital in accor-
2 dance with the basis by which the payment was generated by the hospi-
3 tal, and shall be applied to the annual cost of operation and mainte-
4 nance of the hospital or for the provision of health care service at
5 the hospital as the directors of the hospital determine;

6 (3) to a municipality in which a licensed health facility
7 is operated, \$2,000 per bed for each bed actually used for patient
8 care, limited to the number of beds provided for in the construction
9 design of the health facility, or \$8,000 per health facility as the
10 municipality determines.

11 (b) A hospital may not receive payment under both (a)(1) and
12 (a)(2) of this section.

13 (c) Money received by a municipality under (a)(3) of this sec-
14 tion shall be used for expenses of health services or operation and
15 maintenance of health facilities as the municipality determines.

16 (d) Before money may be distributed under this section, the com-
17 missioner of health and social services shall certify to the commis-
18 sioner of community and regional affairs that any accumulation of
19 assets by nonprofit corporations or other recipients under this sec-
20 tion is dedicated irrevocably to a public purpose.

21 (e) Subsections (a) and (c) of this section apply to home rule
22 and general law municipalities.

23 (f) In this section

24 (1) "health facility"

25 (A) means a facility that is licensed or certified by
26 the state or approved under regulations adopted by the department
27 and that is owned or operated or both by a municipality or by a
28 nonprofit corporation or other nonprofit sponsor;

29 (B) includes a public health center, maternity home,

1 community mental health center, facility for the mentally or
2 physically handicapped, nursing home, convalescent center,
3 domestic violence or sexual assault shelter qualified to receive
4 a grant or contract under AS 18.66, or alcohol or drug abuse
5 facility that meets standards established under AS 47.37;

6 (C) excludes a facility operated or wholly supported
7 by the state or the federal government;

8 (2) "hospital" means a licensed hospital determined by the
9 Department of Health and Social Services to be a general or special
10 hospital; the term excludes a facility operated or wholly supported by
11 the state or the federal government.

12 Sec. 29.60.130. STATE AID TO VOLUNTEER FIRE DEPARTMENTS NOT IN
13 ORGANIZED MUNICIPALITY. (a) The department shall pay to a volunteer
14 fire department registered with the state fire marshal and serving an
15 area not in an organized municipality a sum for protection purposes
16 equal to \$10 per capita for the population served by the fire depart-
17 ment, as determined by the state fire marshal.

18 (b) A grant shall be made under (a) of this section to facili-
19 tate the organization of a volunteer fire department in an area not in
20 an organized municipality, upon application of the proposed fire
21 protection group to the state fire marshal and upon approval of appli-
22 cations according to standards of organization and service prescribed
23 by regulations adopted by the state fire marshal.

24 Sec. 29.60.140. STATE AID TO UNINCORPORATED COMMUNITIES. (a)
25 The department shall pay to each unincorporated community an entitle-
26 ment of \$25,000 each fiscal year to be used for a public purpose. The
27 department with advice from the Department of Law shall determine
28 whether there is in each unincorporated community an incorporated
29 nonprofit entity or a Native village council that will agree to

1 receive and spend the entitlement. If there is more than one
2 qualified entity in an unincorporated community, the department shall
3 pay the money under the entitlement to the entity that the department
4 finds most qualified to receive and spend the money. The department
5 may not pay money under an entitlement to a Native village council
6 unless the council waives immunity from suit for claims arising out of
7 activities of the council related to the entitlement. A waiver of
8 immunity from suit under this subsection must be on a form provided by
9 the Department of Law. If there is no qualified incorporated
10 nonprofit entity or Native village council in an unincorporated
11 community that is willing to receive money under an entitlement, the
12 entitlement for that unincorporated community may not be paid.
13 Neither this subsection nor any action taken under it enlarges or
14 diminishes the governmental authority or jurisdiction of a Native
15 village council.

16 (b) In this section "unincorporated community" means a place in
17 the unorganized borough that is not incorporated as a city and in
18 which 25 or more persons reside as a social unit.

19 Sec. 29.60.150. POPULATION DETERMINATION. For purposes of
20 AS 29.60.100 - 29.60.180, population shall be determined by the latest
21 figures of the United States Bureau of the Census or other population
22 data that in the judgment of the department is reliable.

23 Sec. 29.60.160. AREA COST-OF-LIVING DIFFERENTIAL. (a) Payments
24 to a municipality or other eligible recipient under AS 29.60.110 -
25 29.60.130 shall reflect area cost-of-living differentials. Payments
26 shall be based on the sum of per capita, per mile and per bed or
27 facility grants due each municipality or other recipient multiplied by
28 the appropriate area cost-of-living differential. The area cost-of-
29 living differential for each recipient shall be determined annually by

1 election district under the provisions of AS 39.27.030. Application
2 of the area cost-of-living differential may not result in distribution
3 of an amount less than the amount of the payment determined without
4 reference to application of this section.

5 (b) The election districts used to establish area cost-of-living
6 differentials under (a) of this section are those designated by the
7 proclamation of reapportionment and redistricting of December 7, 1961,
8 and retained for the house of representatives by proclamation of the
9 governor September 3, 1965.

10 Sec. 29.60.170. MISCELLANEOUS SERVICES ACCOUNT. The miscella-
11 neous services account is established. Money to carry out the provi-
12 sions of AS 29.60.100 - 29.60.180 shall be allocated by the department
13 to the account in accordance with AS 29.60.280. If amounts in the
14 account are insufficient to pay each municipality's or other recip-
15 ient's share authorized under AS 29.60.100 - 29.60.180, the amounts
16 that are available shall be distributed pro rata among eligible muni-
17 cipalities and other recipients.

18 Sec. 29.60.180. REGULATIONS. The department shall adopt regula-
19 tions necessary to carry out the purposes of AS 29.60.100 - 29.60.180.
20 The regulations shall include minimum standards required to qualify a
21 municipality or other recipient for payments for each service. The
22 department may require a municipality or other recipient to submit a
23 performance report adequate to demonstrate to the department that a
24 service for which payment is requested under AS 29.60.100 - 29.60.180
25 was performed by the municipality or other recipient and meets minimum
26 standards of service prescribed by regulation.

27 **ARTICLE 3. ADMINISTRATION OF STATE AID PROGRAMS.**

28 Sec. 29.60.280. ALLOCATION AND DISTRIBUTION. (a) Each year,
29 the department shall allocate money appropriated to the accounts

1 established in AS 29.60.060, 29.60.170, and former AS 29.90.020 in the
2 amounts determined by the legislature.

3 (b) Money in the miscellaneous services account established in
4 AS 29.60.170 that exceeds the amount required to fully fund distribu-
5 tions authorized by AS 29.60.100 - 29.60.180 shall be reallocated to
6 the tax equalization account established in AS 29.60.060 and distri-
7 buted according to the provisions of AS 29.60.010 - 29.60.080.

8 (c) Money in the hospital and health facility construction
9 assistance account established in former AS 29.90.020 that exceeds the
10 amount required to fully fund distributions authorized by sec. 9, ch.
11 95, SLA 1983 shall be reallocated to the tax equalization account
12 established in AS 29.60.060 and distributed according to the provi-
13 sions of AS 29.60.010 - 29.60.080.

14 Sec. 29.60.290. QUALIFICATION FOR MINIMUM PAYMENT. (a) A
15 municipality qualifying for an entitlement under AS 29.60.010 - 29.-
16 60.080 or 29.60.100 - 29.60.180 shall receive a minimum payment of
17 \$25,000 plus an area cost-of-living differential for each fiscal year
18 if

19 (1) the municipality has conducted a regular election
20 during the fiscal year preceding the year for which payment of an
21 entitlement is authorized by AS 29.60.010 - 29.60.080 or 29.60.100 -
22 29.60.180 and has reported the results of the election to the commis-
23 sioner;

24 (2) regular meetings of the governing body are held in the
25 municipality during the fiscal year preceding the year for which
26 payment of an entitlement is authorized by AS 29.60.010 - 29.60.080 or
27 29.60.100 - 29.60.180 and a record of the proceedings is maintained;

28 (3) a municipal budget has been adopted for the fiscal year
29 during which payment of an entitlement is authorized by AS 29.60.010 -

1 29.60.080 or 29.60.100 - 29.60.180 and an audit or financial statement
2 for the preceding fiscal year has been prepared and furnished to the
3 department in accordance with AS 29.20.640(a); and

4 (4) local ordinances adopted by the municipality have been
5 codified in accordance with AS 29.25.050.

6 (b) The area cost-of-living differential payable to each munici-
7 pality under this section shall be determined annually by election
8 district under the provisions of AS 39.27.030. Except as provided in
9 AS 29.60.300, application of the area cost-of-living differential may
10 not result in a payment that is less than the minimum payment deter-
11 mined under (a) of this section. For purposes of this subsection, the
12 election districts used are those designated by the proclamation of
13 reapportionment and redistricting of December 7, 1961, and retained
14 for the house of representatives by proclamation of the governor
15 September 3, 1965.

16 (c) The department shall pay to each municipality eligible to
17 receive a minimum payment under this section an amount equal to the
18 difference between the minimum payment determined under (a) and (b) of
19 this section and the sum of the amounts payable for the same fiscal
20 year under AS 29.60.010 - 29.60.080 and 29.60.100 - 29.60.180.

21 (d) A payment under this section may be prorated and reduced
22 under AS 29.60.300.

23 (e) Payments under this section shall be made from the money
24 allocated to the tax equalization account established in AS 29.60.060.

25 Sec. 29.60.300. PRORATION OF PAYMENTS. (a) Payments under
26 AS 29.60.290 and 29.60.010 - 29.60.180 shall equal the amount allo-
27 cated to the tax equalization account (AS 29.60.060), adjusted in
28 accordance with AS 29.60.280.

29 (b) Adjustments of payments shall be determined by prorating

1 amounts payable under AS 29.60.290 and amounts payable under AS 29.-
2 60.010 - 29.60.180 by a factor that, when applied, reduces all pay-
3 ments in equal proportion so that payment under AS 29.60.290 and
4 payments under AS 29.60.010 - 29.60.180 equal the amount allocated to
5 the tax equalization account established in AS 29.60.060.

6 ARTICLE 4. MUNICIPAL ASSISTANCE.

7 Sec. 29.60.350. MUNICIPAL ASSISTANCE FUND. (a) There is estab-
8 lished in the department the municipal assistance fund. The legisla-
9 ture may appropriate to the municipal assistance fund during each
10 fiscal year an amount equal to or greater than 30 percent of the
11 income tax revenue received by the state under AS 43.20.011(e) for the
12 previous fiscal year.

13 (b) The department shall distribute money from the municipal
14 assistance fund to each municipality on an annual basis as provided in
15 AS 29.60.360 and 29.60.370. A municipality may not receive payment
16 until it submits to the department a resolution approved by the gov-
17 erning body of the municipality that requests the money. Distribution
18 of money from the municipal assistance fund to a municipality with a
19 fiscal year beginning on January 1 shall be made on February 1 of the
20 state fiscal year for which the appropriation to the fund is made.
21 Distribution of money from the municipal assistance fund to all other
22 municipalities shall be made on June 1 of the state fiscal year for
23 which the appropriation to the fund is made. A municipality that
24 incorporates after December 31 of a state fiscal year is not eligible
25 for a distribution under this section until the following state fiscal
26 year.

27 Sec. 29.60.360. BASE AMOUNT OF ASSISTANCE. (a) The base amount
28 to be distributed from the municipal assistance fund to each munici-
29 pality for the fiscal year shall be the amount received by the

1 municipality during fiscal year 1978 under AS 43.70.080. A city
2 incorporated within a borough after June 30, 1977, shall receive as a
3 base amount a share of the amount distributed to the borough in which
4 it is located based on the ratio of population in the city to the
5 total population in the borough. A city incorporated outside a
6 borough after June 30, 1977, shall receive as a base amount the amount
7 received by the city in the state most closely approximating it in
8 population at the time of its incorporation. A borough incorporated
9 after June 30, 1977, shall receive as a base amount the amount re-
10 ceived by the borough in the state most closely approximating it in
11 population at the time of its incorporation.

12 (b) If the amount appropriated to the municipal assistance fund
13 by the legislature during a fiscal year is insufficient for distri-
14 bution of the full base amount to each municipality, the department
15 shall prorate the amount available for distribution on the basis of
16 amounts received during the fiscal year 1978 under AS 43.70.080.

17 Sec. 29.60.370. INCREASED ASSISTANCE. (a) If the amount in the
18 municipal assistance fund at the time of distribution exceeds the base
19 amount to be distributed under AS 29.60.360, the excess amount shall
20 be distributed to each municipality on the basis of population.
21 Population for the purpose of this section shall be as certified by
22 the commissioner of community and regional affairs. In determining
23 the population of a borough, the population of all cities in the
24 borough shall be deducted from the total population of the borough.

25 (b) The intent of (a) of this section is that a municipality
26 that levies property taxes reduce those levies in reasonable propor-
27 tion to the amount of increased state aid received by the municipal-
28 ity. The governing body of each municipality shall furnish a notice
29 with each tax statement describing its use of this increased state

1 aid.

2 ARTICLE 5. COMMUNITY FACILITIES GRANTS.

3 Sec. 29.60.400. GRANTS FOR COMMUNITY FACILITIES. (a) Within
4 the limits of appropriations for the purpose the Department of Com-
5 merce and Economic Development shall make matching grants in accor-
6 dance with the provisions of AS 29.60.410 - 29.60.440 to municipal-
7 ities or their nonprofit designees equal to

8 (1) 50 percent of the estimated reasonable costs of con-
9 struction of municipal civic, convention, and community recreation
10 centers; and

11 (2) 50 percent of the cost of feasibility studies relating
12 to the construction of municipal civic, convention, and community
13 recreation centers.

14 (b) A grant may be made under this section only to a municipal-
15 ity with the power to implement the study or project for which the
16 grant is authorized or to its nonprofit designee. A grant for only
17 one study and one project may be awarded to a municipality or its
18 designee under this section.

19 (c) In this section "costs of construction" means, in addition
20 to costs directly related to a project, the sum of all costs of fi-
21 nancing and carrying out the project, including the costs of all
22 necessary studies, surveys, plans and specifications, architectural,
23 engineering or other special services, acquisition of real property,
24 site preparation and development, purchase, construction, recon-
25 struction and improvement of real property and the acquisition of
26 machinery and equipment necessary to the project; an allocable portion
27 of the administrative and operating expenses of the grantee; and the
28 cost of financing the project, including interest on bonds issued to
29 finance the project, the cost of indemnity and surety bonds, premiums

1 on insurance, legal fees, fees and expenses of trustees, depositaries,
2 financial advisors, and the costs associated with the issuance of
3 bonds. It does not include the cost of feasibility studies.

4 Sec. 29.60.410. GRANT PROCEDURES. (a) An application for a
5 grant under AS 29.60.400 shall be made in a form prescribed by the
6 commissioner of commerce and economic development.

7 (b) A grant shall be allotted in accordance with an agreement
8 made between the commissioner of commerce and economic development on
9 behalf of the state and the grantee. The agreement may include any
10 provision agreed upon by the parties and shall include in substance
11 the following provisions:

12 (1) estimates of reasonable costs of the study or project
13 as approved by the commissioner after consultation with the Department
14 of Transportation and Public Facilities;

15 (2) a schedule of disbursements of money from the grant if
16 the commissioner determines that the grant money is not to be dis-
17 bursed in one sum;

18 (3) agreement by the grantee

19 (A) to proceed with and complete the proposed study or
20 project expeditiously;

21 (B) not to discontinu~~e~~ operation or dispose of all or
22 part of a community facility for which it receives a grant with-
23 out the approval of the commissioner;

24 (C) to apply for and make reasonable efforts to secure
25 federal assistance that may be available for the study or proj-
26 ect, subject to any conditions the commissioner may require to
27 maximize the amounts of that assistance available for all proj-
28 ects in the state;

29 (D) to provide for payment of the grantee's share of

1 the cost of the study or project;

2 (E) that, if federal assistance for a study or project
3 becomes available to the grantee that was not included in the
4 calculation of the amount of the grant, the value of the federal
5 assistance shall be subtracted from the total value of the proj-
6 ect and the balance shall be equally divided between the grantee
7 and the state;

8 (4) alteration or modification of an approved study or
9 project;

10 (5) alteration or modification of an existing facility that
11 would have qualified for a grant at the time of initial construction
12 if AS 29.60.400 - 29.60.440 had been in effect;

13 (6) remedies in case of failure to perform the agreement or
14 noncompliance with regulations adopted under AS 29.60.420.

15 (c) The commissioner of commerce and economic development shall
16 require in negotiations and in each grant agreement that continued
17 maintenance of the community facility is the responsibility of the
18 municipality. The municipality must show the feasibility of continu-
19 ing to maintain the facility before state money may be authorized for
20 a grant.

21 Sec. 29.60.420. POWERS AND DUTIES OF THE COMMISSIONER. (a) The
22 commissioner of commerce and economic development shall provide an
23 annual report to the legislature about grants made under AS 29.60.400.

24 (b) The commissioner of commerce and economic development shall
25 adopt regulations to carry out the purposes of AS 29.60.400 - 29.60.-
26 440.

27 Sec. 29.60.430. ALLOCATION OF MONEY. If the amount of money
28 appropriated by the legislature for grants under AS 29.60.400 is not
29 adequate to satisfy amounts required for approved grant applications,

1 money shall be allocated on the basis of priority established by
2 regulations of the Department of Commerce and Economic Development.

3 Sec. 29.60.440. LIMITATION. AS 29.60.400 - 29.60.440 does not
4 require that a recipient of a grant for a feasibility study must
5 proceed with construction of the project, regardless of whether the
6 project is determined to be feasible.

7 * Sec. 17. AS 29 is amended by adding a new chapter to read:

8 CHAPTER 65. GENERAL GRANT LAND.

9 Sec. 29.65.010. DETERMINATION OF ENTITLEMENT OF BOROUGHES AND
10 UNIFIED MUNICIPALITIES. (a) The general grant land entitlement of
11 each of the municipalities in this section is the amount set out
12 opposite each:

- 13 (1) Municipality of Anchorage - 44,893 acres;
- 14 (2) City and Borough of Juneau - 19,584 acres;
- 15 (3) City and Borough of Sitka - 10,500 acres;
- 16 (4) Bristol Bay Borough - 2,898 acres;
- 17 (5) Fairbanks North Star Borough - 112,000 acres;
- 18 (6) Haines Borough - 2,800 acres;
- 19 (7) Kenai Peninsula Borough - 155,780 acres;
- 20 (8) Ketchikan Gateway Borough - 11,593 acres;
- 21 (9) Kodiak Island Borough - 56,500 acres;
- 22 (10) Matanuska-Susitna Borough - 355,210 acres;
- 23 (11) North Slope Borough - 89,850 acres.

24 (b) This section is a continuation of the provisions of former
25 AS 29.18.201 and does not grant additional entitlements.

26 Sec. 29.65.020. DETERMINATION OF ENTITLEMENT FOR CITIES. (a)
27 The general grant land entitlement of a city formerly eligible to
28 receive general grant land under the provisions of former AS 29.18.190
29 and 29.18.200 is 10 percent of the maximum total acreage of vacant,

1 unappropriated, unreserved land in the boundaries of each city at any
2 time between the initial date of eligibility under former AS 29.18.190
3 and 29.18.200 and July 1, 1978. Within six months after July 1, 1978,
4 the director shall determine the entitlement for each city eligible to
5 receive general grant land under former AS 29.18.202 and certify that
6 entitlement to the city.

7 (b) This section is a continuation of the provisions of former
8 AS 29.18.203 and does not grant additional entitlements to cities
9 incorporated before January 1, 1986.

10 Sec. 29.65.030. DETERMINATION OF ENTITLEMENT FOR NEWLY INCOR-
11 PORATED MUNICIPALITIES. (a) The general grant land entitlement of a
12 municipality incorporated after July 1, 1978, is 10 percent of the
13 total acreage of vacant, unappropriated, unreserved land within the
14 boundaries of the municipality on the date of its incorporation.

15 (b) Within six months after the date of incorporation of a muni-
16 cipality that is incorporated after July 1, 1978, the director shall
17 determine the entitlement of each municipality eligible to receive
18 general grant land under (a) of this section and certify the entitle-
19 ment to the municipality.

20 (c) This section is a continuation of the provisions of former
21 AS 29.18.203 and does not grant additional entitlements to
22 municipalities incorporated before January 1, 1986.

23 Sec. 29.65.040. STATUS OF ENTITLEMENTS. (a) After July 1,
24 1978, general grant land entitlements provided in former AS 29.18.201
25 and former AS 29.18.202 are vested property rights that must be
26 fulfilled as provided in AS 29.65.050 or 29.65.080.

27 (b) General grant land entitlements provided by AS 29.65.030 are
28 property rights that vest on the date of incorporation of the muni-
29 cipality. The entitlement must be fulfilled as provided in

1 AS 29.65.050:

2 (c) Land may be selected or nominated for selection by a municipi-
3 pality to satisfy a general grant land entitlement under former
4 AS 29.18.201 and 29.18.202 at any time before October 1, 1980. How-
5 ever, if a municipal selection or nomination or a part of a municipal
6 selection or nomination is rejected by the director, the municipality
7 may, not later than 90 days after receipt of the rejection, select
8 additional state land as necessary to satisfy its entitlement.

9 (d) Land may be selected by a municipality to satisfy a general
10 grant land entitlement under AS 29.65.030 at any time within one year
11 after the director certifies the entitlement to the municipality.

12 (e) The time limitations imposed by (c) and (d) of this section
13 for exercising a vested general grant land entitlement do not apply to

14 (1) the portion of an entitlement that cannot be satisfied
15 by that date because of a shortage of land suitable for residential,
16 commercial, and industrial purposes that is vacant, unappropriated,
17 unreserved land;

18 (2) payments for land deficiency under AS 29.65.080;

19 (3) the portion of an entitlement that cannot be satisfied
20 because the land selected by a municipality has been selected by a
21 party entitled to select land owned by the United States or the state;
22 or

23 (4) the portion of an entitlement that cannot be satisfied
24 because the land nominated for selection by the municipality is not
25 tentatively approved for patent to the state.

26 Sec. 29.65.050. FULFILLMENT OF LAND ENTITLEMENTS. (a) The
27 acreage of each municipality's land selections for which patent has
28 been issued before July 1, 1978, shall be credited toward fulfillment
29 of the entitlement of that municipality.

1 (b) All approved selections under former AS 29.18.190 and 29.-
2 18.200 for which patent has not been issued to a municipality on
3 July 1, 1978, shall be reviewed by the director within nine months
4 after July 1, 1978. Any approved selection of land that was vacant,
5 unappropriated, or unreserved on the date of selection is valid as of
6 the date of the approval under former AS 29.18.190 and 29.18.200, and
7 a patent shall be issued to the municipality within three months after
8 approval by the director of a plat of survey. The acreage shall be
9 credited toward fulfillment of the municipality's entitlement. A
10 municipality is not entitled to receive patent under this chapter to
11 more than its entitlement determined under AS 29.65.010 - 29.65.030.
12 Any prior approval by the director of municipal selections for land
13 that was not vacant, unappropriated, or unreserved on the date of
14 selection shall be rescinded, and patent may not be issued except when
15 disposal to a third party by sale or lease has occurred. Transfers of
16 land to municipalities under this chapter are subject to AS 38.05.321.
17 Classification actions as reflected on the land status records of the
18 Department of Natural Resources are determinative of land classifica-
19 tion status for purposes of this chapter.

20 (c) The director shall approve each selection for patent within
21 nine months of its selection by a municipality, and a patent shall be
22 issued to the municipality for land selected in satisfaction of a
23 general grant land entitlement vested under AS 29.65.010 - 29.65.030
24 within three months after approval by the director of a plat of sur-
25 vey.

26 Sec. 29.65.060. SCHOOL AND MENTAL HEALTH LAND. (a) If an
27 entitlement determined under AS 29.65.010 or 29.65.020 results in a
28 per capita entitlement for the municipality of less than one and
29 one-half acre, the municipality may select vacant school or mental

1 health land in the municipality in partial fulfillment of its land
2 entitlement under this chapter. School or mental health land may be
3 selected notwithstanding the fact that this land is not unappropriated
4 and unreserved within the meaning of this chapter and under former
5 AS 29.18.190 and 29.18.200, but each selection of school or mental
6 health land by a municipality must be vacant, unappropriated, or
7 unreserved land as defined in this chapter, except that it need not be
8 general grant land.

9 (b) The acreage of school, university or mental health land, if
10 any, in a municipality may not be included in the determination of
11 entitlement under AS 29.65.010 or 29.65.020.

12 (c) Land conveyed under this section will be credited against a
13 municipality's remaining land entitlement under this chapter.

14 (d) Within six months after approval of a municipal selection of
15 school or mental health land, the director shall identify state
16 general grant land of approximately equal value to the land requested
17 by the municipality and shall propose the replacement land for the
18 concurrence of the appropriate board. If a proposal by the director
19 is rejected by the board, the director shall meet with the board as
20 often as necessary to determine the type and amount of equal value
21 replacement land that would be required to obtain the board's concur-
22 rence, and shall propose the replacement land for consideration by the
23 board. The replacement land shall thereafter be managed for the pur-
24 poses for which the land selected by the municipality was acquired by
25 the Territory and State of Alaska.

26 (e) The notice provisions of AS 38.05.945 apply to the designa-
27 tion of other general grant land as school, university or mental
28 health land in replacement of land selected under this section. The
29 provisions of AS 38.50 do not apply to such designations under this

1 section.

2 (f) For purposes of determining the per capita entitlement under
3 (a) of this section, the population of a municipality shall be the
4 population determined by the commissioner under former AS 43.18.010
5 for the program year beginning July 1, 1978, for a municipality whose
6 entitlement was determined under former AS 29.18.201 or 29.18.202.

7 Sec. 29.65.070. SELECTION AND CONVEYANCE PROCEDURE. (a) If
8 land selected by a municipality is unsurveyed at the time of approval,
9 the director shall survey, or may approve the municipality's survey
10 of, the exterior boundaries of an approved selection without interior
11 subdivision, and shall issue patent in terms of the exterior boundary
12 survey. The cost of the survey shall be borne by the municipality.
13 If land selected by a municipality has been surveyed at the time of
14 its selection, the boundaries shall conform to the public land subdi-
15 visions established by the approved survey.

16 (b) The director may approve municipal selections of land that
17 have been tentatively approved or patented to the state by the federal
18 government but may not issue patent to a municipality until the land
19 has first been patented to the state. After approval of a selection
20 by the director, but before patent to a municipality, the municipality
21 may execute conditional leases and make conditional sales only with
22 the consent of the director. Conditional sales and conditional leases
23 made before July 1, 1978, do not require the consent of the director.

24 (c) Nothing in this chapter affects a valid existing claim,
25 location, or entry under the laws of the state or the United States
26 whether for homestead, mineral, right-of-way, or other purposes.
27 Nothing in this chapter affects the rights of an owner, claimant,
28 locater, or entryman to the full use and enjoyment of the land so
29 occupied.

1 Sec. 29.65.080. PAYMENT FOR LAND DEFICIENCY. (a) The Alaska
2 municipal land account is established in the general fund for the
3 following purposes:

4 (1) providing payment to the boroughs and unified muni-
5 cipalities designated in AS 29.65.010 for a deficiency of land phys-
6 ically suitable for residential, commercial, or industrial purposes;
7 or

8 (2) providing payment to the boroughs and unified muni-
9 cipalities designated in AS 29.65.010 for certain general grant lands
10 selected by the state and conveyed to a Native corporation under the
11 provisions of the Alaska Native Claims Settlement Act.

12 (b) A municipality shall receive payment for its land deficiency
13 from the municipal land account. A municipality is eligible to re-
14 ceive payment for land deficiency if, after July 1, 1980, the amount
15 of land selected by a municipality that is physically suitable for
16 residential, commercial, or industrial purposes amounts to less than
17 one-third acre per capita. Any entitlement under AS 29.65.010 that is
18 less than one-third acre per capita will, for the purposes of this
19 subsection, be considered a land deficiency. An unselected remaining
20 entitlement will, for the purpose of deficiency payment under this
21 subsection, be considered as land physically suitable for residential,
22 commercial, or industrial purposes. A municipality eligible under
23 this subsection is entitled to receive a payment for land deficiency
24 equal to \$1,000 per acre for a number of acres equal to the difference
25 between one-third of the population of the municipality less the
26 number of acres physically suitable for residential, commercial or
27 industrial purposes that has been selected by the municipality. For
28 the purpose of this subsection, the population of the municipality
29 shall be the population determined in accordance with AS 29.65.060(f).

1 No payment may be made to a municipality under this subsection in
2 excess of \$9,000,000.

3 (c) If a municipality selected vacant, unappropriated, unre-
4 served land on or before December 18, 1971, to which the state had
5 received tentative approval or patent, and that land was also selected
6 by a Native corporation organized under the Alaska Native Claims
7 Settlement Act (P.L. 92-203), and title to that land is ultimately
8 vested in that Native corporation, the municipality may, at its op-
9 tion, request payment for land deficiency from the municipal land
10 account. The acceptance of payment under this subsection by a muni-
11 cipality constitutes a relinquishment of any other right, title, or
12 claim to the land by that municipality. The total payment to a muni-
13 cipality under this subsection may not exceed \$1,000 per acre to a
14 maximum of 8,000 acres.

15 (d) The governor shall annually submit to the legislature a
16 request for an appropriation to the municipal land account for the
17 municipalities that have elected to receive payments under (b) or (c)
18 of this section. The request for appropriation shall distinguish
19 between amounts necessary to make payments for land deficiency under
20 (b) of this section and those required to make payments for land
21 deficiency under (c) of this section.

22 (e) For purposes of fulfilling entitlements under this section,
23 the legislature is authorized to appropriate

24 (1) not more than \$4,000,000 per fiscal year, and not more
25 than \$12,000,000 in total, for the purpose of paying entitlements
26 under (b) of this section;

27 (2) not more than \$1,000,000 per fiscal year, and not more
28 than \$8,000,000 in total, for the purpose of paying entitlements under
29 (c) of this section.

1 (f) If an annual appropriation is not sufficient to meet the
2 amount due to all municipalities that have elected to accept payment
3 for land deficiency under (b) or (c) of this section, the governor
4 shall apportion the appropriation among the municipalities in propor-
5 tion to the payment calculated for each municipality for that year.
6 When a distribution of payments is made under (c) of this section, the
7 remaining entitlement of a municipality to which payment is made shall
8 be reduced in an amount equal to the number of acres for which payment
9 was received. An appropriation made under this section is in addition
10 to other grants and entitlements authorized to eligible municipali-
11 ties.

12 (g) Payments authorized by this section may not be made to a
13 municipality eligible for an entitlement under AS 29.65.020 or 29.65.-
14 030.

15 (h) Payments made under this section shall be used by a muni-
16 cipality that levies property taxes to reduce the levy in proportion
17 to the amount of state payments received by the municipality for a
18 given fiscal year. The governing body of each municipality shall
19 furnish a notice with the tax statement describing the effect on
20 property tax levies of payments received under this section.

21 Sec. 29.65.090. AUTHORIZATION FOR LAND EXCHANGES. The director,
22 and a municipality are authorized to exchange land or interests in
23 land when it is in the public interest. Land or interests in land
24 exchanged under this section must be of approximately equal value,
25 including the nonmonetary value of public benefits. Exchange
26 procedures shall comply with applicable law and municipal ordinances.
27 The notice and review provisions of AS 38.05.945 apply to exchanges of
28 land under this section. The provisions of AS 38.50 do not apply to
29 exchanges of land under this section.

1 Sec. 29.65.100. PUBLIC PURPOSE AND EXPANSION NEEDS. (a) Con-
2 sistent with the best interests of the state, if a municipality does
3 not contain and cannot reasonably acquire sufficient nonfederal land
4 within its boundaries to meet its legitimate needs for public or
5 private settlement or development, it is the policy of the state to
6 select federal land reasonably necessary to meet the needs of the
7 municipality and to make the land selected available to the municipal-
8 ity under AS 38.05.810 or (b) of this section.

9 (b) The state may contract with a municipality to act as its
10 agent in an auction of state land under applicable statutes. When a
11 municipality acts as the agent of the state in an auction, the munici-
12 pality may retain from the proceeds of the auction the capital and
13 other expenses that the director determines to be necessary and
14 reasonable.

15 (c) Nothing in this chapter limits or impairs the authority of
16 the director to transfer land to municipalities, without limit or
17 consideration, for public purposes in accordance with AS 38.05.810.
18 If there is a remaining entitlement of the municipality, land trans-
19 ferred under AS 38.05.810 shall be credited toward fulfillment of the
20 entitlement.

21 Sec. 29.65.110. ELECTION OF BENEFITS. (a) A municipality that
22 on July 1, 1978, was engaged in litigation, or that becomes engaged in
23 litigation, regarding a claim to state land under former AS 29.18.190
24 or 29.18.200 shall elect either to obtain the benefits provided in
25 this chapter or to pursue the litigation and waive any claim to en-
26 titlement under this chapter. An election shall be made by filing a
27 motion for dismissal with prejudice in the court in which the litiga-
28 tion is pending. If the claim involves a municipality identified in
29 AS 29.65.010, the municipality shall file its motion for dismissal

1 within 60 days after July 1, 1978. If a claim involves a city eligi-
2 ble to receive an entitlement under AS 29.65.020, the city shall file
3 its motion for dismissal within 60 days after receiving the certifi-
4 cate of entitlement provided by the director under AS 29.65.020.
5 Failure of the municipality to file a motion for dismissal during the
6 time period provided in this subsection is considered a waiver of
7 entitlement under this chapter.

8 (b) A municipality that was eligible to file land selections
9 under former AS 29.18.190 or 29.18.200 and that does not enter into
10 litigation over a claim to rights under those sections before the
11 expiration of the time period within which it could make an election
12 under (a) of this section is considered to have elected to receive
13 benefits under this chapter and to have waived any claim that might
14 have been raised under former AS 29.18.190 or 29.18.200.

15 (c) The provisions of this chapter do not affect the rights of a
16 party to litigation regarding former AS 29.18.190, 29.18.200 or
17 29.18.420 maintained by a municipality that has elected not to obtain
18 the benefits provided by this chapter.

19 Sec. 29.65.120. ADMINISTRATION. The commissioner of natural
20 resources may adopt regulations in accordance with the Administrative
21 Procedure Act (AS 44.62) necessary to carry out the purposes of this
22 chapter.

23 Sec. 29.65.130. DEFINITIONS. In this chapter, unless the con-
24 text otherwise requires,

25 (1) "approved selection" means a municipal land selection
26 that has been approved in writing by the director for transfer by
27 patent to a municipality;

28 (2) "director" means the director of lands, Department of
29 Natural Resources;

- 1 (3) "general grant land"
- 2 (A) means land patented or tentatively approved to the
- 3 state from the United States under sec. 6(a) or (b) of the Alaska
- 4 Statehood Act;
- 5 (B) does not include university land;
- 6 (4) "mental health land" means land granted under Title II,
- 7 sec. 202 of P.L. 84-830, as amended before or after July 1, 1978;
- 8 (5) "municipal land selection" means a request by a munici-
- 9 pality, filed in writing with the director under authority of former
- 10 AS 29.18.190 and 29.18.200 or under this chapter for vacant, unappro-
- 11 priated, unreserved general grant land within its municipal boundaries
- 12 in partial fulfillment of its municipal entitlement;
- 13 (6) "patent" means a document, issued by the director to a
- 14 municipality for a previously approved selection, that conveys and
- 15 quitclaims all the right, title, and interest of the state without
- 16 reservation or condition except as may be required by law;
- 17 (7) "remaining entitlement" means the general grant land
- 18 entitlement determined in accordance with this chapter, reduced by the
- 19 total acreage of approved selections, including both patented and un-
- 20 patented parcels;
- 21 (8) "school land" means those rectangular sections 16 and
- 22 36 within each township surveyed on or before January 3, 1959, and
- 23 confirmed and transferred to the State of Alaska upon its admission
- 24 under sec. 6(k), Alaska Statehood Act, 72 Stat. 339, and any other
- 25 land designated solely for school revenues;
- 26 (9) "university land" has the meaning given in
- 27 AS 38.05.365;
- 28 (10) "vacant, unappropriated, unreserved land" means general
- 29 grant land as defined in (3) of this section, excluding minerals as

1 required by sec. 6(i) of the Alaska Statehood Act, that

2 (A) has not been set aside by statute for one or more
3 particular uses or purposes;

4 (B) has not been approved for patent to a municipality
5 under this chapter or former AS 29.18.190 and 29.18.200; or

6 (C) is unclassified or, if classified under AS 38.05.-
7 300, is classified for agricultural, grazing, commercial, indus-
8 trial, private recreational, residential, utility, or open-to-
9 entry purposes, or is classified in accordance with an agreement
10 between a municipality and the state providing for state manage-
11 ment of land of the municipality.

12 Sec. 29.65.140. APPLICATION. This chapter applies to home rule
13 and general law municipalities.

14 * Sec. 18. AS 29 is amended by adding a new chapter to read:

15 CHAPTER 71. GENERAL PROVISIONS.

16 Sec. 29.71.010. ADVERSE POSSESSION. A municipality may not be
17 divested of title to real property by adverse possession.

18 Sec. 29.71.020. DEDICATION OF MUNICIPAL PROPERTY. Dedication of
19 streets, rights-of-way, easements or other areas for public use may
20 not be construed to require the municipality to maintain, improve or
21 provide for municipal services in the area dedicated and the dedica-
22 tion does not impose any liability on the municipality for the condi-
23 tion of the area dedicated.

24 Sec. 29.71.030. TAXATION OF MUNICIPALITIES. No state law or
25 regulation may assess or tax, or be construed to assess or tax, a
26 municipality unless the law or regulation expressly provides that the
27 municipality is to be assessed or taxed by the particular law or
28 regulation.

29 Sec. 29.71.800. DEFINITIONS. In this title, unless otherwise

1 provided or the context otherwise requires,

2 (1) "areawide" means throughout a borough, both inside and
3 outside all cities in the borough;

4 (2) "assembly" means the governing body of a borough;

5 (3) "borough" means a general law borough or a home rule
6 borough;

7 (4) "city" means a general law first or second class city
8 or a home rule city;

9 (5) "commissioner" means the commissioner of community and
10 regional affairs;

11 (6) "consolidation" means dissolution of two or more muni-
12 cipalities and their incorporation as a new municipality;

13 (7) "council" means the governing body of a city;

14 (8) "department" means the Department of Community and
15 Regional Affairs;

16 (9) "election" means a regular or special municipal elec-
17 tion and does not include a state election;

18 (10) "governing body" means the legislative body of a muni-
19 cipality that is the assembly of a borough or the council of a city;

20 (11) "majority" means a simple majority;

21 (12) "merger" means dissolution of a municipality and its
22 absorption by another municipality;

23 (13) "municipality" means a political subdivision incor-
24 porated under the laws of the state that is a home rule or general law
25 city, a home rule or general law borough, or a unified municipality;

26 (14) "nonareawide" means throughout the area of a borough
27 outside all cities in the borough;

28 (15) "owner" or "record owner" means the owner of record or
29 purchaser of record as shown in the records of the district recorder;

1 (16) "personal property" means tangible property other than
2 real property, such as merchandise, stock in trade, machinery, equip-
3 ment, furniture, fixtures, vehicles, boats, and aircraft;

4 (17) "property" means real and personal property;

5 (18) "published" means appearing at least once in a news-
6 paper of general circulation distributed in the municipality or, if
7 there is no newspaper of general circulation distributed in the muni-
8 cipality, posting in three public places for at least five days;

9 (19) "real property" means land and improvements, all pos-
10 sessory rights and privileges appurtenant to the property, and in-
11 cludes personal property affixed to the land or improvements;

12 (20) "regular election" means the municipal election held on
13 the first Tuesday of October annually, or on a different date or
14 interval of years provided by ordinance or charter;

15 (21) "special election" means a municipal election and does
16 not include a regular election or a state election;

17 (22) "street" includes streets, avenues, boulevards, roads,
18 lanes, alleys, and other ways;

19 (23) "subdivision"

20 (A) means the division of a parcel of land into two or
21 more lots or other divisions for the purpose of sale or building
22 development, includes resubdivision, and relates to the process
23 of subdividing or to the land subdivided;

24 (B) does not include cadastral plats, cadastral con-
25 trol plats, open-to-entry plats, or remote parcel plats created
26 by or on behalf of the state regardless of whether these plats
27 include easements or other public dedications;

28 (24) "unified municipality" means a municipality unified in
29 accordance with AS 29.06.190 - 29.06.410;

1 (25) "voter" means a United States citizen who is qualified
2 to vote in state elections, has been a resident of the municipality
3 for 30 days immediately preceding the election, is registered to vote
4 in state elections, and is not disqualified under art. V of the state
5 constitution.

6 * Sec. 19. AS 01.10.060 is amended by adding a new paragraph to read:

7 (15) "municipality" means a political subdivision incor-
8 porated under the laws of the state that is a home rule or general law
9 city, a home rule or general law borough, or a unified municipality.

10 * Sec. 20. AS 05.35.040 is amended to read:

11 Sec. 05.35.040. POWER OF MUNICIPALITY. A municipality may own,
12 maintain and employ a facility constructed under AS 05.35.010 -
13 05.35.070. The exercise of this power on an areawide basis is at the
14 option of the borough and is not subject to the restrictions on ac-
15 quiring additional areawide powers in AS 29.35.300 - 29.35.330
16 [AS 29.33.250 - 29.33.290].

17 * Sec. 21. AS 09.45.845 is amended to read:

18 Sec. 09.45.845. VACATING OF STREETS IN WHOLE OR IN PART. The
19 vacating of streets in whole or in part by the voluntary action of a
20 municipality, for the purpose of making it possible for the court to
21 mitigate the hardships suffered by individuals because of the change
22 in land boundaries caused by the act of God, consisting of an earth-
23 slide, can be accomplished by the offer of the municipality expressed
24 in the complaint followed by the court's approval of it in the action
25 authorized in AS 09.45.800 - 09.45.880, without other formalities.
26 This provision is a special emergency substitute for the provisions
27 contained in AS 29.40.120 - 29.40.160 [AS 29.33.200 - 29.33.240].

28 * Sec. 22. AS 09.55.275 is amended to read:

29 Sec. 09.55.275. REPLAT APPROVAL. No agency of the state or

1 municipality may acquire property located within a municipality exer-
2 cising the powers conferred by AS 29.35.180 or 29.35.260(c) that
3 [AS 29.33.150 - 29.33.245 WHICH] results in a boundary change unless
4 the agency or municipality first obtains from the municipal platting
5 authority preliminary approval of a replat showing clearly the loca-
6 tion of the proposed public streets, easements, rights-of-way, and
7 other taking of private property. Final approval of replat shall be
8 similarly obtained. However, if a state agency clearly demonstrates
9 an overriding state interest, a waiver to the approval requirements of
10 this section may be granted by the governor. The platting authority
11 shall treat applications for replat made by state or local govern-
12 mental agencies in the same manner as replat petitions originated by
13 private landowners.

14 * Sec. 23. AS 09.65.070(e)(1) is amended to read:

15 (1) "municipality" has the meaning given in AS 01.10.-
16 060 and [MEANS A HOME RULE BOROUGH OR CITY, A GENERAL LAW BOROUGH OR
17 CITY OF ANY CLASS, A UNIFIED MUNICIPALITY ESTABLISHED UNDER AS 29.-
18 68.240 - 29.68.440, OR A MUNICIPALITY ESTABLISHED BY MERGER OR CON-
19 SOLIDATION UNDER AS 29.68.030 - 29.68.110; THE TERM] includes a public
20 corporation established by a municipality;

21 * Sec. 24. AS 14.08.071(b) is amended to read:

22 (b) Except for the first election of regional school members
23 under (a) of this section, elections [ELECTION] shall be held annually
24 on the first Tuesday in October. Elections shall be supervised by the
25 director of elections in the office of the lieutenant governor, but
26 shall be administered within second class cites as part of the regular
27 municipal election. The lieutenant governor shall adopt [PROMULGATE]
28 regulations for the conduct of the election of regional school board
29 members comparable, as far as practicable, to those prescribed for

1 election of school board members under AS 14.12 and AS 29.20.300
2 [AS 29.28] except that the majority election requirements of AS 29.-
3 26.060 [AS 29.28.040] do not apply to, nor may the regulations require
4 runoff elections for, the first election of regional school board
5 members under (a) of this section or, if a school board by resolution
6 so requests, to subsequent elections in the regional educational
7 attendance area served by that school board.

8 * Sec. 25. AS 14.08.081 is amended to read:

9 Sec. 14.08.081. RECALL. The members of a regional school board
10 are subject to recall in accordance with AS 29.26.240 - 29.26.360
11 [AS 29.28.130 - 29.28.250], except that the director of the division
12 of elections shall perform the functions of a municipal clerk, and the
13 lieutenant governor shall perform the functions of the assembly or
14 council under those sections.

15 * Sec. 26. AS 14.12.030(c) is amended to read:

16 (c) The [NOTWITHSTANDING THE] provisions of (a) and (b) of this
17 section do not apply if [, WHERE] the [BOROUGH] assembly serves as the
18 school board of the borough school district [UNDER AS 29.41.020 THE
19 NUMBER OF MEMBERS OF THE ASSEMBLY-SCHOOL BOARD SHALL BE DETERMINED IN
20 THE MANNER PRESCRIBED BY AS 29.23.020].

21 * Sec. 27. AS 14.12.110 is amended to read:

22 Sec. 14.12.110. SINGLE BODY AS ASSEMBLY AND SCHOOL BOARD. Not-
23 withstanding the provisions of this chapter or other law, a single
24 body may serve as both the [BOROUGH] assembly and [BOROUGH] school
25 board in the manner provided for third class boroughs under AS 29.20.-
26 300(b) [AS 07.17.030], if

27 (1) an [A BOROUGH] ordinance for that purpose is approved
28 by the assembly and ratified by a referendum of a majority of the
29 qualified borough voters voting on the question at a regular or

1 special election; [,] and

2 (2) [IF] the public school population within the borough is
3 500 pupils or less.

4 * Sec. 28. AS 14.14.020 is amended to read:

5 Sec. 14.14.020. BOND REQUIRED. Before the officer responsible
6 for custody [OF], investment, or management of school district money
7 enters upon the duties of office, the district, or the municipality if
8 the treasury is centralized, shall obtain a bond with sufficient
9 sureties in an amount equal to the money that may come into the offi-
10 cer's official custody, but not to exceed \$50,000. The bond shall be
11 conditioned on the officer's honest and faithful disbursement and
12 accounting of all money that may come into the official custody of the
13 officer. The bond shall be filed with the clerk of the school board.
14 This section does not apply to an officer who has been bonded under
15 AS 29.20.610 [AS 29.23.520].

16 * Sec. 29. AS 14.14.050(d) is amended to read:

17 (d) The school board shall not make the audit if an audit that
18 [WHICH] satisfies the requirements of this section and that [WHICH] is
19 filed and posted as required by this section [,] is made according to
20 AS 29.35.110 [AS 29.48.220].

21 * Sec. 30. AS 14.17.140(a) is amended to read:

22 (a) The Department of Community and Regional Affairs, in
23 consultation with the assessor for each district, shall determine the
24 full value of the taxable real and personal property in each district.
25 Exemptions granted under AS 43.25 shall be honored. If there is no
26 local assessor or current local assessment for a district, then the
27 Department of Community and Regional Affairs shall make the deter-
28 mination of full value from information available. In making the
29 determination, the Department of Community and Regional Affairs shall

1 be guided by AS 29.45.110 [AS 29.53.060]. The determination of full
2 value shall be made before October 1 and sent by certified mail,
3 return receipt requested, before that date to the president of the
4 school board in each district. Duplicate copies shall be sent to the
5 commissioner. The governing body of the municipality that [BOROUGH OR
6 CITY WHICH] is the district may obtain judicial review of the deter-
7 mination by filing a motion in the superior court of the judicial
8 district in which the district is located within 30 days after receipt
9 of the determination. The superior court may modify the determination
10 of the Department of Community and Regional Affairs only upon a find-
11 ing of abuse of discretion or upon a finding that there is no substan-
12 tial evidence to support the determination.

13 * Sec. 31. AS 15.13.010(a) is amended to read:

14 (a) This chapter applies in every election for governor, lieu-
15 tenant governor, a member of the state legislature, a delegate to a
16 constitutional convention, or judge seeking electoral confirmation.
17 It also applies to every candidate for election to a municipal office
18 in a municipality [CITY OR BOROUGH] with a population of more than
19 1,000 inhabitants according to the latest United States census figures
20 or estimates of population certified as correct for administrative
21 purposes by the Department of Community and Regional Affairs. A
22 municipality may exempt its elected municipal officers from the re-
23 quirements of this chapter if a majority of the voters voting on the
24 question at a [ANY] regular election, as defined by AS 29.71.800(20)
25 [AS 29.78.010(14)], or a special municipality-wide election called for
26 that purpose, vote to exempt its elected municipal officers from the
27 requirements of this chapter. The question of exemption from the
28 requirements of this chapter may be submitted by the governing body
29 [CITY COUNCIL OR BOROUGH ASSEMBLY] by ordinance or by initiative

1 election [ORDINANCE]. Nothing in this chapter prohibits a municipal-
2 ity from regulating by ordinance campaign contributions and expendi-
3 tures.

4 * Sec. 32. AS 15.13.120(f)(3) is amended to read:

5 (3) AS 29.20.170 [AS 29.23.060(c)], if the candidate is a
6 candidate for the borough assembly;

7 * Sec. 33. AS 15.13.120(f)(4) is amended to read:

8 (4) AS 29.20.280 [AS 29.23.130(f)], if the candidate is a
9 candidate for borough mayor;

10 * Sec. 34. AS 15.13.120(f)(5) is amended to read:

11 (5) AS 29.20.170 [AS 29.23.210(b)], if the candidate is a
12 candidate for city council;

13 * Sec. 35. AS 15.13.120(f)(6) is amended to read:

14 (6) AS 29.20.280 [AS 29.23.255], if the candidate is a
15 candidate for city mayor;

16 * Sec. 36. AS 15.56.110(b)(2) is amended to read:

17 (2) a member of the borough assembly [ASSEMBLYMAN] under
18 AS 29.20.170(6) [AS 29.23.060(c)];

19 * Sec. 37. AS 15.56.110(b)(3) is amended to read:

20 (3) a borough mayor under AS 29.20.280(6) [AS 29.23.130-
21 (f)];

22 * Sec. 38. AS 15.56.110(b)(4) is amended to read:

23 (4) a member of the city council [COUNCILMAN] under AS 29.-
24 20.170(6) [AS 29.23.210(b)];

25 * Sec. 39. AS 15.56.110(b)(5) is amended to read:

26 (5) a city mayor under AS 29.20.280(6) [AS 29.23.255];

27 * Sec. 40. AS 16.20.036(g) is amended to read:

28 (g) The establishment of a refuge under this section does not
29 impair or alter existing rights of a municipality [BOROUGH OR CITY] to

1 state land selected [SELECT STATE LAND] under former AS 29.18.190 -
2 29.18.200.

3 * Sec. 41. AS 16.20.038(g) is amended to read:

4 (g) The establishment of a refuge under this section does not
5 impair or alter existing rights of a municipality [BOROUGH OR CITY] to
6 state land selected [SELECT STATE LAND] under former AS 29.18.190 -
7 29.18.200.

8 * Sec. 42. AS 18.26.250(2) is amended to read:

9 (2) municipality [MUNICIPAL CORPORATION OR POLITICAL SUB-
10 DIVISION OF THE STATE AS THE TERMS ARE USED IN AS 29];

11 * Sec. 43. AS 18.80.290(d) is amended to read:

12 (d) The governing [LEGISLATIVE] body of a general law or home
13 rule municipality has the authority under AS 29.20.320 [AS 29.48.035]
14 to grant to local commissions powers and duties similar to those
15 exercised by the Alaska Human Rights Commission under the provisions
16 of this chapter [ACT].

17 * Sec. 44. AS 19.30.241(2) is amended to read:

18 (2) "home rule city" means a city as defined in AS 29.04.-
19 010 [AS 29.08.010];

20 * Sec. 45. AS 19.30.241(3) is amended to read:

21 (3) "local government" means an organized borough of any
22 class, a unified municipality [ORGANIZED UNDER AS 29.68.240 - 29.68.-
23 440], a home rule city, or a first class city [OF THE FIRST CLASS];

24 * Sec. 46. AS 19.30.260 is amended to read:

25 Sec. 19.30.260. PURPOSE. The purpose of AS 19.30.260 -
26 19.30.320 is to facilitate funding for the upgrading, reconstruction,
27 rehabilitation, or paving of existing subdivision roads within a road
28 maintenance service area established under AS 29.35.450 [AS 29.63] or
29 under a home rule charter.

1 * Sec. 47. AS 19.30.280(a) is amended to read:

2 (a) After establishing a road maintenance service area under
3 AS 29.35.450 [AS 29.63], or under a home rule charter, a municipality
4 may apply to the department for a grant as money is available for road
5 improvements, subject to regulations adopted by the department to
6 carry out the provisions of AS 19.30.260 - 19.30.320. The department
7 shall require a municipality to submit a five-year plan for the up-
8 grading, reconstructing, rehabilitating, or paving of maintenance
9 service area roads for approval before October 1 of each fiscal year.

10 * Sec. 48. AS 26.23.230(5) is amended to read:

11 (5) "political subdivision" means a home rule or general
12 law borough or city [, WHETHER HOME RULE OR OTHERWISE,] including a
13 unified municipality [MUNICIPALITIES UNIFIED UNDER AS 29.68.240 -
14 29.68.440], an unincorporated village, or other unit of local govern-
15 ment;

16 * Sec. 49. AS 28.15.051(d) is amended to read:

17 (d) The department may issue a special driver's permit to a
18 person who is at least 14 years of age with the consent of the per-
19 son's parents or guardians for the purpose of driving a motor-driven
20 cycle. This permit may be issued upon application and successful
21 completion of all prescribed tests and fees, and is valid for the same
22 period of time as a driver's license. The permit is not valid in a
23 municipality that [WHICH] by ordinance prohibits the driving of a
24 motor-driven cycle by a person under the age of 16 years; a borough
25 may adopt the ordinance on a nonareawide basis only, unless the power
26 to adopt it on an areawide basis is acquired under AS 29.35.300 -
27 29.35.330 or former AS 29.33.250 - 29.33.290.

28 * Sec. 50. AS 38.04.020(b)(1) is amended to read:

29 (1) land nominated for selection or selected by a

1 municipality to satisfy a general grant land entitlement under
2 AS 29.65 or former AS 29.18.201 - 29.18.213;

3 * Sec. 51. AS 38.04.020(e)(4) is amended to read:

4 (4) preliminary feasibility studies, engineering design
5 work, right-of-way acquisition, and construction of access roads and
6 capital improvements required by municipal subdivision ordinance or
7 regulation of the platting authority [BOARD UNDER AS 29.33.150];

8 * Sec. 52. AS 38.04.021(a) is amended to read:

9 (a) A municipality may apply for financial assistance for the
10 execution of a land disposal program of general grant land entitle-
11 ments received from the state under AS 29.65 or former AS 29.18.201 -
12 29.18.213 by submitting a request to the commissioner for inclusion in
13 the request submitted to the legislature under AS 38.04.020(e). A
14 municipality may request financial assistance for expenses of survey-
15 ing land, designing subdivision plats, installing improvements re-
16 quired by municipal ordinance or regulation of the local platting
17 authority [BOARD], and other reasonable direct costs of land disposal.

18 * Sec. 53. AS 38.04.021(d) is amended to read:

19 (d) A grant made under this section may not exceed five times
20 the amount of money appropriated by a first class city, a borough, or
21 a unified municipality [UNIFIED UNDER AS 29.68.240 - 29.68.440] for
22 the disposal of municipal land in the current fiscal year unless the
23 commissioner exempts the municipality from this subsection.

24 * Sec. 54. AS 38.04.021(e)(2) is amended to read:

25 (2) a first class city, a borough, or a unified municipal-
26 ity that [UNIFIED UNDER AS 29.68.240 - 29.68.440 WHICH] is exempted by
27 the commissioner under (d) of this section.

28 * Sec. 55. AS 38.04.900(b) is amended to read:

29 (b) A municipality has standing to petition the commissioner for

1 the adoption of a regulation, or for the amendment or repeal of an
2 existing regulation, or to appeal a decision of the commissioner with
3 respect to classification, management, or disposal of land made under
4 authority of a regulation adopted under (a) of this section with
5 respect to state land outside the corporate boundaries of the muni-
6 cipality to protect any interest which the municipality is authorized
7 to regulate outside its boundaries under AS 29.35.020 [AS 29.48.037].

8 * Sec. 56. AS 38.05.127(d) is amended to read:

9 (d) Upon application by a municipality or an affected owner of
10 land, the department may vacate, release, modify, or relocate an ease-
11 ment and right-of-way for public access to or along navigable or
12 public waters reserved by the department in a patent issued under
13 AS 29.65 or former AS 29.18.011 - 29.18.460, [AS 29.18] if the commis-
14 sioner determines the action is consistent with the public interest.

15 * Sec. 57. AS 38.05.290(b) is amended to read:

16 (b) Consistent with the best interests of the state, in the
17 selection of general grant land it is the policy of the state to make
18 available the maximum land area from which municipalities may fulfill
19 land entitlements under AS 29.65 or former AS 29.18.201 - 29.18.213.

20 * Sec. 58. AS 38.05.321(b) is amended to read:

21 (b) State land classified as agricultural land that [WHICH] has
22 been selected by a municipality under former AS 29.18.190 - 29.18.200
23 or former AS 29.18.205(e) may be approved by the director for patent
24 under AS 29.65.050(c) [AS 29.18.205(f)]; however, only rights in the
25 land for agricultural purposes may be transferred and all other inter-
26 ests in the land will remain with the state. Agricultural land ap-
27 proved for patent to a municipality [UNDER AS 29.18.205(f)] shall be
28 credited, acre for acre, toward fulfillment of that municipality's
29 entitlement under AS 29.65.010 - 29.65.030 or former AS 29.18.201 -

1 29.18.203. If the director later determines it to be in the best
2 interests of the state to transfer some or all of the additional
3 rights in that approved or patented agricultural land, those rights
4 shall pass without consideration to the municipality in which the land
5 is located. The notice and review provisions of AS 38.05.945 are
6 applicable to conveyance of rights under this section.

7 * Sec. 59. AS 38.05.321(c) is amended to read:

8 (c) The provisions of this section do not apply to

9 (1) [TO] state land classified as agricultural land that
10 has been selected by a municipality under the provisions of former
11 AS 29.18.190 - 29.18.200 if the selection is an approved selection
12 before April 1, 1978 and is otherwise valid under AS 29.65.050(b) or
13 former AS 29.18.205(b); or

14 (2) a quitclaim of the interest of the state to the federal
15 government under AS 38.05.035(b)(9).

16 * Sec. 60. AS 38.09.080 is amended to read:

17 Sec. 38.09.080. LAND WITHIN MUNICIPALITIES. (a) If a municipi-
18 pality has filed a selection of state lands under AS 29.65 or former
19 AS 29.18.201 - 29.18.213 with the commissioner, the state land se-
20 lected may not be designated for homestead entry; if the commissioner
21 determines that land selected by a municipality is not available for
22 patent to the municipality under AS 29.65 or former AS 29.18.201 -
23 29.18.213, the state land is available for designation by the commis-
24 sioner for homestead entry under AS 38.09.010.

25 (b) The disposal of homestead entry land is subject to local
26 platting, recording, or subdivision requirements established under
27 AS 29.35.180 [AS 29.33] and AS 40.15.

28 * Sec. 61. AS 39.50.145 is amended to read:

29 Sec. 39.50.145. PARTICIPATION BY MUNICIPALITIES. A municipality

1 may exempt its municipal officers from the requirements of this chap-
2 ter if a majority of the voters voting on the question at a [ANY]
3 regular election, as defined by AS 29.71.800(20) [AS 29.78.010(14)],
4 or a special municipality-wide election, vote to exempt its municipal
5 officers from the requirements of this chapter. The question of
6 exemption from the requirements of this chapter may be submitted by
7 the city council or borough assembly by ordinance or by initiative
8 election [ORDINANCE].

9 * Sec. 62. AS 39.50.200(a)(7) is amended to read:

10 (7) "municipal officer" includes a borough or city mayor,
11 borough assemblyman, city councilman, school board member, elected
12 utility board member, city or borough manager, members of a city or
13 borough planning or zoning commission within a home rule or general
14 law city or borough, or [INCLUDING BUT NOT LIMITED TO] a unified muni-
15 cipality [UNDER AS 29.68];

16 * Sec. 63. AS 40.15.075 is amended to read:

17 Sec. 40.15.075. AUTHORITY IN THE UNORGANIZED BOROUGH AND THIRD
18 CLASS BOROUGH. The division of lands is the platting authority in
19 the area outside organized boroughs and outside cities in the unor-
20 ganized borough and in the third class borough for only the purposes
21 of hearing and acting on petitions for the change or vacation of plats
22 and shall execute this function substantially in conformity with the
23 provisions of AS 29.40.130 - 29.40.160 [AS 29.33.210 - 29.33.240].
24 Costs of publication and mailing [AS WELL AS OTHER COSTS] authorized
25 in AS 29.40.130 [AS 29.33.210] shall be paid to the division by the
26 petitioner. The Department of Natural Resources shall adopt reason-
27 able regulations governing the exercise of the authority conferred by
28 this section upon the division of lands.

29 * Sec. 64. AS 40.15.200 is amended to read:

1 Sec. 40.15.200. APPLICATION TO STATE AND POLITICAL SUBDIVI-
2 SIONS. All subdivisions of land made by the state, its agencies,
3 instrumentalities and political subdivisions are subject to the provi-
4 sions of this chapter and AS 29.40.070 - 29.40.160 [AS 29.33.150 -
5 29.33.240], or home rule ordinances or regulations governing subdivi-
6 sions, and shall comply with ordinances and other local regulations
7 adopted under this chapter and AS 29.40.070 - 29.40.160 or former
8 AS 29.33.150 - 29.33.240, or under home rule authority, in the same
9 manner and to the same extent as subdivisions made by other land-
10 owners.

11 * Sec. 65. AS 41.35.180(5) is amended to read:

12 (5) consult with local historical district commissions re-
13 garding the establishment of historical districts under AS 29.55.010 -
14 29.55.020 [AS 29.48.108 - 29.48.110] and the approval of project
15 alterations under AS 45.98.040; recommend, if appropriate, the formu-
16 lation of additional criteria for the designation of historical dis-
17 tricts under AS 29.55.020(b) [AS 29.48.110(b)]; approve plans for and
18 evaluate the suitability of specific structures for purposes of loan
19 eligibility and continuance under the historical district revolving
20 loan fund (AS 45.98); and consult with the Department of Commerce and
21 Economic Development relative to the adoption of regulations for
22 historical district loans under AS 45.98.

23 * Sec. 66. AS 41.98.175(d) is amended to read:

24 (d) In (a) of this section "municipalities" includes cities or
25 organized boroughs of any class and unified municipalities exercising
26 powers to initiate projects described in AS 41.98.170 and acquire
27 parks and open space land, as otherwise authorized by law [, AND
28 INCLUDES BUT IS NOT LIMITED TO UNIFIED MUNICIPALITIES ORGANIZED UNDER
29 AS 29.68.240 - 29.68.440].

1 * Sec. 67. AS 42.05.711(1) is amended to read:

2 (1) A person, utility, or cooperative that is exempt from regu-
3 lation under AS 42.05.711(a) or (d) - (k) is not subject to regulation
4 by a municipality under AS 29.35.070 [AS 29.48.060 - 29.48.090].

5 * Sec. 68. AS 43.56.010(b) is amended to read:

6 (b) A municipality may levy and collect a tax under AS 29.45.080
7 [AS 29.53.045] at the rate of taxation that applies to other property
8 taxed by the municipality. The tax shall be levied at a rate no
9 higher than the rate applicable to other property taxable by the
10 municipality. No municipality may exempt from taxation property
11 authorized to be taxed under this chapter. Exemptions shall be lim-
12 ited to those in AS 29.45.030, 29.45.050, [AS 29.53.020 AND AS 29.53.-
13 025] and AS 43.56.020.

14 * Sec. 69. AS 43.56.010(c) is amended to read:

15 (c) If the total value of assessed property of a municipality
16 taxing under AS 29.45.080(c) [AS 29.53.045(c)] exceeds the product of
17 225 percent of the average per capita assessed full and true value of
18 property in the state (to be determined by the department and reported
19 to each municipality by January 15 of each year) multiplied by the
20 number of residents of the taxing municipality, the department shall
21 designate the portion of the tax base against which the local tax may
22 be applied. [FOR PURPOSES OF THIS SUBSECTION THE AVERAGE PER CAPITA
23 ASSESSED FULL AND TRUE VALUE OF PROPERTY IN THE STATE SHALL BE
24 CALCULATED WITHOUT REGARD TO THE ASSESSED VALUE OF TAXABLE PROPERTY
25 UNDER AS 43.58.]

26 * Sec. 70. AS 43.56.010(d) is amended to read:

27 (d) A tax paid to a municipality under AS 29.45.080 or former
28 AS 29.53.045 on or before June 30 of the tax year shall be credited
29 against the tax levied under (a) of this section for that tax year.

1 If, however, a tax is not paid to a municipality until after June 30
2 of the taxable year, the department upon application shall refund to
3 the taxpayer the amount of tax paid to the municipality under AS 29.-
4 45.080 or former AS 29.53.045. The credit or refund of taxes paid to
5 a municipality may not exceed the total amount of tax levied by the
6 department upon the taxpayer for the tax year, under (a) of this
7 section.

8 * Sec. 71. AS 43.56.060(a) is amended to read:

9 (a) The department shall assess property for the tax levied
10 under AS 43.56.010(b) and AS 29.45.080 [AS 29.53.045] on property used
11 or committed by contract or other agreement for use for the pipeline
12 transportation of gas or unrefined oil or for the production of gas or
13 unrefined oil at its full and true value as of January 1 of the as-
14 sessment year.

15 * Sec. 72. AS 43.75.130(1) is amended to read:

16 (1) to each unified municipality [UNIFIED UNDER AS 29.68.-
17 240 - 29.68.440,] and to each city located in the unorganized borough,
18 50 percent of the amount of tax revenue collected in the municipality
19 from taxes levied by AS 43.75;

20 * Sec. 73. AS 44.33.403(2)(A) is amended to read:

21 (A) has the authority under AS 29.35 [AS 29.41 OR
22 AS 29.48] to provide and maintain a cultural facility;

23 * Sec. 74. AS 44.47 is amended by adding new sections to read:

24 ARTICLE 12. BOROUGH FEASIBILITY STUDIES.

25 Sec. 44.47.700. BOROUGH FEASIBILITY STUDIES. (a) The commis-
26 sioner may contract for studies of the feasibility of establishing
27 boroughs in the unorganized borough. A study may be conducted under
28 this section only if

29 (1) appropriations are available for that purpose; and

1 (2) the study is requested by a person residing in the area
2 to be studied or by a city located in the area to be studied.

3 Sec. 44.47.710. REQUESTS FOR STUDIES. A request for a study of
4 the feasibility of establishing a borough in the unorganized borough
5 shall be submitted to the commissioner in writing and shall include

6 (1) a description of the boundaries of the area of the pro-
7 posed study; and

8 (2) an indication of local interest in the proposed study
9 consisting of either

10 (A) a petition requesting the study containing the
11 signatures and addresses of five percent of the voters residing
12 in the area of the proposed study based on the number of voters
13 who voted in the area in the last statewide election; or

14 (B) resolutions requesting the study adopted by the
15 governing bodies of at least five percent of the cities within
16 the area of the proposed study.

17 Sec. 44.47.720. BOUNDARIES. The boundaries of an area studied
18 shall conform to the boundaries indicated in the request for the study
19 under AS 44.47.710 unless the commissioner, after a public hearing
20 held in the area of the proposed study, determines that the boundaries
21 should be altered. In determining the boundaries of an area to be
22 studied, the commissioner shall consider

23 (1) the standards applicable to the incorporation of bor-
24 oughs under AS 29.05.030;

25 (2) boundaries of regional corporations established under
26 43 U.S.C. 1606;

27 (3) census divisions of the state used for the 1980 census;

28 (4) boundaries of the regional educational attendance areas
29 established under AS 14.08.031; and

1 (5) boundaries of coastal resource service areas organized
2 under AS 46.40.110 - 46.40.210.

3 Sec. 44.47.730. CONTRACTS. (a) The commissioner shall contract
4 for a study of the feasibility of establishing a borough in the unor-
5 ganized borough by following the procedures set out in AS 36.98. The
6 commissioner shall include terms in the contract that provide for

7 (1) public participation in the preparation of the study;
8 (2) completion of the study not later than June 30 of the
9 third year after the year the contract is executed.

10 (b) A study under this section shall include

11 (1) a recommendation for or against incorporation of a bor-
12 ough containing all or part of the area studied;

13 (2) an evaluation of the economic development potential of
14 the area studied;

15 (3) an evaluation of capital facility needs of the area
16 studied;

17 (4) an evaluation of demographic, social, and environmental
18 factors affecting the area studied;

19 (5) an evaluation of the relationships among regional
20 educational attendance areas, coastal resource service areas, and
21 other regional entities responsible for providing services in the area
22 studied;

23 (6) an evaluation of the relationships between the existing
24 cities within the area studied and regional entities responsible for
25 providing services in the area; and

26 (7) specific recommendations for

27 (A) organization of a home rule or general law borough
28 government if one is recommended;

29 (B) changes in organization of cities in the area

1 studied; or

2 (C) the improvement of the delivery of services to the
3 public by the state in the area studied.

4 * Sec. 75. AS 44.83.162(m) is amended to read:

5 (m) For purposes of (c) of this section, the number of residents
6 of the community equals the number of residents of the community
7 determined by the Department of Community and Regional Affairs in
8 accordance with AS 29.60.020 [AS 29.88.015].

9 * Sec. 76. AS 44.85.270(i) is amended to read:

10 (i) All references to the "reserve fund" in this section include
11 special accounts within the reserve fund which may be created by the
12 authority to secure the payment of particular bonds, including, with-
13 out limitation, bonds issued by the capital city established under
14 AS 29.14.010 [AS 29.18.510]. The commissioner of revenue may lend
15 surplus money in the general fund to the authority for deposit to any
16 account in the reserve fund in an amount equal to the required debt
17 service reserve. The loans shall be made on such terms and conditions
18 as may be agreed upon by the commissioner of revenue and the author-
19 ity, including, without limitation, terms and conditions providing
20 that the loans need not be repaid until the obligations of the corpo-
21 ration secured and to be secured by the account in the reserve fund
22 are no longer outstanding.

23 * Sec. 77. AS 44.85.410(3)(A) is amended to read:

24 (A) a general obligation bond that [WHICH] is a direct
25 and general obligation of a political subdivision of the state,
26 all the taxable property within which is subject to taxation to
27 pay the bond, note or evidence of debt, and the interest without
28 limitation, as to rate or amount generally to the extent permit-
29 ted by law or to avoid a default as provided for second class

1 cities under AS 29.45.590 [AS 29.53.410]; or

2 * Sec. 78. AS 44.85.410(3)(D) is amended to read:

3 (D) a bond of a borough issued as a general obligation
4 of a service area under AS 29.47.440 or former AS 29.58.340; [.]

5 * Sec. 79. AS 45.98.020 is amended to read:

6 Sec. 45.98.020. HISTORICAL DISTRICT LOANS. Upon endorsement and
7 plan approval by a local historical district commission established
8 under AS 29.55.010 or former AS 29.48.108 and the recommendation of a
9 majority of the members of the Historic Sites Advisory Committee, the
10 Department of Commerce and Economic Development may make loans to a
11 person, firm, business or municipality subject to applicable laws for
12 the restoration, improvement, rehabilitation, or maintenance of a
13 structure that [WHICH] is

14 (1) within the boundaries of a historical district estab-
15 lished under AS 29.55.020 or former AS 29.48.110;

16 (2) identified as important in state or national history as
17 provided for in AS 29.55.020(b) or former AS 29.48.110(b); and

18 (3) another building or structure within a historical dis-
19 trict, and suitable for superficial modification so that it can con-
20 form to the period or motif of the surrounding buildings or structures
21 that are the reason for the area's designation as a historical dis-
22 trict.

23 * Sec. 80. AS 46.03.210(a) is amended to read:

24 (a) A municipality with a population in excess of 1,000 may,
25 within five years from August 5, 1969, establish and administer within
26 its jurisdiction an air pollution control program. Organized boroughs
27 may establish an air pollution control program on an areawide basis,
28 and the exercise of powers with respect to the program is not subject
29 to the restrictions on acquiring additional areawide powers specified

1 in AS 29.35.300 - 29.35.330 [AS 29.33.250 - 29.33.290]. Local pro-
2 grams shall

3 (1) provide by ordinance for requirements compatible with
4 those imposed by the provisions of AS 46.03.140 and 46.03.170 and
5 applicable regulations;

6 (2) provide for the enforcement of the requirements imposed
7 through appropriate administrative and judicial processes;

8 (3) provide for a local administrative organization, staff,
9 and other resources necessary to effectively carry out the purposes of
10 the program; and

11 (4) be approved by the department as being satisfactory to
12 meet the requirements of AS 46.03.140 - 46.03.170 and the applicable
13 regulations.

14 * Sec. 81. AS 46.11.040(3)(A) is amended to read:

15 (A) is constructed under an exception to the municipal
16 building code granted because the exception will result in in-
17 creased energy efficiency [UNDER AS 29.33.080(g)]; or

18 * Sec. 82. AS 46.11.900(8) is amended to read:

19 (8) "state financial assistance" means a loan, grant,
20 guarantee, insurance, payment, rebate, subsidy, or other form of state
21 assistance (other than aid under AS 29.60 [AS 29.88, AS 29.89, AS 29.-
22 90, AS 29.95,] and AS 43.18) including the purchase by a state agency
23 of a loan to finance the construction of a new residential, commer-
24 cial, or industrial building;

25 * Sec. 83. AS 46.35.200(3) is amended to read:

26 (3) "local government" means a city or borough including a
27 unified municipality [UNIFIED UNDER AS 29.68.240 - 29.68.440];

28 * Sec. 84. AS 46.40.140(h) is amended to read:

29 (h) Members of coastal resource service area boards are subject

1 to recall on the same grounds and in the same manner as provided for
2 recall of municipal officials in AS 29.26.240 - 29.26.350 [AS 29.28.-
3 130 - 29.28.250]. The lieutenant governor functions in place of the
4 assembly or council and municipal clerk for receipt and review of
5 recall petitions and the conduct of recall elections.

6 * Sec. 85. AS 46.40.210(2)(A) is amended to read:

7 (A) unified municipalities [ESTABLISHED UNDER AS 29.-
8 68.240 - 29.68.440];

9 * Sec. 86. AS 47.35.010(b) is amended to read:

10 (b) The department shall, within 90 days after receiving a
11 written request that it do so, delegate its powers relating to nur-
12 series under this section and under AS 47.35.040 - 47.35.060 to a
13 municipality that [WHICH] has adopted an ordinance providing for day
14 care licensing under home rule powers or as authorized under AS 29.-
15 35.200 - 29.35.210 [AS 29.48.035(a)(20)]. A municipality to which
16 these powers have been delegated may waive or modify any regulation or
17 standard established by the department under the authority of AS 47.-
18 35.010 - 47.35.080 as it applies to nurseries or the application of
19 any such regulation or standard as it applies to a particular day care
20 licensee but must notify the department of any waiver.

21 * Sec. 87. The following laws are repealed: AS 04.11.400(c); AS 04.-
22 21.080(b)(11); AS 14.56.065(b), 14.56.180(3); AS 15.13.130(6); AS 18.55.-
23 950(10); AS 19.20.015(f); AS 24.55.330(3); AS 28.40.100(a)(10); AS 29.08;
24 AS 29.13; AS 29.18; AS 29.23; AS 29.28; AS 29.33; AS 29.38; AS 29.41;
25 AS 29.43; AS 29.48; AS 29.53; AS 29.58; AS 29.63; AS 29.68; AS 29.73;
26 AS 29.78; AS 29.88; AS 29.89; AS 29.95; AS 30.15.070(3); AS 30.30.170(2);
27 AS 35.15.120(3); AS 42.06.630(6); AS 43.20.016; AS 43.56.210(8); AS 44.-
28 07.360(8); AS 44.33.417(6); AS 44.47.310(5); and AS 44.85.410(4).

29 * Sec. 88. A right or liability of a municipality existing on

1 January 1, 1986, is not affected by the enactment of this Act. Ordinances
2 and regulations in effect on January 1, 1986, remain in effect unless they
3 conflict with provisions of this Act. Ordinances and regulations in effect
4 on January 1, 1986, that conflict with provisions of this Act remain in
5 effect for 180 days after January 1986. The terms of elected or appointed
6 municipal officials in office on January 1986, are not affected by this
7 Act, and their terms expire as provided before January 1, 1986.

8 * Sec. 89. This Act takes effect January 1, 1986.