Rec'd 6/1/82 HFC

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution Number: HCS for CS for SB 180 (Judiciary) am H
Title: An Act relating to municipal government.
Requested by: Judiciary Date: May 28, 1982

II. FISCAL DETAIL
Agency Affected:
Program Category Affected:
BRU, Program, or Subprogram(s) Affected:
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 COMMODITIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LAND & STRUCTURES	-	-	-	-	-	-
700 GRANTS,CLAIMS,ETC	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

FUNDING (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-

POSITIONS

FULL TIME	-	-	-	-	-	-
PART TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

See attached analysis.

IV. DATE: May 28, 1982

PREPARED BY: Joseph K Donohue
AGENCY: Department of Revenue
PHONE: 465-2300

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)
33-001 (Rev. 12/81)

STATE OF ALASKA
DEPARTMENT OF REVENUE
OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH S
JUNEAU, ALASKA 99811
PHONE: (907) 465-2300

May 28, 1982

The Honorable Patrick O'Connell
Alaska State Legislature
House of Representatives
Pouch V
Juneau, AK 99811

Re: HCS for CS for SB 180 (Judiciary) am H

Dear Representative O'Connell:

Enclosed is the Fiscal Note for the above referenced bill as you requested.

Sincerely,

Joseph K. Donohue

Joseph K. Donohue
Deputy Commissioner, Taxation

JKD:jas

Enclosure

cc: The Honorable Jalmar Kerttula
President of the Senate

The Honorable Joe Hayes
Speaker of the House

The Honorable Don Bennett
Co-Chairman
Senate Finance Committee

The Honorable Al Adams
Chairman
House Finance Committee

The Honorable M. E. Dankworth
Co-Chairman
Senate Finance Committee

The Effect on AS 29.53.045(c)

The tax effect of this bill, during 1982, under AS 29.53.045(c), assuming the two different population estimates as provided by the Department of Community and Regional Affairs, would result in a loss of $18,688,707 to the state.

The methodology to derive this figure is illustrated as follows:

Average Per Capita Statewide Assessed Value	x	225%	x	Population	x	30 mills	=	Tax Amount
$70,538	x	2.25	x	11,252	x	.03	=	$53,574,316
$70,538	x	2.25	x	7,098	x	.03	=	-$33,795,814
Difference								$19,778,502

Of this total difference the state's loss is .9449 x $19,778,502 or $18,688,707.

Similar losses would accrue in future years.

The Effect on AS 43.20

The proposed bill would not affect the total amount distributed for municipal revenue sharing purposes under AS 43.20 but would probably change the allocation between communities. To the extent that double counting (i.e., isolated workers counted in one area while at the same time being counted as permanent residents in an entirely different area of the state) might prevail, the total amount per capita would be diluted. Hence, some communities would increase their overall portion of the revenue pie while others would be subject to a reduction in revenues.

(Please see attached historical record of revenue distribution as determined under AS 43.56 and AS 29.53)

		AV	20 Mill Tax	Local Credit	Net to State
1975					
6.54	Kenai	403,603,450	8,072,069	2,640,122	5,432,398
18.40	Anchorage	3,568,840	71,376	65,692	5,684
15.00	Bristol Bay	369,840	7,296	5,472	1,824
12.3	North Slope	424,416,950	8,468,339	5,220,328	3,268,010
7.4	Valdez	170,519,000	3,410,380	1,262,546	2,147,832
13.0	Mat-Su	880,240	17,605	11,443	6,162
6.62	North Star	64,850,240	1,297,005	429,425	867,580
20.0	Unorganized	220,056,330	4,401,127	-0-	4,401,127
TOTAL		1,288,259,900	25,765,197	9,635,030	16,130,617
1976					
6.65	Kenai	457,274,120	9,145,482	3,041,121	6,104,576
19.30	Anchorage	8,857,750	177,155	176,266	2,945
10.30	North Slope	1,520,250,510	30,405,010	15,658,580	14,746,429
8.12	Valdez	452,983,000	9,059,660	3,678,635	5,381,025
8.00	Mat-Su	1,622,620	32,452	12,981	19,471
6.40	North Star	306,204,140	6,124,083	1,960,034	4,164,049
20.00	Unorganized	1,875,413,490	37,508,270	-0-	37,508,270
TOTAL		4,622,605,630	92,452,112	24,526,617	67,926,765
1977					
6.32	Kenai	460,400,980	9,208,020	2,909,945	6,298,095
16.67	Anchorage	9,142,580	182,852	152,377	30,475
7.52	North Slope	3,304,836,500	66,096,730	24,852,370	41,244,360
6.28	Valdez	1,104,313,000	22,086,260	6,935,241	15,151,019
10.70	Mat-Su	367,630	7,353	3,934	3,419
5.19	North Star	505,326,780	10,106,536	2,622,475	7,484,061
13.10	Yakutat	3,886,610	77,732	50,915	26,818
20.00	Unorganized	3,103,971,480	62,079,430	-0-	62,079,430
TOTAL		8,492,245,560	169,844,913	37,527,257	132,317,677
1978					
5.69	Kenai	452,631,280	9,052,626	2,555,782	6,496,844
16.91	Anchorage	16,495,680	329,914	278,880	51,033
7.29	North Slope	4,456,310,700	89,126,214	32,487,908	56,638,306
5.33	Valdez	1,557,558,000	31,151,160	8,301,784	22,849,376
7.80	Mat-Su	2,709,650	54,193	21,135	33,058
7.28	North Star	595,042,140	11,900,843	4,329,916	7,570,927
13.70	Yakutat	3,212,560	64,251	44,012	20,239
20.00	Unorganized	3,993,024,680	79,860,494	-0-	79,860,494
TOTAL		11,076,984,670	221,539,695	48,019,417	173,520,277

		AV	20 Mill Tax	Local Credit	State
1979					
3.22	Kenai	345,727,170	8,914,643	1,433,345	7,481,188
14.32	Anchorage	24,311,730	486,234	348,075	138,159
10.35	North Slope	4,810,887,800	96,217,756	49,800,530	46,417,225
5.97	Valdez	1,541,897,000	30,837,940	9,211,293	21,626,647
7.40	Mat-Su	2,975,710	59,514	22,020	37,494
7.27	North Star	792,249,650	15,844,993	5,757,872	10,087,121
13.70	Yakutat	2,639,910	52,798	36,167	16,631
20.00	Unorganized	4,325,758,440	86,515,169	-0-	86,515,169
TOTAL		11,946,447,380	238,928,947	66,609,302	172,319,645
1980					
3.67	Kenai	499,955,160	9,999,103	1,833,758	8,165,345
12.46	Anchorage	31,636,780	632,736	394,270	238,466
10.33	North Slope	5,450,597,290	109,011,946	55,974,326	53,037,620
6.55	Valdez	1,626,511,000	32,530,220	10,650,394	21,879,826
8.95	Mat-Su	721,530	14,431	6,458	7,973
6.28	North Star	638,848,930	12,776,979	4,014,332	8,762,647
13.70	Yakutat	1,943,700	38,874	26,629	12,245
20.00	Unorganized	3,915,419,560	78,308,391	-0-	78,308,391
TOTAL		12,165,633,950	243,312,680	72,900,167	170,412,513
1981					
2.79	Kenai	562,862,700	11,257,254	1,569,841	9,687,413
8.62	Anchorage	50,612,980	1,012,260	436,043	567,217
16.70	North Slope	6,297,616,550	125,952,331	105,150,647	20,801,684
6.36	Valdez	1,620,048,000	32,400,960	10,309,985	22,090,975
7.22	Mat-Su	5,627,910	112,558	40,633	71,925
5.60	North Star	639,604,430	12,792,089	3,581,162	9,210,927
13.70	Yakutat	2,032,760	40,655	27,849	12,806
20.00	Unorganized	3,992,227,950	79,844,550	-0-	79,844,559
TOTAL		13,170,633,280	263,412,666	121,116,160	142,296,506

HOUSE CS FOR CS FOR SENATE BILL NO. 180 (Judiciary) am H

Under Uniform Rule (43)(b), engrossment has been waived and certified amendments are attached.

Original sponsor: Rules/Legislative Council

Offered: 5/5/82
Referred: Finance

IN THE SENATE BY THE JUDICIARY COMMITTEE

HOUSE CS FOR CS FOR SENATE BILL NO. 180 (Judiciary) am H

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to municipal government."

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

* Section 1. AS 29.03 is amended by adding a new section to read:

Sec. 29.03.030. PLATTING AUTHORITY. Subject to AS 40.15.075, the Department of Natural Resources is the platting authority in the unorganized borough in the area outside all cities.

* Sec. 2. AS 29 is amended by adding a new chapter to read:

CHAPTER 04. CLASSIFICATION OF MUNICIPALITIES.

Sec. 29.04.010. HOME RULE. A home rule municipality is a municipal corporation and political subdivision. It is a city or a borough that has adopted a home rule charter, or it is a unified municipality. A home rule municipality has all legislative powers not prohibited by law or charter.

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

Sec. 29.04.030. CLASSES OF GENERAL LAW. General law municipalities are of five classes:

(1) first class boroughs;

(2) second class boroughs;

(3) third class boroughs;

(4) first class cities;

(5) second class cities.

CERTIFIED AMENDMENTS

HOUSE CS FOR CS FOR SENATE BILL NO. 180 (Judiciary)

PAGE: 149 LINE: 22
through page 150 line 6
Delete Sec. 29.60.140 and replace with the following

AMENDMENT NO. 3

Sec. 29.60.140. STATE AID TO UNINCORPORATED COMMUNITIES. (a) The Department of Community and Regional Affairs shall pay an entitlement of $25,000 each fiscal year to each unincorporated community. The Department of Community and Regional Affairs with advice from the Department of Law shall determine whether there is in each unincorporated community an incorporated nonprofit entity or a Native village council that will agree to receive and spend the entitlement. If there is more than one qualified entity in an unincorporated community, the Department of Community and Regional Affairs shall pay the money under the entitlement to the entity that the department finds most qualified to receive and spend the money. The Department of Community and Regional Affairs may not pay money under an entitlement to a Native village council unless the council waives immunity from suit for contract claims arising out of activities of the council related to the entitlement. A waiver of immunity from suit under this subsection must be on a form provided by the Department of Law. Neither this subsection nor any action taken under it enlarges or diminishes the governmental authority or jurisdiction of a Native village council. If there is no qualified incorporated nonprofit entity or Native village council in an unincorporated community that is willing to receive money under an entitlement, the entitlement for that unincorporated community may not be paid.

(b) In this section "unincorporated community" means a place in the unorganized borough that is not incorporated as a city and in which 25 or more persons reside as a social unit.

AMENDMENT TO AMENDMENT No. 3

Line 4: After "community" insert "to be used for a public purpose.

Line 14: Delete "contract"

AMENDMENT No. 5

OFFERED IN THE HOUSE: BY: _____

TO: HCS CSSB 180 (Jud) HOUSE BILL No. _____

SENATE BILL No. _____

PAGE:s 31, 73, 94, 187 LINEs As marked

Page 31, Line 3

Add a new paragraph to read:

(46) AS 29.35.120 (regulation of firearms prohibited)

Page 73, Line 7

Add a new section to read:

Sec. 29.35.120. REGULATION OF FIREARMS PROHIBITED. (a) A municipality may not regulate the ownership and possession of firearms.

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

Page 94, Line 8

Add a new paragraph to read:

(7) firearms.

Page 187, line 17

Insert a new section to read:

Sec. 83. The tax exemption provided in AS 29.45.030(a)(7) of this Act begins January 1, 1983.

Renumber following section

AMENDMENT NO. 6

Page 55, Line 4: Delete "a municipality" and add "the legislative body of a municipality"

AMENDMENT NO. 7

Page 59, Lines 6 and 24: Delete "60" add "90"

PAGE: 169 LINE: 25 and after 28

AMENDMENT NO. 8

On line 25: After "(23)" add "(A)"

After line 28 add: "(B) Does not include cadastral plats, cadastral control plats, open-to-entry plats, or remote parcel plats created by or on behalf of the State regardless of whether these plats include easements or other public dedications."

AMENDMENT NO. 9

Page 97, Line 22: Delete "$10,000" and insert "$25,000"

AMENDMENT NO. 10

page 103, line 4 through line 8. Delete text after "shall" through "year".

Insert:

"include permanent residents and military personnel or employees of a military reservation located in the municipality. Population shall also include all persons working at isolated job sites in a municipality. The commissioner of community and regional affairs shall determine the number of persons working at isolated sites from information supplied by employers which shows the number of persons employed on the sites as of July 1 of each year, notwithstanding the place of permanent residence of those employees".

page 104, delete lines 3 through 7.

Insert.

"include permanent residents and military personnel or employees of a military reservation located in the municipality. Population shall also include all persons working at isolated job sites in a municipality. The commissioner of community and regional affairs shall determine the number of persons working at isolated sites from information supplied by employers which shows the number of persons employed on the sites as of July 1 of each year, notwithstanding the place of permanent residence of those employees".

page 143, line 3, delete text after "shall" through line 6 "reliable".

Insert:

"include permanent residents and military personnel or employees of a military reservation located in the taxing unit. Population shall also include all persons working at isolated job sites

in a taxing unit. The commissioner of community and regional affairs shall determine the number of persons working at isolated sites from information supplied by employers which shows the number of persons employed on the sites as of July 1 of each year, notwithstanding the place of permanent residence of those employees".

page 149, line 15, insert following "marshal".:

"For purposes of this subsection, population shall include permanent residents and military personnel or employees of a military reservation served by the fire department. Population shall also include all persons working at isolated job sites served by the fire department. The state fire marshall shall determine the number of persons working at isolated sites from information supplied by employers which shows the number of persons employed on the sites as of July 1 of each year, notwithstanding the place of permanent residence of those employees".

AMENDMENT NO. 11

Page 97, Lines 24 - 26: Delete paragraph (1) and add new (1)

(1) classify boats and vessels for the purpose of taxation and may establish the assessed valuation of boats and vessels on the basis of their registered or documented net tonnage; a tax based upon a tonnage valuation shall not exceed $25 a year for a boat or vessel of less than five net tons and shall not exceed $75 a year for a boat or vessel of more than five net tons;

AMENDMENT NO. 12

Page 100, Lone 18: After the word "tax" delete "at the current mill levy"

AMENDMENT NO. 13

Page 58, Lines 21 & 22 are amended to read as follows: (3) relates to a legislative or administrative matter; and

AMENDMENT NO. 16

Page 86, Line 13: Delete paragraph (1) and renumber following paragraphs.

page 94, line 7. After subsection (6), insert new subsection (7):

(7) forest land as defined in AS 41.17.950(6).

page 94, line 8, insert new subsection:

(8) real property or interests in real property that are exempt from taxation under 43 U.S.C. 1620(d), as amended, as more fully provided in (k) and (l) of this section.

page 96, line 22, add new subsections:

(k) The tax exemption required by 43 U.S.C. 1620(d), as amended, shall be implemented according to the following conditions and interpretations.

(1) "developed" means a purposeful modification of the property from its original state that effectuates a condition of gainful or productive present use without further substantiation modification; surveying, construction of roads, providing utilities or other similar actions normally considered to be component parts of the development process, but which do not create the above conditions, do not constitute a developed state within the meaning of this paragraph; developed property, in order to remove the exemption, must be developed for purposes other than exploration, and be limited to the smallest practicable tract of the property actually used in the developed state;

(2) "exploration" means the examination and investigation of undeveloped land to determine the existence of subsurface nonrenewable resources,

(3) "lease" means a grant of primary possession entered into for gainful purposes with a determinable fee remaining in the hands of the grantor; with respect to a lease that conveys rights of exploration and development, this exemption shall continue with respect to that portion of the leased tract that is used solely for the purpose of exploration.

(l) If the property or interest in the property reverts to an undeveloped state, or if the lease is terminated, the exemption shall be reinstated, subject to the provisions of (k) of this section.

page 187, add new sections:

Sec. 83. AS 29.45.030(a)(8), (k) and (l) as enacted in sec. 11 of this Act are retroactive to December 31, 1980.

Sec. 84. AS 29.45.030(a)(8), (k) and (l) as enacted in sec. 11 of this Act and sec. 83 of this Act take effect immediately in accordance with AS 01.10.070(c).

Sec. 85. Except for AS 29.45.030(a)(8), (k) and (l) as enacted in sec. 11 of this Act, and sec. 83 of this Act, this Act takes effect July 1, 1982.

Page 187, line 17, delete sec. 83.

COMMITTEE REPORT

HOUSE

FURTHER:

(11)

5/12/82

Date: 5/13/82

Mr. Speaker: (Taken from Rules and returned to Finance 5/12)

The Committee on FINANCE has had CSSB 180(CSHRA) am

"An Act relating to municipal government; and providing for an effective date."

under consideration and reports it back as follows:

[ ] do pass [ ] do not pass

[ ] do pass with attached amendments(s)

[X] replace with H CS for CS SB 180 (2d Fin) [X] same title [ ] new title

and recommends w/attached amendment

[ ] AND attaches a "Letter of Intent" [ ] New Fiscal Note

[X] reports it back without recommendation

[ ] referred to the _____ Committee

MEMBERS SIGNING
DO PASS

Hugo

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Amendment to the Letter of Intent as set forth below

CHAIRMAN

H 60 (Rev. 3/81)

AMENDMENT

OFFERED IN THE HOUSE: BY: Finance Committee

TO: HCS CS HOUSE BILL No. _____

SENATE BILL No. 180 (2nd Finance)

PAGE: _____ LINE: _____

PAGE 33, after line 7, insert:

"(46) AS 29.35.120 (regulation of firearms prohibited)"

Page 75, after line 11, insert:

"Sec. 29.35.120. REGULATION OF FIREARMS PROHIBITED. (a) A municipality may not regulate the ownership or possession of firearms.

(b) The prohibition in (a) of this section applies to home rule and ggeneral law municipalities. "

Page 96, after line 16, insert:

"(9) firearms."

Page 196, after line 4, insert:

"* Sec. 86. AS 29.45.030(a)(9) enacted in sec. 11 of this Act takes effect January 1, 1983."

Page 196, line 5:

Delete "Sec. 86" and insert "Sec. 87"

After "AS 29.45.030(a)(7)" insert "&a)(9),"

AMENDMENT

OFFERED IN THE HOUSE: BY: Finance Committee

TO: HCS CS HOUSE BILL No. _____

SENATE BILL No. 180 (2nd Finance)

PAGE: _____ LINE: _____

PAGE 33, after line 7, insert:

"(46) AS 29.35.120 (regulation of firearms prohibited)"

Page 75, after line 11, insert:

"Sec. 29.35.120. REGULATION OF FIREARMS PROHIBITED. (a) A municipality may not regulate the ownership or possession of firearms.

(b) The prohibition in (a) of this section applies to home rule and general law municipalities. "

Page 96, after line 16, insert:

"(9) firearms."

Page 196, after line 4, insert:

"* Sec. 86. AS 29.45.030(a)(9) enacted in sec. 11 of this Act takes effect January 1, 1983."

Page 196, line 5:

Delete "Sec. 86" and insert "Sec. 87"

After "AS 29.45.030(a)(7)" insert "(a)(9),"

I. REQUEST

Bill/Resolution No. SB 240 / HCS CSSB 180 (Finance)

Title An Act..for feasibility studies of proposed boroughs in the unorganized borough

Requested by Office of the Governor Date February 2, 1981

II. FISCAL DETAIL

Agency Affected Community and Regional Affairs

Program Category Affected Community Development

BRU, Program, or Subprogram(s) Affected Local Government Assistance

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

		FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100	PERSONAL SERVICES						
200	TRAVEL		15.0	16.5	18.2	20.0	
300	CONTRACTUAL		360.0	360.0	360.0	360.0	
400	COMMODITIES						
500	EQUIPMENT						
600	LAND & STRUCTURES						
700	GRANTS, CLAIMS, ETC.						
	TOTAL		375.0	376.5	378.2	380.0	

FUNDING (Thousands of Dollars)

GENERAL FUND		375.0	376.5	378.2	380.0	
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		-0-	-0-	-0-	-0-	
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

The funding for the proposed feasibility studies are set by formula. The studies may not cost more than the amount equal to $30,000 plus $30 for each person residing within the area of the study.

Assumptions:

1) The average population for areas to be studied will be 3,000 persons. Therefore, the average cost of each study will be $120,000.
2) Two borough studies will be funded each fiscal year.
3) In the event more than two regions wish to have studies conducted each year, or if a more populated region of the state (Prince William Sound for example) wishes to have a study conducted, it is prudent to have a reserve amount equal to the cost of one additional study available for these purposes each fiscal year.
4) Travel funding will be needed to coordinate and monitor studies. A 10% inflation factor is used in computing travel each fiscal year.

IV. DATE February 2, 1981

PREPARED BY Doug Griffin

AGENCY Community and Regional Affairs / LGAD

PHONE 465-4736

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/80

State of Alaska
Department of Community & Regional Affairs

Date: March 15 1982

POSITION PAPER

Requested by: Senate Community & Regional Affairs

Subject: SB 735 "An Act Relating to Organization Grants and Transitional Assistance"

Departmental Position: Support

Remarks:

AS 29.05.180 of the proposed bill provides for organizational grants for cities based on a formula of $50,000 the first year and $25,000 the second year.

AS 29.05.190 of the proposed bill provides for organizational grants for boroughs based on a formula of $300,000 the first year, $200,000 the second year and $100,000 the third and final year.

AS 29.05.210 of the bill would provide for transitional technical assistance in the area of tax collections.

Even before the era of great state wealth the status quo in the unorganized borough was characterized as inequitable and inefficient. Inequitable in the sense that residents are not, generally, afforded the opportunity to participate directly in the decision making process nor do they participate on an equal basis in terms of financing local services; inefficient to the extent that existing service delivery mechanisms (cities and State regional offices) often lack the necessary expertise to provide services on an efficient and responsive basis. The inequity and inefficiency of the present system are now even more pronounced in light of the attention focused on and the millions of dollars spent in the unorganized borough. More goods and services are being provided in rural Alaska without the benefit of local control and a coordinated delivery mechanism.

The solution must be a voluntary one if it is to work. To make a voluntary progression from unorganized status to organized borough status work, it must have three major incentives to make it more attractive than the status quo: 1) money, 2) a mechanism for substantial local control, and 3) transitional assistance to help get a regional government off the ground. Rural areas of the State should not be rushed into any regional governance nor should they be presented with an all-or-nothing situation.

This bill combines monetary incentive with guarantees of assistance that will make regional government more attractive to residents of the unorganized borough.

The Department has long supported increased financial and technical assistance to municipalities (including newly formed cities) during the period immediately after incorporation. That initial period is critical in the development of municipal government and the assistance provided by this bill will help newly formed governments get started.

AS 29.05.180 of the proposed bill provides for organizational grants for cities based on a formula of $50,000 the first year and $25,000 the second year. The proposed funding level in this fiscal note is based on 2 cities incorporating in Fiscal 82 and 1 every other year after that time.

AS 29.05.190 of the proposed bill provides for organizational grants for boroughs based on a formula of $300,000 the first year, $200,000 the second year and $100,000 the third and final year. The proposed funding level in this fiscal note assumes one borough incorporation in each of the following years: FY 83, FY 85 and FY 87.

Page 5 of the bill (AS 29.05.210) deals with transitional assistance to boroughs and establishment of taxation systems. It is not completely clear how much assistance is intended by this language. Depending on the legislative intent, the cost of setting up those tax systems could run as high as $300,000 per borough per year. This fiscal note assumes technical assistance only and that that assistance would be provided with existing staff. The only cost based on those assumptions would add additional travel of $5,000.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. SB 735 / HCS CSSB 180 (Finance)
Title "An Act relating to municipal government"
Requested by Rules committee by request of Legislative Council Date January 20, 1982

II. FISCAL DETAIL
Agency Affected Department of Community and Regional Affairs
Program Category Affected Community Development
BRU, Program, Or Subprogram(s) Affected Local Government Assistance
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL		5.0	5.0	5.0	5.0	5.0
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS,CLAIMS,ETC.		400	250.0	425	25	
TOTAL		405.0	255.0	430.0	255	

FUNDING (Thousands of Dollars)

GENERAL FUND		405	255	430	255	
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

FULL TIME		0	0	0	0	
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

SEE ATTACHED

IV. DATE March 15, 1982 PREPARED BY Terry E. Earley
AGENCY C&RA/ Local Government Assistance
PHONE 465-4730

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

II-001 (Rev. 12/81)

State of Alaska

Department of Community & Regional Affairs

Date: March 15 1982

POSITION PAPER

Requested by: Senate Community & Regional Affairs

Subject: SB 735 "An Act Relating to Organization Grants and Transitional Assistance"

Departmental Position: Support

Remarks:

AS 29.05.180 of the proposed bill provides for organizational grants for cities based on a formula of $50,000 the first year and $25,000 the second year.

AS 29.05.190 of the proposed bill provides for organizational grants for boroughs based on a formula of $300,000 the first year, $200,000 the second year and $100,000 the third and final year.

AS 29.05.210 of the bill would provide for transitional technical assistance in the area of tax collections.

Even before the era of great state wealth the status quo in the unorganized borough was characterized as inequitable and inefficient. Inequitable in the sense that residents are not, generally, afforded the opportunity to participate directly in the decision making process nor do they participate on an equal basis in terms of financing local services; inefficient to the extent that existing service delivery mechanisms (cities and State regional offices) often lack the necessary expertise to provide services on an efficient and responsive basis. The inequity and inefficiency of the present system are now even more pronounced in light of the attention focused on and the millions of dollars spent in the unorganized borough. More goods and services are being provided in rural Alaska without the benefit of local control and a coordinated delivery mechanism.

The solution must be a voluntary one if it is to work. To make a voluntary progression from unorganized status to organized borough status work, it must have three major incentives to make it more attractive than the status quo: 1) money, 2) a mechanism for substantial local control, and 3) transitional assistance to help get a regional government off the ground. Rural areas of the State should not be rushed into any regional governance nor should they be presented with an all-or-nothing situation.

This bill combines monetary incentive with guarantees of assistance that will make regional government more attractive to residents of the unorganized borough.

The Department has long supported increased financial and technical assistance to municipalities (including newly formed cities) during the period immediately after incorporation. That initial period is critical in the development of municipal government and the assistance provided by this bill will help newly formed governments get started.

AS 29.05.180 of the proposed bill provides for organizational grants for cities based on a formula of $50,000 the first year and $25,000 the second year. The proposed funding level in this fiscal note is based on 2 cities incorporating in Fiscal 82 and 1 every other year after that time.

AS 29.05.190 of the proposed bill provides for organizational grants for boroughs based on a formula of $300,000 the first year, $200,000 the second year and $100,000 the third and final year. The proposed funding level in this fiscal note assumes one borough incorporation in each of the following years: FY 83, FY 85 and FY 87.

Page 5 of the bill (AS 29.05.210) deals with transitional assistance to boroughs and establishment of taxation systems. It is not completely clear how much assistance is intended by this language. Depending on the legislative intent, the cost of setting up those tax systems could run as high as $300,000 per borough per year. This fiscal note assumes technical assistance only and that that assistance would be provided with existing staff. The only cost based on those assumptions would add additional travel of $5,000.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. House CS for Senate Bill 830 (Finance)/HCS CSSB 180 (Fin)
Title "An Act relating to assistance for municipalities and ... communities..."
Requested by House Finance Committee Date 5/6/82

II. FISCAL DETAIL
Agency Affected Department of Community and Regional Affairs
Program Category Affected Development
BRU, Program, Or Subprogram(s) Affected Local Government Assist./Rev. Sharing Adm
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		27.5	29.4	31.5	33.7	
200 TRAVEL		5.2	5.7	6.2	6.7	
300 CONTRACTUAL		4.1	4.5	4.9	5.3	
400 COMMODITIES		.7	.1	.1	.1	
500 EQUIPMENT		.6	-0-	-0-	-0-	
600 LAND & STRUCTURES						
700 GRANTS,CLAIMS,ETC.						
TOTAL		38.1	39.7	42.7	45.8	

FUNDING (Thousands of Dollars)

GENERAL FUND		38.1	39.7	42.7	45.8	
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

FULL TIME		1	1	1	1	
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)
Assumptions: 1) HCSSB 830 includes a provision transferring the Municipal Assistance Program from the Department of Revenue to the Department of Community and Regional Affairs.

2) No personal services transfers are made from the Department of Revenue to the Department of Community and Regional Affairs.

3) The FY 83 Personal Services funding is based on the existing salary schedule.

4) Succeeding years after FY 83 are adjusted for inflation at an annual rate of 7% for personal services and 9% for other categories, less one time items.

A detailed breakdown and justification are attached.

IV. DATE May 5, 1982 PREPARED BY Doug Griffin
AGENCY C & RA/Local Gov't Assistance
PHONE 465-4736

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)
33-001 (Rev. 12/81)

Detailed Breakdown

100 Personal Services		27,475
Accounting Techincian I (Range 12) Juneau		
1,761 X 12 =	21,132	
Benefits	6,343	
200 Travel		5,200
8 Trips @ $450 ner trip	3,600	
20 Days per diem @ $80 per day	1,600	
300 Contractual Services		4,100
Communications	1,100	
Printing and Advertising	1,000	
Space rent	2,000	
400 Commodities		700
Office supplies	100	
Office equipment (one time item)	600	
500 Equipment		600
Major Office Equipment (desk) (one time item)	600	

Justification

The addition of the Municipal Assistance program will create additional work for the staff assigned to administer the State Revenue Sharing Program. The administrative capabilities of present State Revenue Sharing staff in the Division of Local Government Assistance are already spread thin to properly implement what has become an increasingly complex and comprehensive program. It could be argued that the Department of Revenue, whose responsibilities will be reduced as a result of transfering the Municipal Assistance Program out of their agency, could look at a staff reduction or simply the transfer of Municipal Assistance staff to the Department of Community and Regional Affairs. This Department, however, has been advised by the Department of Revenue that this transfer is not possible due to the other related duties performed by Municipal Assistance staff. Therefore, one additional staff person is requested to assist in the administration of a jointly administered State Revenue Sharing/Municipal Assistance Program.

Travel funding is requested to provide better outreach and communication so that the combined program funds can be made available to all eligible communities. Travel funding for State Revenue Sharing Program administration has historically been quite modest and therefore a slight increase is needed to provide adequate travel support.

Contractual funding is needed to provide additional funding for printing, advertising, postage, and telephone calls.

Commodities and equipment funding is needed to provide adequate support for the new position that is requested.

DG/lf/0885U

Original sponsor: Rules/Legislative Council

IN THE SENATE BY THE FINANCE COMMITTEE

HOUSE CS FOR CS FOR SENATE BILL NO. 180 (2d Finance)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to municipal government; and providing for an effective date."

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

* Section 1. AS 29.03 is amended by adding a new section to read:

Sec. 29.03.030. PLATTING AUTHORITY. Subject to AS 40.15.075, the Department of Natural Resources is the platting authority in the unorganized borough in the area outside all cities.

* Sec. 2. AS 29 is amended by adding a new chapter to read:

CHAPTER 04. CLASSIFICATION OF MUNICIPALITIES.

Sec. 29.04.010. HOME RULE. A home rule municipality is a municipal corporation and political subdivision. It is a city or a borough that has adopted a home rule charter, or it is a unified municipality. A home rule municipality has all legislative powers not prohibited by law or charter.

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

Sec. 29.04.030. CLASSES OF GENERAL LAW. General law municipalities are of five classes:

(1) first class boroughs;

(2) second class boroughs;

(3) third class boroughs;

(4) first class cities;

(5) second class cities.

Sec. 29.04.040. RECLASSIFICATION. (a) A second class city may be reclassified as a first class city by holding an election on the question, if the department determines from the best figures available that the population of the city has reached 600 permanent residents.

(b) An election on the question of reclassification may be initiated in two ways:

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

(2) the council may propose reclassification.

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

(d) The council shall, within 30 days after its findings have been made public, order an election on the question of reclassification. The election shall be held at least 30 days after the order and not later than the next regular election occurring after the 30-day period. If more than one question is to be voted on at the election, each appears separately on the ballot.

(e) The council shall certify the election results to the department. If the majority of votes cast is favorable, the city shall be considered reclassified to first class status 30 days after certification of the election results.

(f) A second class borough may reclassify as a first class borough in the manner provided by AS 29.35.320 - 29.35.330 for the addition of an areawide power by a first or second class borough, except the petition or proposal requests reclassification instead of requesting addition of a power.

(g) A third class borough may reclassify as a first or second class borough in the manner provided by AS 29.35.320 - 29.35.330 for the addition of an areawide power by a first or second class borough, except the petition or proposal requests reclassification instead of requesting addition of a power.

(h) At the time of voting on reclassification of a third class borough to first or second class status, voters shall vote also on whether the borough shall on reclassification retain a combined assembly and school board or elect a separate assembly and board as otherwise provided for first and second class boroughs. If the majority of votes cast on the question favors retention of the combined assembly and board, the assembly serving at the time of the reclassification election continues to serve as the assembly and board on voter approval of reclassification and until terms of assemblymen expire as provided before reclassification. If a separate board and assembly are approved at the reclassification election, a school board shall be elected in conformity with AS 14.12.030 - 14.12.100 at the next regular election, if it occurs within 90 days of the date of the reclassification election, or otherwise at a special election within 90 days of the date of the reclassification election. Expiration dates of terms of school board members elected at a special election must coincide with the date of the regular election. Until a board is elected and qualified, the assembly continues to serve as the board.

* Sec. 3. AS 29 is amended by adding a new chapter to read:

CHAPTER 05. INCORPORATION.

ARTICLE 1. REQUIREMENTS.

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

(1) the community has 600 or more permanent residents;

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

(3) the economy of the community includes the human and financial resources necessary to provide municipal services; in considering the economy of the community, the Local Boundary Commission shall consider property values, economic base, personal income, resource and commercial development, anticipated functions, and the expenses and income of the proposed city, including the ability of the community to generate local revenue;

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

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

(b) A community that meets all the standards established in (a) of this section except (a)(1) may incorporate as a second class city.

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

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

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

(1) the population of the area is interrelated and integrated as to its social, cultural, and economic activities, and is large and stable enough to support borough government;

(2) the boundaries of the proposed borough conform generally to natural geography and include all areas necessary for full development of municipal services;

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

(4) land, water and air transportation facilities allow the communication and exchange necessary for the development of integrated borough government.

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

ARTICLE 2. PROCEDURE.

Sec. 29.05.060. PETITION. Municipal incorporation is proposed by filing a petition with the department. The petition shall include the following information about the proposed municipality:

(1) class;

(2) name;

(3) boundaries;

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

(5) composition and apportionment of the governing body;

(6) a proposed operating budget for the municipality projecting sources of income and items of expenditure through the first full fiscal year of operation;

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

(A) home rule and first class cities in the area of the

proposed borough; and

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

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

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

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

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

(12) for a second class city, based on the number who voted in the area in the last general election, the signature and resident address of 25 voters in the proposed city or of 15 percent of the voters in the proposed city, whichever is greater;

(13) for a home rule municipality, a proposed home rule charter.

Sec. 29.05.070. REVIEW. The department shall review an incorporation petition for content and signatures and shall return a deficient petition for correction and completion.

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

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

(c) The department shall report its findings to the Local Boundary Commission with its recommendations regarding the incorporation.

Sec. 29.05.090. HEARING. The Local Boundary Commission shall hold at least one public hearing in the area proposed to be incorporated for the purpose of receiving testimony and evidence on the proposal.

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

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

Sec. 29.05.110. INCORPORATION ELECTION. (a) The Local Boundary Commission shall immediately notify the director of elections of its acceptance of an incorporation petition. Within 30 days after notification, the director of elections shall order an election in the proposed municipality to determine whether the voters desire incorporation and, if so, to elect the initial municipal officials. If incorporation is rejected, no officials are elected. The election must be held not less than 30 or more than 90 days after the date of the election order. The election order must specify the dates during which nomination petitions for election of initial officials may be filed.

(b) A voter who has been a resident of the area within the proposed municipality for 30 days before the date of the election order may vote.

(c) Areawide borough powers included in an incorporation petition are considered to be part of the incorporation question. In an election

for the incorporation of a second class borough, each nonareawide power to be exercised is placed separately on the ballot. Adoption of a nonareawide power requires a majority of the votes cast on the question, and the vote is limited to the voters residing in the proposed borough but outside all cities in the borough.

(d) A home rule charter included in an incorporation petition under AS 29.05.060(13) is considered to be part of the incorporation question. The home rule charter is adopted if the voters approve incorporation of the municipality.

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

Sec. 29.05.120. ELECTION OF INITIAL OFFICIALS. (a) Nominations for initial municipal officials are made by petition. The petition shall be in the form prescribed by the director of elections and include the name and address of the nominee and a statement of the nominee that he is qualified under the provisions of this title for the office that he seeks. A person may file for and occupy more than one office, but he may not serve simultaneously as borough mayor and as a member of the assembly or as city mayor and as a member of the council.

(b) Except for a proposed second class city, petitions to nominate initial officials must include the signature and resident address of 50 voters in the area of the proposed municipality, or that area of the proposed municipality from which the officials are to be elected under the composition and apportionment set out in the accepted incorporation petition.

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

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

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

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

Sec. 29.05.130. INTEGRATION OF SPECIAL DISTRICTS AND SERVICE AREAS. A service area in a newly incorporated municipality shall be integrated into the municipality within two years after the date of incorporation. On integration the municipality succeeds to all the rights, powers, duties, assets and liabilities of the service area. After integration, the municipality may exercise in a former service area all of the rights and powers exercised by the service area at the time of integration, and, as successor to the service area, may levy and collect special charges, taxes, or assessments to amortize bonded indebtedness incurred by the service area or by a municipality in which the service area was formerly located. On integration all property in the service area subject to taxation to pay the principal and interest on bonds at the time of integration remains subject to taxation for that purpose.

Sec. 29.05.140. TRANSITION. (a) The powers and duties exercised by cities and service areas that are succeeded to by a newly incorporated municipality continue to be exercised by the cities and service areas until the new municipality assumes the powers and functions, which may not exceed two years after the date of incorporation. Ordinances, rules, resolutions, procedures, and orders in effect before the transfer

remain in effect until superseded by the action of the new municipality.

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

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

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

Sec. 29.05.150. CHALLENGE OF LEGALITY. A person may not challenge the formation of a municipality except within six months after the date of its incorporation.

ARTICLE 3. TRANSITIONAL ASSISTANCE.

Sec. 29.05.180. ORGANIZATION GRANTS TO CITIES. (a) To defray the cost of transition to city government and to provide for interim government operations, each city incorporated after July 1, 1982, or, in the case of a second class city, incorporated or reclassified as a first class city after July 1, 1982, is entitled to an organization grant of $50,000 for the first full or partial fiscal year. The department shall disburse the organization grant within 30 days after certification of the incorporation election or the reclassification election, as soon after that as money is appropriated for the purpose.

(b) A city entitled to an organization grant under (a) of this section is entitled to a second organization grant of $25,000. The department shall disburse the second organization grant within 30 days after the beginning of the city's second fiscal year, or as soon after that time as money is appropriated for the purpose.

Sec. 29.05.190. ORGANIZATION GRANTS TO BOROUGHS. (a) To defray the cost of transition to borough government and to provide for interim government operations, each borough incorporated after July 1, 1982 is entitled to organization grants for the first three fiscal years after incorporation as follows:

(1) $300,000 for the first full or partial year;

(2) $200,000 for the second year; and

(3) $100,000 for the third year.

(b) The department shall disburse the first organization grant to a borough within 30 days after certification of the incorporation election favoring incorporation of a borough, or as soon after that as money is appropriated for the purpose. The second grant shall be disbursed within 30 days after the beginning of the borough's second fiscal year, or as soon after that as money is appropriated for the purpose. The third grant shall be disbursed within 30 days after the beginning of the borough's third fiscal year, or as soon after that as money is appropriated for the purpose.

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

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

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

(1) each municipality that qualifies to receive an organization grant during the next fiscal year;

(2) the amount of money needed to cover all organization grants during the next fiscal year.

Sec. 29.05.210. TRANSITIONAL ASSISTANCE TO BOROUGHS. (a) Within 30 days after the date of incorporation of a borough incorporated after July 1, 1982, the department shall determine the population of the borough.

(b) The department shall provide assistance to each borough incorporated after July 1, 1982, in

(1) establishing the initial sales and use tax assessment and collection department for a borough that has adopted a sales or use tax;

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

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

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

CHAPTER 06. ALTERATION OF MUNICIPALITIES.

ARTICLE 1. CHANGE OF NAME.

Sec. 29.06.010. CHANGE OF MUNICIPAL NAME. (a) The governing body of a municipality may change the official municipal name by adopting an ordinance for the purpose and filing the ordinance with the office of the lieutenant governor. Upon receipt of an ordinance ratified by the voters, the lieutenant governor shall issue an order to the municipality changing its existing name. The name change shall become effective on a date fixed in the order and occurring within 45 days after receipt of the ordinance. A copy of the order shall be transmitted to the department.

(b) If an ordinance adopted under (a) of this section that results in a change of the municipal name is subsequently repealed, the lieutenant governor shall issue an order reinstating the former name within 45 days after the date of the order, unless a different name is adopted

as provided in (a) of this section.

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

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

ARTICLE 2. ANNEXATION AND DETACHMENT.

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

(b) The Local Boundary Commission may present a proposed municipal boundary change to the legislature during the first 10 days of a regular session. The change becomes effective 45 days after presentation or at the end of the session, whichever is earlier, unless disapproved by a resolution concurred in by a majority of the members of each house.

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

(1) a proposed annexation and detachment must be approved by a majority of votes on the question cast by voters residing in the area proposed to be annexed or detached;

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

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

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

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

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

ARTICLE 3. MERGER AND CONSOLIDATION.

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

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

(1) petition to the Local Boundary Commission under regulations adopted by the commission; or

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

Sec. 29.06.100. PETITION. (a) Residents of two or more municipalities may file a merger or consolidation petition with the depart-

ment. The petition must be signed by a number of voters of each existing municipality equal to at least 25 percent of the number of votes cast in each municipality's last regular election.

(b) The petition includes

(1) the name and class of each existing municipality;

(2) the name and class of the proposed municipality;

(3) the proposed composition and apportionment of the governing body;

(4) maps, documents, and other information that shows that the proposed municipality meets the standards for municipal incorporation.

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

(b) If the petition contains the required information and signatures, the department shall investigate the proposal.

(c) The department shall report its findings to the Local Boundary Commission with its recommendations regarding the merger or consolidation.

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

Sec. 29.06.130. DECISION. (a) If the Local Boundary Commission determines that the proposed municipality fails to meet the standards for incorporation, it shall reject the merger or consolidation petition. If the commission determines that the proposed municipality meets these standards, it shall accept the petition. If the commission determines

that the proposed boundaries or the composition and apportionment of the governing body can be altered to meet the standards, it may change the proposal and accept the petition.

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

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

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

(c) The director of elections shall certify the election results. If merger or consolidation is approved, he shall, within 10 days, set a date for election of officials of the new municipality. The election date must be not less than 60 or more than 90 days after the election order and it is the effective date for the merger or consolidation.

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

(b) When two or more municipalities consolidate, the newly incorporated municipality succeeds to the rights, powers, duties, assets, and liabilities of the consolidated municipalities.

Sec. 29.06.160. TRANSITION. After merger or consolidation, the ordinances, resolutions, regulations, procedures, and orders of the

former municipalities remain in force in their respective territories until superseded by the action of the new municipality.

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

ARTICLE 4. UNIFICATION OF MUNICIPALITIES.

Sec. 29.06.190. UNIFICATION OF MUNICIPALITIES AUTHORIZED. A borough and all cities in the borough may unite to form a single unit of home rule government by complying with AS 29.06.190 - 29.06.400.

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

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

Sec. 29.06.210. PETITION REQUIREMENTS. (a) A unification petition shall read:

"PETITION FOR ELECTION OF CHARTER COMMISSION TO PROPOSE UNIFICATION CHARTER. We, the undersigned, qualified voters of the borough do hereby petition that the following proposition be placed before the voters as provided by law: 'Shall a charter commission be formed (and charter commission members be elected as elsewhere provided on this ballot) to prepare, adopt and submit to the voters for their approval or rejection a proposed charter uniting the borough and all cities within it as a single unit of home rule government having the powers, duties and functions of a unified municipality as authorized by law? Yes [] No []'

Signature	Address	Inside First Class or Home Rule City	Outside First or Home Rule City"

(b) The petition shall be signed by at least

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

(2) the number of voters residing in home rule or first class cities in the borough equal to 25 percent of the votes cast in all home rule and first class cities in the borough in the last regular borough election.

Sec. 29.06.220. REVIEW OF PETITION. The assembly shall review a unification petition within 15 days to determine whether it complies with AS 29.06.210. If the petition does not meet the designated requirements, it shall be immediately returned to the person who initiated the petition with a statement indicating which requirements have not been satisfied.

Sec. 29.06.230. COMPOSITION OF CHARTER COMMISSION. The charter commission shall consist of 11 voters, three of whom are residents elected at large from the borough and eight of whom, proportionate to the population as determined by the department, are

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

(2) residents of and elected from home rule or first class cities in the borough.

Sec. 29.06.240 CHARTER COMMISSION NOMINATIONS. (a) If the assembly determines that a unification petition meets the requirements of AS 29.06.210, or the assembly by its resolution proposes an election on formation of a charter commission, the assembly shall issue a call for the nomination of commission candidates, specifying the filing deadline and the procedure for making nominations.

(b) Charter commission candidates shall be nominated by petition

signed by at least 50 voters of the area from which the candidate seeks election, or by a number of voters from that area equal to at least 10 percent of the number of votes cast from that area in the last regular borough election, whichever is less.

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

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

Sec. 29.06.250. QUALIFICATIONS OF CANDIDATES. A person is eligible to be nominated as a candidate for the charter commission if he has been a voter of the area from which he seeks election for at least one year immediately preceding the date his nomination petition is filed.

Sec. 29.06.260. ELECTION. (a) After receipt of a valid unification petition or adoption of an assembly resolution to propose formation of a charter commission, the assembly shall submit to the voters the question of whether a charter commission shall be formed to prepare a proposed unification charter. The vote shall be held at the next regular borough election scheduled at least 90 days after receipt of the petition or adoption of the resolution. The ballot shall be worded exactly as in AS 29.06.210(a).

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

(c) All costs incurred in conducting an election under AS 29.06.-190 - 29.06.400 shall be paid by the borough.

Sec. 29.06.270. REQUIREMENTS FOR APPROVAL OF FORMATION AND ELECTION OF CHARTER COMMISSION. (a) The votes on the question of formation of a charter commission shall be tabulated in two separate classifications. One classification consists of all votes cast in first class and home rule cities in the borough. The other classification consists of all votes cast in the remaining area of the borough. In order for formation of a charter commission to be approved, a majority of the votes in each classification must favor formation of the commission.

(b) If formation of a charter commission is approved, candidates who received the highest number of votes from their respective areas shall serve as members of the commission.

Sec. 29.06.280. CHARTER COMMISSION ORGANIZATION AND PROCEDURE. (a) The charter commission shall hold its first meeting within 30 days after certification of its election. The commission shall elect from among its members a chairman and a deputy chairman.

(b) A majority of the total membership of the charter commission constitutes a quorum. A decision of the commission is not valid or binding unless approved by the number of members necessary to constitute a quorum.

(c) The charter commission may elect other officials from among its membership, adopt rules governing its procedures that are consistent with AS 29.06.190 - 29.06.400 and hire and discharge employees.

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

Sec. 29.06.290. VACANCIES. (a) Vacancies on the charter commission shall be filled by a majority vote of the commission, except the assembly shall appoint members to fill vacancies if, after a proposed charter is rejected by the voters, more than one-half of the members

resign.

(b) A person who fills a vacancy on the charter commission must be a voter of the same area as the person whom he succeeds and must have been a voter of that area for at least one year immediately preceding the date he fills the vacancy.

Sec. 29.06.300. PER DIEM. The assembly may grant a per diem allowance to members of the charter commission and may reimburse the members for travel expenses incurred in carrying out the duties prescribed by AS 29.06.190 - 29.06.400. Costs, fees, and other expenses incurred by the commission are a debt of the borough and shall be paid upon proper verification.

Sec. 29.06.310. CHARTER PREPARATION. The charter commission shall prepare, adopt, and submit a proposed home rule charter for the area to be unified to the voters for approval or rejection. The charter shall include

(1) provision for adjustment of existing bonded indebtedness and other obligations in a manner that will reserve a fair and equitable burden of taxation for debt service, subject to AS 29.06.370;

(2) provision for

(A) the establishment of service areas; and

(B) if election of members of the governing body is not areawide, the establishment of districts for the election of members of the governing body of the proposed unified municipality and procedures by which to reapportion the election districts;

(C) reapportionment of districts if they are established;

(3) provision for nonpartisan government, and the selection, organization, authority, and responsibilities of the governing body and its executive and administrator;

(4) the transfer or other disposition of property and other

rights, claims, assets, and franchises of the municipalities to be unified under the charter;

(5) provision for exercise of the rights of initiative and referendum;

(6) a method of amending the charter;

(7) the date on which the charter, if approved at the charter election, is effective;

(8) designation of the proposed unified municipality's official name;

(9) other charter provisions that may be included in a home rule charter.

Sec. 29.06.320. PUBLIC HEARINGS. Both before and after drafting the proposed home rule charter, the charter commission shall hold a public hearing in each area represented on the assembly. Other public hearings may be held by the commission as it considers necessary.

Sec. 29.06.330. FILING OF PROPOSED CHARTER. Upon the adoption of a proposed home rule charter by the charter commission, the charter shall be signed by at least a majority of the total membership of the commission and shall be filed with the borough clerk. A copy of the charter with signatures affixed shall also be filed with the clerk of each city in the borough.

Sec. 29.06.340. PUBLICATION AND POSTING OF PROPOSED CHARTER. Within 10 days after filing the proposed home rule charter, the borough clerk shall have it published. In addition, the clerk shall have a copy of the proposed charter posted in at least three public places in each city and each unincorporated community in the borough. Copies of the proposed charter shall be made available by the assembly to the public at both the office of the borough clerk and the office of the clerk of each city in the borough. The clerk shall have notice of the publica-

tion, posting, and availability of the proposed charter published.

Sec. 29.06.350. ELECTION ON CHARTER. (a) The proposed home rule charter adopted by the charter commission shall be submitted to the voters at a borough election held within 60 days of the date of publication and posting of the proposed charter. The borough clerk shall prepare the ballots for use in the election and shall give notice of the election by radio and television in a manner intended to apprise the entire borough population of the election. The election shall be conducted under procedures applicable to regular elections.

(b) A person who is a voter of the borough may vote in the election on the proposed charter.

(c) If a majority of the votes in the area of the borough outside all home rule or first class cities, and a majority of the votes in all home rule and first class cities in the borough are cast in favor of the proposed charter, the charter is ratified. If the charter is ratified, election results shall be certified to the commission and two copies of the charter shall be filed with

(1) the lieutenant governor;

(2) the commissioner of the department;

(3) the district recorder for the area of the borough;

(4) the clerk of the borough;

(5) the clerk of each city in the borough.

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

Sec. 29.06.360. EFFECT OF THE CHARTER AFTER RATIFICATION. Upon

ratification, the home rule charter of a unified municipality operates to dissolve all municipalities in the area unified in accordance with the charter.

Sec. 29.06.370. ASSETS AND LIABILITIES. A unified municipality shall succeed to all the assets and liabilities of the municipalities it unified. A bonded indebtedness or other debt incurred before unification remains the tax obligation of the area that contracted the debt, except that by ordinance the tax obligation may be assumed by a larger area if the governing body determines that the asset for which the bonded indebtedness or other debt was incurred benefited the larger area before unification, or benefits the larger area after unification. However, bonded indebtedness or other debt for sewage collection systems, water distribution systems, and streets, even if determined to be benefiting a larger area than that which incurred the debt, remains the tax obligation of the area that incurred the debt.

Sec. 29.06.380. TRANSITION. Within two years after ratification of the home rule charter, the unified municipality shall revise, repeal, or reaffirm all municipal ordinances, resolutions, and orders in effect in the area of the unified municipality on the date of unification. Each ordinance, resolution, regulation, or order in effect on the date of unification remains in effect until superseded by action of the unified municipality.

Sec. 29.06.390. RIGHT TO STATE AND FEDERAL AID. All provisions of law authorizing aid from the state or federal government to a former municipality that was in the area of a unified municipality remain in effect after unification.

Sec. 29.06.400. POWERS OF A UNIFIED MUNICIPALITY. A municipality unified under AS 29.06.190 - 29.06.400 has all powers

(1) not prohibited by law or charter; and

(2) granted to a home rule borough.

Sec. 29.06.410. APPLICATION. AS 29.06.190 - 29.06.410 apply to home rule and general law municipalities.

ARTICLE 5. DISSOLUTION.

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

(1) petition to the Local Boundary Commission under regulations adopted by the commission; or

(2) the local option method specified in AS 29.06.460 - 29.06.520.

(b) The department shall investigate a municipality that it considers to be inactive and shall report to the Local Boundary Commission on the status of the municipality. The commission may submit its recommendation to the legislature that the municipality be dissolved in the manner provided for submission of boundary changes in art. X, sec. 12 of the state constitution.

(c) A borough is dissolved when its entire territory is included in a home rule or first class city or cities. A city is dissolved when all its powers become areawide borough powers.

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

(b) The petition must include

(1) the name of the municipality;

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

Sec. 29.06.470. STANDARDS. (a) Except as provided in (b) of this

section, residents of a municipality may petition for dissolution when

(1) it is free of debt, or, if in debt, each of its creditors is satisfied with a method of repayment; and

(2) either it no longer meets the minimum standards prescribed for incorporation by AS 29.05, or former AS 29.18.030 if it is a third class borough, or it ceases to use each one of its mandatory powers.

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

Sec. 29.06.480. REVIEW. (a) The department shall review a dissolution petition for content and signatures, and shall return a deficient petition for correction or completion.

(b) If the petition contains the required information and signatures, the department shall investigate the proposal.

Sec. 29.06.490. REPORT AND HEARING. (a) The department shall report its findings to the Local Boundary Commission with its recommendation regarding the dissolution of a municipality .

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

Sec. 29.06.500. DECISION. (a) If the Local Boundary Commission determines that a municipality fails to meet the standards for dissolution, it shall reject the petition. If the commission determines that the municipality meets the standards, it shall accept the petition.

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

Sec. 29.06.510. ELECTION. (a) The Local Boundary Commission shall immediately notify the director of elections of its acceptance of

a dissolution petition. Within 30 days after notification, the director of elections shall order an election in the municipality to determine whether the voters desire dissolution. The election must be held at least 30 and not more than 90 days after the election order. A person who is a voter of the municipality may vote in the dissolution election.

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

(c) The director of elections shall certify the election results. If dissolution is approved, he shall declare that the municipality is dissolved effective on the date of certification.

Sec. 29.06.520. SUCCESSION. The government succeeding to a dissolved municipality succeeds to all its rights, powers, duties, assets, and liabilities.

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

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

CHAPTER 10. HOME RULE MUNICIPALITIES.

ARTICLE 1. CHARTERS.

Sec. 29.10.010. MUNICIPAL CHARTER ADOPTION. (a) A general law borough or first class city may adopt a charter for its own government. A second class city may adopt a charter for its own government if the department determines from the best figures available that the population of the city is at least 600 permanent residents.

(b) At an election to incorporate as a city, an unincorporated community with at least 600 permanent residents may adopt a charter for its own government and incorporate as a home rule municipality.

(c) At an election for borough incorporation, an area in the unorganized borough may adopt a charter for its own government and in-

corporate as a home rule municipality.

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

(e) A proposed charter for an existing municipality is prepared by a charter commission of seven elected members. A candidate for the commission shall be a voter of the municipality for three years immediately preceding the charter commission election.

(f) A charter commission election is called by filing a petition with the governing body or by resolution of the governing body. The petition shall be signed by a number of voters equal to 15 percent of the votes cast in the last regular election in the municipality.

(g) The proposed charter for an unincorporated community or an area of the unorganized borough shall be filed with the incorporation petition filed under AS 29.05.060.

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

Sec. 29.10.030. NOMINATION OF CHARTER COMMISSION. (a) A charter commission candidate is nominated by a petition signed by 50 voters or the number of voters equal to 10 percent of the number of votes cast in the municipality during the last regular election, whichever is less.

(b) A nomination petition shall be filed with the municipal clerk on or before a date fixed by the governing body. If at least seven nominations for qualifed charter commission candidates are not filed, the petition or resolution calling for a charter commission is void and no election on the question may be held.

Sec. 29.10.040. CHARTER COMMISSION ELECTION. At a charter commission election the voters shall consider the question "Shall a charter

commission be elected to prepare a proposed charter?" and shall elect the members of the commission. If the question is approved, the seven candidates receiving the highest number of votes shall immediately organize as a charter commission.

Sec. 29.10.050. PREPARATION OF CHARTER BY CHARTER COMMISSION. The charter commission shall, within one year, prepare a proposed home rule charter. The proposed charter shall be signed by a majority of the members of the commission and filed in the office of the municipal clerk. Within 15 days, the clerk shall have the proposed charter published and make copies available. The commission shall give published notice of and hold at least one public hearing on the proposed charter before the signing and filing of the charter.

Sec. 29.10.060. INITIATIVE AND REFERENDUM. (a) A home rule charter shall provide procedures for initiative and referendum.

(b) A charter may not require an initiative or referendum petition to have a number of signatures greater than 25 percent of the total votes cast in the municipality at the last regular election.

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

Sec. 29.10.070. CHARTER ELECTION. The proposed home rule charter for an existing municipality shall be submitted to the voters at an election held not less than 30 days or more than 90 days after the proposed charter is published. The proposed home rule charter for an unincorporated community or area in the unorganized borough shall be submitted to the voters at an incorporation election held under AS 29.-05.110(d).

Sec. 29.10.080. CHARTER ADOPTION. (a) If a majority of those voting on the question favor the proposed charter, it becomes the organic

law of the municipality effective on the date the election is certified. Thereafter, a court shall take judicial notice of the charter. The new home rule municipality shall file the indicated number of copies of the charter with

(1) the lieutenant governor -- two copies;

(2) the department -- two copies;

(3) the district recorder -- one copy;

(4) the municipal clerk -- one copy.

(b) At the time of voting on the proposed charter in a third class borough, voters shall vote also on whether the borough shall on adoption of the charter retain a combined assembly and school board or elect a separate assembly and board as otherwise provided for home rule boroughs. If the majority of votes cast on the question favors retention of the combined assembly and board, the assembly serving at the time of the charter election continues to serve as the assembly and board on voter approval of the charter and until terms of assemblymen expire as provided before adoption of the charter. If a separate board and assembly are approved at the charter election, a school board shall be elected in conformity with AS 14.12.030 - 14.12.100 at the next regular election, if it occurs within 90 days of the date of the charter election, or otherwise at a special election within 90 days of the date of the charter election. Expiration dates of terms of school board members elected at a special election must coincide with the date of the regular election. Until a board is elected and qualified, the assembly continues to serve as the board.

(c) If a proposed charter for an existing municipality is rejected, the charter commission shall prepare another proposed charter to be submitted to the voters at an election to be held within one year after the date of the first charter election. If the second proposed charter

is also rejected, the charter commission shall be dissolved and the question of adoption of a charter shall be treated as if it had never been proposed or approved.

Sec. 29.10.090. CHARTER AMENDMENT. (a) A home rule charter may be amended as provided in the charter except that no amendment is effective unless ratified by the voters.

(b) This section applies to home rule municipalities.

ARTICLE 2. HOME RULE LIMITATIONS.

Sec. 29.10.110. LIMITATION OF HOME RULE POWERS. Only the following provisions of this title apply to home rule municipalities as prohibitions on acting otherwise than as provided. These provisions supersede existing and prohibit future home rule enactments that provide otherwise:

(1) AS 29.05.140 (transition)

(2) AS 29.06.010 (change of municipal name)

(3) AS 29.06.040 - 29.06.060 (annexation and detachment)

(4) AS 29.06.090 - 29.06.170 (merger and consolidation)

(5) AS 29.06.190 - 29.06.410 (unification of municipalities)

(6) AS 29.06.450 - 29.06.530 (dissolution)

(7) AS 29.10.080 (charter amendment)

(8) AS 29.20.010 (conflict of interest)

(9) AS 29.20.020 (meetings public)

(10) AS 29.20.050 (legislative power)

(11) AS 29.20.060 - 29.20.120 (assembly composition and apportionment)

(12) AS 29.20.140 (qualifications of members of governing bodies)

(13) AS 29.20.150 (term of office)

(14) AS 29.20.220 (executive power)

(15) AS 29.20.630 (prohibitions)

(16) AS 29.20.640 (reports)

(17) AS 29.25.010(a)(10) (municipal exemption on contractor bond requirements)

(18) AS 29.25.050 (codification)

(19) AS 29.25.060 (resolutions)

(20) AS 29.26.030 (notice of elections)

(21) AS 29.26.050 (voter qualification)

(22) AS 29.26.240 - 29.26.360 (recall)

(23) AS 29.35.020 (extraterritorial jurisdiction)

(24) AS 29.35.030 (eminent domain)

(25) AS 29.35.050 (garbage and solid waste services)

(26) AS 29.35.070 (public utilities)

(27) AS 29.35.110 (post audit)

(28) AS 29.35.150(b) (effect of areawide exercise of borough powers)

(29) AS 29.35.160 (education)

(30) AS 29.35.170(b) (assessment and collection of taxes)

(31) AS 29.35.180(b) (land use regulation)

(32) AS 29.35.250 (cities inside boroughs)

(33) AS 29.35.260 (cities outside boroughs)

(34) AS 29.35.340 (acquisition of areawide power)

(35) AS 29.40.160(a) - (c) (title to vacated areas)

(36) AS 29.40.200 (subdivisions of state land)

(37) AS 29.45.010 - 29.45.570 (property taxes)

(38) AS 29.45.650(c) and (d) (sales and use tax)

(39) AS 29.46.090 (exemption from special assessment)

(40) AS 29.47.200(b) (security for bonds)

(41) AS 29.47.260 (construction)

(42) AS 29.60.050(a) (limitation on computation and use of payment)

(43) AS 29.60.120(a) and (c) (state aid for health facilities and hospitals)

(44) AS 29.60.230 (state aid for hospital and health facility construction)

(45) AS 29.65.010 - 29.65.140 (general grant land)

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

CHAPTER 20. MUNICIPAL OFFICERS AND EMPLOYEES.

ARTICLE 1. CONFLICT OF INTEREST, PUBLIC MEETINGS.

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

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

(2) the presiding officer shall rule on a request to be excused from a vote; and

(3) the decision of the presiding officer on a request to be excused from a vote may be overidden by the majority vote of the governing body.

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

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

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

ARTICLE 2. GOVERNING BODIES.

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

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

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

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

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

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

(e) This section applies to home rule and general law municipalities.

Sec. 29.20.070. COMPOSITION AND FORM OF REPRESENTATION. (a) The assembly shall provide for its composition and for the form of its representation.

(b) Not later than the first regular election that occurs after the report of a federal decennial census, the assembly shall propose and submit to the voters of the borough, at that regular election or at a special election called for the purpose, one or more forms of assembly representation. The forms of representation that the assembly may

submit to the voters are:

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

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

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

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

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

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

(d) The assembly shall, within 30 days after certification of the results of the election held under this section, adopt an ordinance providing for

(1) composition of the assembly;

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

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

(e) This section does not apply to a

(1) unified municipality;

(2) home rule borough if the home rule charter contains

procedures for changing assembly composition and form of representation.

Sec. 29.20.080. ASSEMBLY RECOMPOSITION AND REAPPORTIONMENT. (a) Not later than two months after the official report of a federal decennial census, the assembly shall determine and declare by resolution whether the existing apportionment of the assembly meets the standards of AS 29.20.060. If the assembly submits to the voters a form of representation that includes election of assembly members under AS 29.-20.070(b)(2) or (b)(3) the assembly shall submit with the proposition a proposed plan of apportionment that corresponds to the form of representation proposed. The assembly shall describe the plan of apportionment in the ballot proposition, and may present the plan in any manner that it believes accurately describes the apportionment that is proposed under the form of representation. If the assembly determines that its existing apportionment meets the standards of AS 29.20.060, the assembly may include the existing apportionment as a proposed plan of apportionment of assembly seats that corresponds to a form of representation that is proposed.

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

(c) If a petition signed by not less than 50 voters requests the assembly to determine whether the existing apportionment meets the standards for apportionment in AS 29.20.060, and the petition contains evidence that the existing apportionment does not meet those standards, the assembly may make the determination requested. The assembly shall make a determination required by this subsection within two months of receipt of a petition that meets the requirements of this

subsection.

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

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

Sec. 29.20.090. APPORTIONMENT APPEALS. (a) A reapportionment ordinance approved by the voters, or a decision of the assembly that the standards of AS 29.20.060 do not require a change in apportionment, may be appealed to the commissioner. Fifty voters may submit a petition to the commissioner requesting the commissioner to determine whether the proposed reapportionment ordinance approved by the voters meets the standards of AS 29.20.060 or whether a decision of the assembly that the standards of AS 29.20.060 do not require a change of apportionment is correct. If the petition asks the commissioner to review an ordinance approved by the voters under AS 29.20.080(e), the petition shall be delivered to the commissioner not later than 20 days after certification of the election. If the petition asks the commissioner to review a decision of the assembly under AS 29.20.080(c), the petition shall be delivered to the commissioner within 20 days of the decision of the assembly.

(b) The commissioner shall review the petition and may make the determination requested. The commissioner shall provide copies of his determination to the persons petitioning for appeal and to borough officials not later than 60 days after he receives the petition.

(c) If the commissioner determines that the proposed reapportionment ordinance approved by the voters does not meet the standards of AS 29.20.060, or if he determines that the decision of the assembly that the standards of AS 29.20.060 do not require a change of apportionment is not correct, the commissioner shall, by order, direct the assembly to prepare a reapportionment ordinance that meets the standards of AS 29.-20.060 and submit the ordinance to the voters.

(d) When the assembly has been directed by the commissioner to prepare a reapportionment ordinance under (c) of this section, the assembly shall, within two months after its receipt of the commissioner's order, adopt an ordinance providing for reapportionment. The assembly shall submit an ordinance adopted under this subsection to the voters at an election held within 60 days after the date of adoption of the reapportionment ordinance.

(e) If at the end of the time period provided under (d) of this section an ordinance providing for reapportionment has not been approved by the voters, the commissioner shall provide for the reapportionment of the assembly in accordance with the standards of AS 29.20.060 by preparing an order of reapportionment and delivering the order to the borough mayor.

Sec. 29.20.100. JUDICIAL REVIEW AND RELIEF. (a) The commissioner may request the superior court to enforce a reapportionment order issued under AS 29.20.090(e).

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

(1) a plan of reapportionment approved by the voters under

AS 29.20.080(a);

(2) a determination by the assembly under AS 29.20.080 that the standards of AS 29.20.060 do not require a change in apportionment;

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

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

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

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

Sec. 29.20.110. EFFECTIVE DATE OF APPORTIONMENT. (a) A change in assembly apportionment or composition under AS 29.20.080 or 29.20.090 is effective beginning with the first regular election for members of the assembly that is held more than 60 days after the later of

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

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

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

(1) receipt by the assembly of approval by the Attorney General of the United States of the proposed change in the composition

or apportionment of the assembly;

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

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

Sec. 29.20.120. APPLICABILITY OF APPORTIONMENT PROVISIONS. The provisions of AS 29.20.080 - 29.20.110 do not apply to a

(1) unified municipality;

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

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

Sec. 29.20.140 QUALIFICATIONS. (a) A borough voter is eligible to be a member of the assembly and a city voter is eligible to be a member of the council. A member of the governing body who ceases to be a voter in the municipality immediately forfeits his office.

(b) A municipality may by ordinance establish a durational residency requirement not to exceed three years for members of the governing body.

(c) A municipality may by ordinance establish district residency requirements for members of its governing body. A member of the governing body who represents a district and who becomes a resident of another district in the municipality continues to serve until the next regular election unless provided otherwise by ordinance.

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

(e) This section applies to home rule and general law municipalities.

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

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

(c) The regular term of office begins on the first Monday following certification of the election, unless a different date is prescribed by charter or ordinance.

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

Sec. 29.20.160. PROCEDURES OF GOVERNING BODIES. (a) The assembly shall elect from among its members a presiding officer and a deputy presiding officer to serve at the pleasure of the members, except that in a borough that has adopted a manager form of government under AS 29.-20.450 - 29.20.520 the mayor serves as presiding officer. In a city the mayor serves as presiding officer. If the presiding officer is not present or disqualifies himself, the deputy presiding officer shall preside.

(b) A governing body shall hold at least one regular meeting each month unless otherwise provided by ordinance. If a majority of the members are given at least 24 hours oral or written notice and reasonable

efforts are made to notify all members, a special meeting of the governing body may be held at the call of the presiding officer or at least one-third of the members. A special meeting may be conducted with less than 24 hours notice if all members are present or if absent members have waived in writing the required notice. Waiver of notice can be made before or after the special meeting is held. A waiver of notice shall be made a part of the journal for the meeting.

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

(d) Actions of a governing body are adopted by a majority of the total membership of the body. All members present shall vote on every question, unless they are required to abstain from voting on a question by law. The final vote of each member on each ordinance, resolution, or substantive motion shall be recorded "yes" or "no", except that if the vote is unanimous it may be recorded "unanimous".

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

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

Sec. 29.20.170. VACANCIES. The governing body may provide by ordinance the manner in which a vacancy occurs in any elected office except the office of mayor or school board member. Unless otherwise provided by ordinance, the governing body shall declare an elective office, other than the office of mayor or school board member, vacant when the person elected

(1) fails to qualify or take office within 30 days after his

election or appointment;

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

(3) resigns and his resignation is accepted;

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

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

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

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

(8) if a member of the governing body, misses three consecutive regular meetings and is not excused.

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

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

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

ARTICLE 3. MUNICIPAL EXECUTIVE AND ADMINISTRATOR.

Sec. 29.20.220. EXECUTIVE POWER. (a) The executive power in a

municipality is vested in a mayor. The mayor of a home rule or unified municipality is elected by the voters, and the mayor of other municipalities is elected in accordance with AS 29.20.230.

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

(c) This section applies to home rule and general law municipalities.

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

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

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

Sec. 29.20.240. QUALIFICATIONS FOR THE OFFICE OF MAYOR. (a) A voter of the municipality is eligible to hold the office of mayor in a

borough or first class city. A member of the city council is eligible to hold the office of mayor in a second class city.

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

Sec. 29.20.250. POWERS AND DUTIES OF MAYOR. (a) If a municipality has not adopted a manager plan of government under AS 29.20.460 - 29.20.520, the administrative power is vested in the mayor and the mayor has the same powers and duties as those of the manager.

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

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

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

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

(c) The veto does not extend to

(1) appropriation items in a school budget ordinance;

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

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

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

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

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

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

(3) resigns and his resignation is accepted;

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

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

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

(7) no longer physically resides in the municipality; or

(8) if, as a member of the governing body in a second class city, he misses three consecutive regular meetings and is not excused.

(b) A vacancy in the office of mayor occurring six months before a regular election shall be filled by the governing body. The person appointed serves until the next regular election when a successor is elected to serve the balance of the term. If a member of the governing body is appointed mayor, he shall resign his seat on the governing body. If a vacancy occurs more than six months before a regular election, the governing body shall call a special election to fill the unexpired term.

(c) Notwithstanding (b) of this section, a vacancy in the office of mayor of a second class city shall be filled by and from the council. A mayor appointed under this section serves the balance of the term to which appointed, except he may serve only while he is a member of the council.

ARTICLE 4. BOARDS AND COMMISSIONS.

Sec. 29.20.300. SCHOOL BOARDS. (a) Each municipal school district has a school board. Except as provided in (b) of this section members are elected at the regular election for three-year terms and until their successors take office. Members are elected at large unless a different method of election has been approved by the voters in a regular election.

(b) The assembly is the school board for a third class borough. The mayor is the presiding officer of the assembly and president of the school board; however, he may not veto an action of the school board.

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

(b) As determined by ordinance, members of a utility board are appointed by the municipal executive and confirmed by the governing body or are elected at a regular election. The term of a utility board member is two years and until a successor is selected and qualifies. However, the governing body may by ordinance provide for a different term not to exceed four years. The current term of an elected incumbent may not be altered.

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

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

(1) choose its chairman and secretary;

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

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

Sec. 29.20.320. OTHER BOARDS AND COMMISSIONS. (a) The governing body may by ordinance establish advisory, administrative, technical, or quasi-judicial boards and commissions.

(b) Members of boards and commissions, except for members of the board of adjustment and assembly members serving on the board of equalization, are appointed by the mayor and confirmed by the governing body.

ARTICLE 5. OTHER OFFICIALS AND EMPLOYEES.

Sec. 29.20.360. APPOINTMENT OF OFFICIALS. Unless otherwise provided by ordinance, the municipal clerk, attorney, treasurer, and police chief are appointed by the chief administrative official. Unless otherwise provided by ordinance, an official described in this section serves at the pleasure of the appointing authority and, if appointed by the chief administrative official, must be confirmed by the governing body.

Sec. 29.20.370. MUNICIPAL ATTORNEY. The municipal attorney is the legal advisor of the governing body, the school board, and the other officials of the municipality. He represents the municipality as attorney in civil and criminal proceedings. The school board may hire independent counsel when in its judgment independent counsel is needed.

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

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

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

(3) arrange publication of notices, ordinances, and resolutions;

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

(5) attest deeds and other documents;

(6) perform other duties specified in this title or prescribed by the chief executive or by the governing body.

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

Sec. 29.20.390. MUNICIPAL TREASURER. (a) Except as provided in AS 14.14.040, the treasurer is the custodian of all municipal funds. He shall keep an itemized account of money received and disbursed. He shall pay money on vouchers drawn against appropriations.

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

Sec. 29.20.400. DEPARTMENTS. (a) The governing body may establish municipal departments and distribute functions among them.

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

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

(b) By ordinance the governing body may designate confidential or

managerial positions that are wholly or partially exempt from the classified service. A wholly or partially exempt position is filled by a person who serves at the pleasure of the appointing authority and whose term of employment is determined by the appointing authority.

ARTICLE 6. MANAGER PLAN.

Sec. 29.20.460. MANAGER PLAN. A municipality may adopt a manager plan of government. Adoption of a manager plan may be initiated either by petition or by motion of the governing body. A petition for the adoption of a manager plan is submitted to the governing body. The petition must be signed by a number of voters equal to the following percentage of the votes cast at the preceding regular election:

(1) 25 percent if the municipality has fewer than 2,500 persons;

(2) 35 percent if the municipality has 2,500 persons or more.

Sec. 29.20.470. ELECTION. On receipt of a petition to adopt a manager plan or on its own motion to adopt a manager plan, the governing body shall provide by ordinance or resolution for a vote on the question at the next election.

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

(b) The governing body shall notify the Department of the adoption of a manager plan.

Sec. 29.20.490. APPOINTMENT. (a) The governing body shall appoint a manager by a majority vote of the membership. He is chosen on the basis of his administrative qualifications and experience the requirements set by the governing body. A member of the governing body may not be appointed manager of the municipality unless that one year after leaving office, except by a vote of three-fourths of the maximum membership

of the governing body.

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

Sec. 29.20.500. POWERS AND DUTIES OF A MANAGER. As chief administrator the manager shall

(1) appoint, suspend, or remove municipal employees and administrative officials, except as provided otherwise in this title and AS 14.14.065; he may hire necessary administrative assistants and may authorize an administrative official to appoint, suspend, or remove subordinates;

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

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

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

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

(6) perform other duties required by law or by the governing body; and

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

Sec. 29.20.510. INTERGOVERNMENTAL AGREEMENTS. A borough adopting a manager plan may, on agreement with a city in the borough, provide that the manager of the city serve also as borough manager. A city adopting a manager plan may, on agreement with the borough in which it is located, provide that the manager of the borough serve also as city manager. Appointment and service of the manager shall be as provided in

AS 29.20.490 - 29.20.500. Nothing in this section affects the authority of the governing body to provide for other dual officeholding if the dual offices held are compatible, or otherwise to appoint officials and employees in accordance with law.

Sec. 29.20.520. REPEAL. A municipality may repeal a manager plan in the same manner used for its adoption. Within 60 days after repeal of a manager plan, the governing body shall enact provisions for the reorganization of the municipal executive and administrative functions.

ARTICLE 7. MISCELLANEOUS PROVISIONS.

Sec. 29.20.530. OATHS OF OFFICE. Before taking office a municipal official shall affirm in writing that he will honestly, faithfully, and impartially perform his duties. The oath is filed with the municipal clerk.

Sec. 29.20.540. BONDING. The manager and the other municipal officials or employees that the governing body may designate shall give bond in the amount and with the surety prescribed by the governing body. Premiums on bonds are paid by the municipality.

Sec. 29.20.550. COMPENSATION FOR ELECTED OFFICIALS. The governing body shall by ordinance provide a method of determining the salaries of elected officials. The salary of the mayor may not be reduced during his term of office, unless during his term a manager plan is adopted or an elected official may not receive compensation for services to the municipality in addition to his salary, unless otherwise provided by ordinance. The term provisions of collective bargaining agreements are not compensation under this section.

Sec. 29.20.560. PROHIBITIONS. Not [illegible] to be a [illegible], a city employee or school district employee may not be denied the right to serve on an elected municipal official because of his employment by the state or a school district. For purposes of this section a school

district employee is not a municipal employee.

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

Sec. 29.30.640. REPORTS. (a) A municipality shall file with the department

(1) maps and descriptions of all annexed or detached territory;

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

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

(4) a copy of the current annual budget of the municipality;

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

(b) Compliance with the provisions of this section is a prerequisite to receipt of municipal tax resource equalization assistance under AS 29.60.010 - 29.60.060 and state aid for nonmilitary municipal services under AS 29.60.100 - 29.60.180. The department shall withhold annual allocations under those sections in the event of noncompliance until the report requirements are met.

(c) This section applies to home rule and general law municipalities.

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

CHAPTER 33. MUNICIPAL ENACTMENTS.

Sec. 29.33.010. ACTS REQUIRED TO BE BY ORDINANCE. (a) In addition to other actions that this title requires to be by ordinance, the governing body of a municipality shall use ordinances to

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

(2) prescribe fine or other penalty, or establish rates

-10-

NEW CODE UNDER ART.

or regulations for violation of which a fine or other penalty is imposed;

(3) provide for the levying of taxes;

(4) make appropriations, including supplemental appropriations or transfer of appropriations;

(5) grant, renew, or extend a franchise;

(6) adopt, modify, or repeal the comprehensive plan, land use and subdivision regulations, building and housing codes, and the official map;

(7) approve the transfer of a power to a first or second class borough from a city;

(8) designate the borough seat;

(9) provide for the retention or sale of tax-foreclosed property;

(10) exempt contractors from compliance with general requirements relating to payment and performance bonds in the construction of repair of municipal public works projects within the limitations set out in AS 34.03.020; this paragraph applies to home rule and general law municipalities.

(b) This section grants no authority but requires the governing body to use ordinances in exercising certain of its powers.

Sec. 29.20.030 ORDINANCE PROCEDURE. (a) An ordinance is introduced by voting in the form required by the governing body.

(b) The following procedure governs the enactment of all ordinances, except emergency ordinances.

(1) An ordinance may be introduced by a member or committee of the governing body, or by the mayor or manager.

(2) An ordinance shall be set by the governing body for a public hearing by the affirmative vote of a majority of the voters making

 HCS CSHB 148(H) Fin

tied on the question;

(3) at least five days before the public hearing a summary of the ordinance shall be published together with a notice of the time and place for the hearing;

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

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

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

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

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

Sec. 29.12.040. EMERGENCY ORDINANCES. (a) To meet a public emergency the governing body may adopt an emergency ordinance effective on adoption. Each emergency ordinance shall contain a finding by the governing body that an emergency exists and a statement of the facts upon which the finding is based. An emergency ordinance may be adopted, amended and adopted, or rejected at the meeting at which it is introduced. The affirmative vote of all members present, or the affirmative vote of three-fourths of the total membership, whichever is less, is required for adoption of an emergency ordinance. The governing body shall print and make available copies of adopted emergency ordinances.

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

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

Sec. 29.12.050. CODES OF REGULATION. The governing body may by a

single ordinance adopt or amend by reference provisions of a published code of municipal regulations. The procedure under AS 29.25.050 applies to an ordinance adopted under this section, except that neither the ordinance or its amendments must be distributed to the public or read in full at the public hearing. For a period of 15 days before adoption of an ordinance under this section, at least five copies of the code of regulations shall be made available for public inspection at a time and place set out in the hearing notice. Only the ordinance must be printed after it is adopted under this section. The governing body shall provide for an adopted code of regulations to be made available to the public at no more money than cost.

Sec. 29.25.060. CODIFICATION. (a) Each ordinance shall be codified after it is adopted.

(b) Within three years after incorporation of a municipality, the municipal clerk or his designee shall have prepared a general codification of all municipal ordinances of general applicability having the force and effect of law. The municipal code shall be revised and printed at least every five years, unless the code is kept current by regular supplements.

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

(1) the ordinance has been given a serial number or other permanent identifying number, and, bearing a notation of the date of adoption and the adopting authority, it has been entered by the municipal clerk in a properly indexed book maintained for the purpose of originating and recording the ordinances; or

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

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

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

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

Sec. 29.25.070. PENALTIES. (a) For the violation of an ordinance, a municipality may prescribe penalties and fines imposed for a class B misdemeanor.

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

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

Sec. 29.25.080. [illegible] by adding a new chapter to read:

CHAPTER 30. ELECTIONS

ARTICLE 1. GENERAL AND SPECIAL ELECTIONS

Sec. 29.30.010. ADMINISTRATION. The governing body shall provide within the ordinance for conducting an election and shall appoint an election board composed of at least three judges for each precinct. A judge shall be a voter of the precinct for which he is appointed unless an

 [illegible]

voter is willing to serve.

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

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

Sec. 29.26.030. NOTICE OF ELECTIONS. (a) Subject to other provisions of this title, a municipality shall give at least 10 days notice of an election.

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

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

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

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

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

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

(4) is not disqualified under art. V of the state constitution.

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

-10-

registered to vote in state elections in the precinct in which he seeks to vote in municipal elections.

(c) This section applies to home rule and general law municipalities.

Sec. 29.26.060. MAJORITY ELECTIONS. (a) Unless otherwise provided by ordinance, a runoff election shall be held if no candidate receives over 50 percent of the votes cast for the office of mayor or member of the governing body or school board.

(b) Unless otherwise provided by ordinance, a runoff election shall be held within three weeks after the date of certification of the election for which a runoff is required, and notice of the runoff election shall be published at least five days before the election date.

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

(b) Unless otherwise provided by ordinance, an election may be contested only by a method by filing a petition affidavit with the municipal clerk stating with particularity the grounds for the contest. An election may be contested before or during the first canvass of returns by the governing body.

(c) Unless otherwise provided by ordinance, the governing body shall declare the election results at the first meeting to canvass the election, regardless of the results by the omission of that meeting, and notify them the results to be certified.

(d) A contestant shall pay all costs and expenses incurred in a recount of an election determined by the contestant if the recount fails to produce a result of the election, on the difference between the winning and losing vote on the result contested by more than two percent.

(c) A person may not appeal or seek judicial review of an election for any cause unless the person is a municipal voter, has exhausted his administrative remedies before the governing body, and has commenced, within 10 days after the governing body has declared the election results, an action in the superior court in the judicial district in which the municipality is located. If court action is not commenced within the 10-day period, the election and election results are conclusive and valid.

ARTICLE 2. INITIATIVE AND REFERENDUM.

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

Sec. 29.26.110. APPLICATION AND PETITION. (a) An initiative or referendum is proposed by filing an application with the municipal clerk containing the bill to be initiated or the act to be referred and the address to which all correspondence relating to the petition may be sent. An application shall be signed by at least 10 voters who will sponsor the petition. An additional sponsor may be added at any time before the petition is filed by submitting his name to the clerk. Within two weeks the clerk shall complete the application if he finds that it is in proper form and, for an initiative petition, that the matter

(1) is not restricted by AS 29.26.100;

(2) includes only a single subject;

(3) includes as a legislative proposal that is an allowable matter; and

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

(b) A decision by the clerk on an application for petitions shall

(Rev. 1/2009 Article 2)

be subject to judicial review.

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

(1) a summary of the bill to be initiated or the act to be referred;

(2) the complete ordinance or resolution sought to be initiated or referred as submitted by the sponsors;

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

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

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

(6) a statement, with space for the sponsor's sworn signature and date of signing, that the sponsor personally circulated the petition, that all signatures were affixed in the presence, and that he believes the signatures to be those of the persons whose names they purport to be; and

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

(b) If a petition consists of more than one page, each page shall contain the summary of the bill to be initiated or the act to be referred.

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

Sec. 29.26.130. CIRCULATING REQUIREMENTS. (a) The signatures on an initiative or referendum petition shall be secured within 60 days after

(b) [illegible]

the clerk issues the petition. The statement provided under AS 29.26.-120(a)(6) shall be signed and dated by the sponsor. Signatures shall be in ink or indelible pencil.

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

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

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

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

(d) A petition signer may withdraw his signature or petition by application to the clerk before certification of the petition.

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

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

(2) if the petition is insufficient, identify the insufficiencies and certify the signatures of the withdrawn previously filed under AS 29.26.-130(d) to reinstate them.

(b) A petition that is insufficient may be supplemented with additional signatures obtained and filed within 10 days after the date on which the petition is rejected.

(c) A petition that is insufficient shall be rejected and filed as a public record without prejudice to be supplemented under (b) of this section.

-47- HB 1000 CSHB(JUD)

Within 10 days after a supplementary filing the clerk shall recertify the petition. If it is still insufficient, the petition is rejected and filed as a public record.

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

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

Sec. 29.26.170. INITIATIVE ELECTION. (a) Unless substantially the same measure is adopted, when a petition seeks an initiative vote the clerk shall submit the matter to the voters at the next regular election occurring no sooner than 45 days after certification of the petition. If no regular election occurs within 75 days after the certification of a petition, the governing body shall hold a special election within 75 days, but not sooner than 45 days after certification.

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

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

(d) If a majority vote favors the ordinance or resolution, it becomes effective upon certification of the election, unless a different

effective date is provided in the ordinance or resolution.

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

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

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

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

Sec. 29.26.190. EFFECT. (a) An ordinance or resolution may not be repealed or amended within one year after its effective date if adopted in an initiative election or if adopted after a petition that contains substantially the same measure has been filed.

(b) If an ordinance or resolution is repealed in a referendum election or by the governing body after a petition that contains substantially the same measure has been filed, substantially similar legislation may not be enacted by the governing body for a period of one year.

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

ARTICLE 3. RECALL

Sec. 19.19.310. RECALL. An official who is elected or appointed to an elective municipal office may be recalled by the voters after he has served the first 120 days of the term for which elected or appointed.

Sec. 19.19.320. GROUNDS. Grounds for recall are misconduct in office, incompetence, or failure to perform prescribed duties.

Sec. 19.19.330. APPLICATION FOR RECALL PETITION. (a) An application for a recall petition shall be filed with the municipal clerk and shall contain

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

(2) the address to which all correspondence relating to the petition may be sent;

(3) a statement in not more than 200 words of the grounds of the recall stated with particularity;

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

Sec. 19.19.340. RECALL PETITION. (a) If the municipal clerk determines that an application for a recall petition meets the requirements of AS 29.19.330, he shall prepare a recall petition. (b) Signers of the petition shall provide

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

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

(3) the date the petition is issued by the clerk.

[illegible]

[illegible]

[illegible]

u n n

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

provide for planning, platting, and land use regulation as provided by AS 29.40 for first and second class boroughs. A second class city in a third class borough may provide for planning, platting, and land use regulation as provided by AS 29.40 for first and second class boroughs.

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

Sec. 29.35.260. CITIES OUTSIDE BOROUGHS. (a) A city outside a borough may exercise a power not otherwise prohibited by law. Powers that are incorporated by reference to laws governing boroughs apply to home rule cities outside boroughs only in those cases in which they are made applicable to home rule boroughs in the provisions incorporated.

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

(c) A home rule or first class city outside a borough shall, and a second class city outside a borough may, provide for planning, platting, and land use regulation as provided by AS 29.40 for first and second class boroughs.

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

ARTICLE 3. ACQUISITION OF ADDITIONAL POWERS.

Sec. 29.35.300. ADDITIONAL POWERS. (a) A first or second class borough acquires an additional power by transfer from a city in accordance with AS 29.35.310, or by holding an election on the question. For acquisition of an areawide power, the election shall be held areawide. For acquisition of a nonareawide power, the election shall be held nonareawide.

(b) A third class borough acquires an additional power to exercise in service areas by holding an election on the question in which each

[illegible]

[illegible]

[illegible]

property is exempt only if used exclusively for classroom space.

(d) Laws exempting certain property from execution under the Code of Civil Procedure (AS 09) do not exempt the property from taxes levied and collected by municipalities.

(e) The real property owned and occupied as a permanent place of abode by a resident 65 years of age or over is exempt from taxation of the assessed value of the real property. Real property may not be exempted under this subsection that the assessor determines, after notice and hearing to the parties concerned, has been conveyed to the applicant primarily for the purpose of obtaining the exemption. The determination of the assessor is appealable under AS 44.62.160 and 44.62.570.

(f) An exemption may not be granted under (e) of this section except upon written application for the exemption on a form prescribed by the state assessor for use by local assessors. The claimant must file the application no later than January 15, or a date provided by ordinance that is not later than March 31, of the assessment year for which the exemption is sought. The governing body of the municipality for good cause shown may waive during a year the claimant's failure to make timely application for exemption for that year and authorize the assessor to accept the application as if timely filed. The claimant must file a separate application for each assessment year in which the exemption is sought. If an application is filed within the required time and is approved by the assessor, he shall allow an exemption in accordance with the provisions of this section. If a failure to file by January 15, or a date provided by ordinance that is not later than March 31, of the assessment year has been waived as provided in this subsection and the application for exemption is approved, the amount of tax that the claimant has already paid for the assessment year for the

- ١٧ -

[illegible]

[illegible]

[illegible]

property and of remitting, refunding, or forgiving taxes.

(e) In this section "disaster" means a major disaster declared by the President of the United States under the provisions of the Federal Disaster Act of 1950, Title 42, United States Code, sec. 1855-1855g, or other federal law, or a disaster declared by the governor under AS 26.-23.010 - 26.23.110.

Sec. 29.45.240. TAX LEVY AND RATE. (a) The power granted to a municipality to assess, levy, and collect a property tax shall be exercised by means of an ordinance. The rate of levy, the date of equalization, and the date when taxes become delinquent shall be fixed by resolution.

(b) A municipality shall annually determine the rate of levy before June 15. By July 1 the tax collector shall mail tax statements setting out the levy, dates when taxes are payable and delinquent, and penalties and interest.

Sec. 29.45.250. RATES OF PENALTY AND INTEREST. (a) A penalty not to exceed 20 percent of the tax due may be added to all delinquent taxes, and interest not to exceed 15 percent a year shall accrue upon all unpaid taxes, not including penalty, from the due date until paid in full. A municipality may impose a penalty not to exceed 20 percent of the tax due upon the late return of personal property assessment forms. A penalty under this section may be imposed according to a formula that increases the amount of the penalty as the length of time increases during which payment is delinquent or assessment forms are not returned.

(b) If a taxpayer is given the right to pay the tax in two installments, penalty and interest on an unpaid installment accrues from the date the installment becomes due.

ARTICLE 2. ENFORCEMENT OF TAX LIENS.

Sec. 29.45.290. VALIDITY. Certified assessment and tax rolls are

valid and binding on all persons, notwithstanding a defect, error, omission, or invalidity in the assessment rolls or proceedings pertaining to the assessment roll.

Sec. 29.45.300. TAX LIABILITY. (a) The owner of assessed personal property is personally liable for the amount of taxes assessed against his property. The tax, together with penalty and interest, may be collected in a personal action brought in the name of the municipality.

(b) Property taxes, together with penalty and interest, are a lien upon the property assessed, and the lien is prior and paramount to all other liens or encumbrances against the property.

Sec. 29.45.310. ENFORCEMENT OF PERSONAL PROPERTY TAX LIENS BY DISTRAINT AND SALE. (a) A lien for personal property taxes may be enforced by distraint and sale of the property. The municipality shall provide the procedure for distraint and sale by ordinance. A seizure, levy, or distraint is not legal unless demand is first made of the person assessed for the amount of the tax, penalty, and interest, and a sale is not valid unless made at public auction no sooner than 15 days after notice is published. The seizure is made by virtue of a warrant issued by the municipal clerk to a peace officer.

(b) If the personal property sold is not sufficient to satisfy the tax, penalty, and interest, and costs of sale, the warrant may authorize the seizure of other personal property sufficient to satisfy the tax, penalty, interest, and costs of sale. If the property is sold for more money than is needed to satisfy the tax, the municipality shall remit the excess to the former record owner upon presentation of a proper claim. A claim for the excess filed after six months of the date of sale is forever barred.

Sec. 29.45.320. REAL PROPERTY TAX COLLECTION. (a) The municipal-

ity shall enforce delinquent real property tax liens by annual foreclosure, unless otherwise provided by ordinance.

(b) If the tax on property described in AS 29.45.070 or on a taxable interest in tax-exempt property is not paid when due, a municipality may enforce the tax by a personal action against the delinquent taxpayer brought in the district or superior court, in addition to other remedies available to enforce the lien.

Sec. 29.45.330. FORECLOSURE LIST. (a) A municipality shall

(1) annually present a petition for judgment and a certified copy of the foreclosure list for the previous year's delinquent taxes in the superior court for judgment;

(2) publish the foreclosure list for four consecutive weeks in a newspaper of general circulation distributed in the municipality or, if there is no newspaper of general circulation distributed in the municipality, post the list at three public places for at least 30 days;

(3) within 10 days after the first publication or posting, mail to the last known owner of each property as his name and address appear on the list a notice advising of the foreclosure proceeding in which a petition for judgment of foreclosure has been filed and describing the property and the amount due as stated on the list.

(b) The list shall be arranged in alphabetical order as to the last name and shall include

(1) the last known owner;

(2) the property description as stated on the assessment roll;

(3) years and amounts of deliquency;

(4) penalty and interest due;

(5) a statement that the list is available for public inspection at the clerk's office;

(6) a statement that the list has been presented to the superior court with a petition for judgment and decree.

(c) Completion of the requirements of (a) of this section constitutes and has the same force and effect as the filing of an individual and separate complaint and service of summons to foreclose a lien against each property described on the foreclosure list.

Sec. 29.45.340. CLEARING DELINQUENCIES. During the publication or posting of the foreclosure list and up to the time of transfer to the municipality a person may pay the taxes, together with the penalty, interest, and costs. The collector shall note payment on the foreclosure list.

Sec. 29.45.350. LIST TO LIENHOLDER. A holder of a mortgage or other lien on real property may request the clerk to send by certified mail notice of a foreclosure list that includes the real property.

Sec. 29.45.360. GENERAL FORECLOSURE. A municipality shall bring one general foreclosure proceeding in rem against the properties included in the foreclosure list. If the owner is unknown, the property is proceeded against as belonging to "unknown owner". Tax foreclosure proceedings have priority over all other civil proceedings except appeals under AS 29.40.060.

Sec. 29.45.370. ANSWER AND OBJECTION. A person having an interest in a lot on the foreclosure list may file an answer within 30 days of the date of last publication, specifying his objection. The court shall make its decision in summary proceedings. The foreclosure list is prima facie evidence that the assessment and levy of the tax is valid and that the tax is unpaid.

Sec. 29.45.380. JUDGMENT. The court shall in a proper case give judgment and decree that the tax liens be foreclosed. It is a several judgment against each lot and a lien on each lot.

Sec. 29.45.390. TRANSFER AND APPEAL. (a) Foreclosed properties are transferred to the municipality for the lien amount. When answers are filed the court may enter judgment against and order the transfer to the municipality of all other properties on the list pending determination of the matters in controversy. The court shall hear and determine the issues raised by the complaint and answers in the same manner and under the same rules as it hears and determines other actions.

(b) The court clerk shall deliver a certified copy of the judgment and decree to the municipal clerk. The certified judgment and decree constitutes a transfer to the municipality.

(c) The judgment and decree stops objections to it that could have been presented before judgment and decree. Appeal from a judgment and decree of foreclosure, or from a final order in the proceeding, may be taken in the manner provided for appeals in civil actions.

Sec. 29.45.400. REDEMPTION PERIOD. Properties transferred to the municipality are held by the municipality for at least one year. During the redemption period a party having an interest in the property may redeem it by paying the lien amount plus penalties, interest, and costs, including all costs incurred under AS 29.45.440(a). Property redeemed is subject to all accrued taxes, assessments, liens, and claims as though it had continued in private ownership. Only the amount applicable under the judgment and decree must be paid in order to redeem the property.

Sec. 29.45.410. EFFECT. Receipt of redemption money by the municipality releases the judgment obtained under AS 29.45.380. The clerk or his designee shall record the redemption and issue a certificate containing a property description, the redemption amount, and the dates of judgment and decree of foreclosure. The clerk or his designee shall

collect the recording fee at the time of redemption and shall file the certificate with the record as part of the judgment roll.

Sec. 29.45.420. ADDITIONAL LIENS. If a property included in a foreclosure list is removed after payment of delinquencies or redemption by another lienholder, the payment represented by receipt for payment constitutes an additional lien on the property, collectible by the lienholder in the same manner as the original lien.

Sec. 29.45.430. POSSESSION DURING REDEMPTION PERIOD. Foreclosure does not affect the former owner's right to possession during the redemption period. If waste is committed by the former owner or by anyone acting under his permission or control, the municipality may declare an immediate forfeiture of the right to possession.

Sec. 29.45.440. EXPIRATION. (a) At least 30 days before the expiration of the redemption period the clerk or his designee shall publish a redemption period expiration notice. The notice shall contain the date of judgment, the date of expiration of the period of redemption, and a warning that all properties ordered sold under the judgment, unless redeemed, shall be deeded to the municipality immediately on expiration of the period of redemption and that every right or interest of a person in the properties will be forfeited forever to the municipality. The notice appears once a week for four consecutive weeks in a newspaper of general circulation distributed in the municipality. If there is no newspaper of general circulation distributed in the municipality, the notice is posted in three public places for at least four consecutive weeks. The clerk shall send a copy of the notice by certified mail to each record owner of property against which a judgment of foreclosure has been taken and, if the assessed value of the property is more than $100,000, to all holders of mortgages or other liens of record on the property. The notice shall be mailed within five days after the

first publication. The mailing shall be sufficient if mailed to the property owner and to the holder of a mortgage or recorded lien at the last address of record.

(b) The right of redemption expires 30 days after the date of the first notice publication.

(c) Costs incurred in the determination of holders of mortgages and other liens of record and costs of notice publication incurred by a municipality under (a) of this section are a lien on the property and may be recovered by the municipality.

Sec. 29.45.450. DEED TO BOROUGH OR CITY. (a) Unredeemed property in the area of the borough outside all cities is deeded to the borough by the clerk of the court. Unredeemed property in a city is deeded to the city subject to the payment by the city of unpaid borough taxes and costs of foreclosure levied against the property before foreclosure. The deed shall be recorded in the recording district in which the property is located.

(b) Conveyance gives the municipality clear title, except for prior recorded tax liens of the United States and the state.

(c) If unredeemed property lies in a city and if the city has no immediate public use for the property but the borough does have an immediate public use, the city shall deed the property to the borough. If unredeemed property lies in the borough outside all cities and if the borough does not have an immediate public use for the property but a city does have an immediate public use, the borough shall deed the property to the city.

(d) No deed is invalid for irregularities, omissions, or defects in the proceedings under this chapter unless the former owner has been misled to his injury. Two years after the date of the deed, its validity is conclusively presumed and a claim of the former owner or other

person having an interest in the property is forever barred.

Sec. 29.45.460. DISPOSITION AND SALE OF FORECLOSED PROPERTY. (a) The municipality shall determine by ordinance whether foreclosed property deeded to the municipality shall be retained for a public purpose. The ordinance shall contain the legal description of the property, the address or a general description of the property sufficient to provide the public with notice of its location, and the name of the last record owner of the property as his name appears on the assessment rolls.

(b) Tax-foreclosed property conveyed to a municipality by tax foreclosure and not required for a public purpose may be sold. Before the sale of tax-foreclosed property held for a public purpose, the municipality, by ordinance, shall determine that a public need does not exist. The ordinance shall contain the information required under (a) of this section.

(c) The clerk or his designee shall send a copy of the published notice of hearing of an ordinance to consider a determination required under (a) or (b) of this section by certified mail to the former record owner of the property that is the subject of the ordinance. The notice shall be mailed within five days after its first publication and shall be sufficient if mailed to the last record owner of the property as his name appears on the assessment rolls of the municipality.

(d) The provisions of (c) of this section do not apply with respect to property that has been held by the municipality for a period of more than 10 years after the close of the redemption period.

Sec. 29.45.470. REPURCHASE BY RECORD OWNER. (a) The record owner at the time of tax foreclosure of property acquired by a municipality, or his assigns, may, within 10 years and before the sale or contract of sale of the tax-foreclosed property by the municipality, repurchase the property. The municipality shall sell the property for the full amount

applicable to the property under the judgment and decree, with interest not to exceed 15 percent a year from the date of entry of the judgment of foreclosure to the da . of repurchase, delinquent taxes assessed and levied as though it had continued in private ownership, and costs of foreclosure and sale.

(b) After adoption of an ordinance providing for the retention of tax-foreclosed property by the municipality for a public purpose, the right of the former record owner to repurchase the property ceases.

Sec. 29.45.480. PROCEEDS OF TAX SALE. (a) On sale of foreclosed real or personal property the municipality shall divide the proceeds less cost of collection, between the borough and the city having unpaid taxes against the property. The division is in proportion to the respective municipal taxes against the property at the time of foreclosure.

(b) The former record owner of tax-foreclosed real property that has been held by a municipality for less than 10 years after the close of the redemption period and never designated for a public purpose that is sold at a tax-foreclosure sale is entitled to the portion of the proceeds of the sale that exceeds the amount sufficient to satisfy unpaid taxes, delinquent taxes assessed and levied as if the property had continued in private ownership, penalty, interest, and costs of property sold, including costs incurred under AS 29.45.440(a). If the proceeds of the sale of tax-foreclosed property exceed the total of unpaid and delinquent taxes, penalty, interest, and costs, the municipality shall provide the former owner of the property written notice advising of the amount of the excess and the manner in which a claim for the balance of the proceeds may be submitted. Notice is sufficient under this subsection if ma led to the former owner at his last address of record. On presentation of a proper claim, the municipality shall

remit the excess to the former record owner. A claim for the excess filed after six months of the date of sale is forever barred.

Sec. 29.45.490. PAYMENT OF TAXES UPON PUBLIC UTILIZATION. If a municipality takes title to tax-foreclosed property for a public purpose, the municipality shall satisfy unpaid taxes and assessments against the property held by other municipalities, with accrued interest but without penalty. If the amount required to satisfy the unpaid taxes and assessments exceeds the assessed value of the property, the municipality shall pay the other municipalities the assessed value, which shall be divided between the other municipalities in proportion to their respective taxes and assessments against the property at the time of foreclosure.

Sec. 29.45.500. REFUND OF TAXES. (a) If a taxpayer pays taxes under protest, he may bring suit in the superior court against the municipality for recovery of the taxes. If judgment for recovery is given against the municipality, or, if in the absence of suit, it becomes obvious to the governing body that judgment for recovery of the taxes would be obtained if legal proceedings were brought, the municipality shall refund the amount of the taxes to the taxpayer with interest at eight percent from the date of payment plus costs.

(b) If, in payment of taxes legally imposed, a remittance by a taxpayer through error or otherwise exceeds the amount due, and the municipality, on audit of the account in question, is satisfied that this is the case, the municipality shall refund the excess to the taxpayer with interest at eight percent from the date of payment. A claim for refund filed one year after the due date of the tax is forever barred.

(c) The governing body may correct manifest clerical errors at anytime.

ARTICLE 3. CITY PROPERTY TAX.

Sec. 29.45.550. CITIES OUTSIDE BOROUGHS. Home rule and first class cities outside boroughs may assess, levy, and collect a property tax. A property tax if levied must be assessed, levied, and collected as provided by AS 29.45.010 - 29.45.500.

Sec. 29.45.560. CITIES INSIDE BOROUGHS. Home rule and first class cities inside boroughs may levy a property tax. A property tax, if levied, is subject to AS 29.45.010 - 29.45.050, 29.45.090 - 29.45.100, 29.45.250, 29.45.400 - 29.45.440 and 29.45.460 - 29.45.500. The council shall by June 15 of each year present to the assembly a statement of the city's rate of levy unless a different date is agreed upon by the borough and city.

Sec. 29.45.570. APPLICATION. AS 29.45.010 - 29.45.570 apply to home rule and general law municipalities.

Sec. 29.45.580. DIFFERENTIAL TAX ZONES. A city may by ordinance establish, alter, and abolish differential tax zones to provide and levy property taxes for services not provided generally in the city or a different level of service than that provided generally in the city.

Sec. 29.45.590. LIMITED PROPERTY TAXING POWER FOR SECOND CLASS CITIES. A second class city may by referendum levy property taxes as provided for first class cities. However, levy by a second class city may not exceed one-half of one percent of the assessed value of the property taxed, except that the limit does not apply to a levy necessary to avoid a default upon payment of principal and interest of bonded or other indebtedness that is secured by a pledge to levy ad valorem or other taxes without limit to meet debt payments.

Sec. 29.45.600. COMBINING PROPERTY TAX WITH INCORPORATION OF A SECOND CLASS CITY. A petition for second class city incorporation may request that a property tax proposal be placed on the same ballot. The

petition must state the proposed tax rate. The petition may request that incorporation be dependent on the passage of the property tax proposition. If so, the incorporation proposition fails if the property tax fails.

ARTICLE 4. BOROUGH SALES AND USE TAX.

Sec. 29.45.650. SALES AND USE TAX. (a) A borough may levy and collect a sales tax not exceeding six percent on sales, rents, and on services made in the borough. The sales tax may apply to any or all of these sources. Exemptions may be granted by ordinance.

(b) A borough levying a sales tax may also by ordinance levy a use tax on the storage, use, or consumption of tangible personal property in the borough. The use tax rate must equal the sales tax rate and the use tax shall be levied only on buyers.

(c) A person who furnishes proof, in the form required by the borough tax collector, that he has paid a sales tax on the source on which a use tax is levied by the borough is required to pay the use tax only to the extent of the difference between the amount of the sales tax paid and the amount of the use tax levied by the borough. This subsection applies to a sales tax levied in any taxing jurisdiction whether inside or outside the state.

(d) If the assembly charges interest on sales taxes not paid when due, the rate of interest may not exceed 15 percent a year on the delinquent taxes and shall be charged from the due date until paid in full. This subsection applies to home rule and general law municipalities.

(e) A borough may provide for the creation, recording, and notice of a lien on real or personal property to secure the payment of a sales and use tax, and the interest, penalties, and administration costs in the event of delinquency. When recorded, a lien authorized under this

section has priority over other liens except those for property taxes and special assessments.

Sec. 29.45.660. NOTICE OF SALES AND USE TAX. (a) If the borough levies and collects only a sales tax and use tax, the assembly shall provide a notice substantially in the form set out in AS 29.45.020. In providing notice under this subsection, the assembly shall substitute for the millage equivalency its estimate of the equivalent sales tax rate for each of the categories of financial assistance set out in AS 29.45.020. Notice shall be provided

(1) by publishing in a newspaper of general circulation in the borough a copy of the notice once each week for a period of three successive weeks, with publication to occur not later than 45 days after the final adoption of the borough's budget; or

(2) if there is no newspaper of general circulation in the borough, by posting a copy of the notice for at least 20 days in at least two public places in the borough, with posting to occur not later than 45 days after the final adoption of the borough's budget.

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

Sec. 29.45.670. REFERENDUM, ADOPTION, AND MODIFICATION. A new sales and use tax or an increase in the rate of levy of a sales tax approved by ordinance does not take effect until ratified by a majority of the voters at an election.

ARTICLE 5. CITY SALES AND USE TAXES.

Sec. 29.45.700. POWER OF LEVY. (a) A city in a borough that

levies and collects areawide sales and use taxes may levy sales and use taxes on all sources taxed by the borough in the manner provided for boroughs, except that the assembly may by ordinance authorize a city to levy and collect sales and use taxes on other sources.

(b) A city in a borough that does not levy and collect sales and use taxes for areawide borough functions may levy and collect sales and use taxes in the manner provided for boroughs.

(c) A city outside a borough may levy and collect sales and use taxes in the manner provided for boroughs.

Sec. 29.45.710. COMBINING SALES AND USE TAX WITH INCORPORATION OF A SECOND CLASS CITY. A petition for incorporation of a second class city may request that a sales and use tax proposal be placed on the same ballot. The petition must state the proposed tax rate. The petition may request that incorporation be dependent on the passage of the tax proposition. If so, the incorporation proposition fails if the tax fails.

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

CHAPTER 46. SPECIAL ASSESSMENTS.

Sec. 29.46.010. ASSESSMENT AND PROPOSAL. The municipality may assess against the property of a state or federal governmental unit and private real property to be benefited by an improvement all or a portion of the cost of acquiring, installing, or constructing capital improvements. The state shall pay an assessment levied, except as otherwise provided by law and subject to its right of protest under AS 29.46.020-(a)(8). If a governmental unit other than the state benefited by an improvement refuses to pay the assessment, it shall be denied the benefit of the improvement. An improvement proposal may be initiated by

(1) petition to the governing body of the owners of one-half in value of the property to be benefited; or

(2) the governing body.

Sec. 29.46.020. PROCEDURE. (a) The municipality may prescribe by ordinance the procedures relating to creating special assessment districts, making local improvements, levying and collecting assessments, and financing improvements, including the following:

(1) a procedure for filing petitions;

(2) a survey and report by the mayor concerning the need for, desirable extent of, and estimated cost of each proposed local improvement;

(3) a public hearing on the necessity for the proposed local improvement;

(4) a resolution or ordinance determining to proceed or not to proceed with the proposed local improvement;

(5) a public hearing by the governing body on the special assessment roll for the proposed local improvement;

(6) published notice of each public hearing required by this section and mailing notice to each record owner of real property in the special assessment district;

(7) a resolution or ordinance confirming the special assessment roll for the proposed local improvement;

(8) if protests as to the necessity of a proposed local improvement are made by owners of property that will bear 50 percent or more of the estimated cost of the improvement, the governing body may not proceed with the improvement until the objections have been reduced to less than 50 percent, except on approval of not fewer than three-fourths of the governing body.

(b) To the extent that the municipality does not prescribe a procedure for special assessments as permitted by this section, the municipality shall comply with the special assessment procedures set out

in AS 29.46.030 - 29.46.100.

Sec. 29.46.030. CREATION OF DISTRICT. (a) When an improvement proposal is filed with the municipal clerk and presented to the governing body, the municipality shall find by resolution or ordinance whether (1) the improvement requested is necessary and should be made, and (2) if by petition, the request has sufficient and proper petitioners. The findings under this section are conclusive.

(b) If the municipality approves an improvement proposal, it shall develop a proposed improvement plan including the total cost estimate and the percentage of the cost to be assessed against the benefited property. The improvement plan shall be filed with the municipal clerk.

(c) The governing body shall set a time for public hearing on the improvement plan and the period for filing objections to the plan. The governing body shall publish a notice of the hearing and of the period during which objections may be filed at least once a week for four consecutive weeks in a newspaper of general circulation if distributed in the municipality and shall send notice by mail to every record owner of property in the special assessment district.

Sec. 29.46.040. RECORD OWNER. The person in whose name property is listed on the municipal property tax roll as owner is conclusively presumed to be the legal owner of record. If the owner is unknown, the assessment roll may designate "unknown owner".

Sec. 29.46.050. OBJECTIONS AND REVISION. (a) Objections to an improvement plan may be filed during a period of 60 days after publication of notice. The municipality may by resolution or ordinance approve the plan and order the improvement subject to the limitation of (b) of this section.

(b) If objections are made in writing during the period set for objections by the owners of property bearing 50 percent or more of the

estimated total cost of the improvement, the governing body may not proceed with the improvement unless it revises the plan to meet the objections and the objections are reduced to less than 50 percent. A revised plan shall be approved and adopted as an original plan in accordance with AS 29.46.030.

Sec. 29.46.060. ASSESSMENT ROLL. (a) At any time after approval of an improvement plan, the governing body shall assess the authorized percentage of the cost against property in the district included in the plan in proportion to the benefit received.

(b) The special assessment roll shall contain property descriptions, names of record owners, and assessment amounts.

(c) The governing body shall fix a time to hear objections to the roll. The municipal clerk shall send an assessment and hearing notice by mail to each record owner of an assessed property not less than 15 days before the hearing.

Sec. 29.46.070. HEARING AND SETTLEMENT. After the public hearing, the governing body shall correct errors and inequalities in the roll. If an assessment is increased, a new hearing shall be set and notice published, except that a new hearing and notice is not required if all record owners of property subject to the increased assessment consent in writing to the increase. Objections to the increased assessment shall be limited to record owners of property on which the assessment was increased. When the roll is corrected, it shall be confirmed by resolution or ordinance.

Sec. 29.46.080. PAYMENT. (a) The governing body shall fix times of payment, penalties on delinquent payments, and the rate of interest on the unpaid balance of the assessment. Payment may be in one sum or by installments. If payment is to be in one sum, payment may not be required sooner than 60 days after mailing of the assessment statement.

The entire assessment may be prepaid without interest or penalty within 30 days after mailing of the assessment statement, and thereafter the assessment may be prepaid in whole or in part with interest to the payment date.

(b) Within 30 days after fixing the time of payment the municipal clerk shall mail a statement to the record owner of each property assessed. The statement designates the property, the assessment amount, method of payment, rate of interest on the unpaid balance of the assessment, the time of delinquency, and penalties on delinquent payments. Within five days after the statements are mailed, the clerk shall have notice published that the statements have been mailed.

(c) Assessments are liens on the property assessed and are prior and paramount to all liens except municipal tax liens. They may be enforced as provided in AS 29.45.320 - 29.45.470 for enforcement of property tax liens.

Sec. 29.46.090. EXEMPTION. (a) The real property owned and occupied by a resident 65 years of age or over, or the spouse, widow, widower, or minor heir of the original applicant, on which is located only his permanent abode that is a single-family residence, is exempt from (1) special sewer assessments levied by a municipality after September 2, 1975, and (2) special water assessments levied by a municipality after September 2, 1975. Only one exemption may be granted with respect to the same property, and, if two or more persons are eligible for an exemption with respect to the same property, the parties shall decide between or among themselves which shall receive the benefit of the exemption. Real property may not be exempted under this subsection that the municipality determines, after notice and hearing to the parties concerned, has been conveyed to the applicant primarily for the purpose of obtaining the exemption. The determination of the muni-

cipality is appealable under AS 44.62.560 - 44.62.570.

(b) An exemption may not be granted under this section except upon written application for the exemption on a form prescribed by the state assessor for use by local assessors and in accordance with the following requirements:

(1) The claimant must file the initial application during the period of time between the date the assessment roll is confirmed and the time of payment fixed by the governing body. Within one year after the date the assessment roll is confirmed the governing body for good cause shown may waive the claimant's failure to make timely initial application for the exemption and authorize the assessor to accept the application as if timely filed.

(2) A claimant receiving the exemption must file with the assessor by March 15 of each subsequent year a separate application proving eligibility as of January 1 in order to retain the exemption. Within the same year the assessor for good cause shown may waive the claimant's failure to make timely application and approve the application as if timely filed.

(3) If an application is filed within the required time under this subsection and is approved by the governing body, the exemption shall be allowed in accordance with the provisions of this section. If a waiver under this subsection is granted and the application for exemption approved, the amount of any assessment, penalty, or interest that the claimant has already paid on the assessment shall be refunded to him. The municipality may at any time require proof in the form considered necessary of the right and amount of an exemption claimed under this section.

(c) The state shall reimburse a municipality for the sewer and water assessment revenues that it would receive but for the operation of

this section. Reimbursement under this subsection is a lien in favor of the state against the property exempted to the extent of the assessment against the property exempted. When properly recorded, the lien is prior and superior to other liens against the property except for property taxes or other special assessments and may be enforced by lien foreclosure. The lien becomes immediately due and payable

(1) upon sale or other transfer of the property except to a spouse, widow, widower, or minor heir; however, if the property is transferred to a minor heir the lien becomes due and payable on the date the minor heir reaches the age of 25 years;

(2) when property exempted under (a)(1) or (2) of this section receives more than one sewer connection or more than one water connection; or

(3) when the claimant fails to prove eligibility under (b)(2) of this section.

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

(e) In this section

(1) "minor heir" means a person who, at the time of transfer of the property, has not attained the age of 19 years or who, if he has not attained the age of 22 years, is a full-time student at an educational institution or a member of the armed forces of the United States;

(2) "real property" includes, but is not limited to, mobile homes, whether classified as real or personal property for municipal tax purposes;

(3) "resident" means a person who for 12 consecutive months has maintained his permanent place of abode in the state.

Sec. 29.46.100. REASSESSMENT. (a) The governing body shall within one year correct any deficiency in a special assessment found by

a court. Notice and hearing must conform to the initial assessment procedures.

(b) Payments on the initial assessment are credited to the property upon reassessment. The reassessment becomes a charge upon the property notwithstanding failure to comply with any provision of the assessment procedure.

Sec. 29.46.110. ALLOWABLE COSTS. (a) When a special assessment district is created, there may be included in the assessments

(1) all of the cost of acquiring, installing, making, or constructing the local improvement;

(2) the costs of all engineering and surveying to be done in connection with creating the district or improvement;

(3) the cost of mailing and publishing notices;

(4) interest on interim financing;

(5) the cost of legal services and other expenses incurred in the formation of the special assessment district;

(6) the cost of completing the improvement and financing the improvement, including the issuance of bonds.

(b) The total amount of the assessment roll may not exceed actual costs, but actual costs may include reasonable estimates of the costs to be incurred in connection with issuance of bonds.

Sec. 29.46.120. OBJECTION AND APPEAL. (a) The validity of an assessment may not be contested by a person who did not file with the municipal clerk a written objection to the assessment roll before its confirmation.

(b) The decision of the governing body on an objection may be appealed to the superior court within 30 days after the date of confirmation of the assessment roll. If no objection is filed or appeal taken within that time, the assessment procedure is considered valid in all

respects.

Sec. 29.46.130. INTERIM FINANCING. (a) A municipality may provide by resolution or ordinance for the issuance of notes in payment of the costs of a local improvement project, payable out of special assessments for the improvement. The notes shall bear interest at a rate or rates authorized by the resolution or ordinance, and shall be redeemed either in cash or bonds for the improvement project.

(b) Notes issued against assessments shall be claims against the assessments that are prior and superior to a right, lien or claim of a surety on the bond given to the municipality to secure the performance of its contract for a local improvement project, or to secure the payment of persons who have performed work or furnished materials under the contract.

(c) The municipal treasurer may accept notes against special assessments on conditions prescribed by the governing body in payment of

(1) assessments against which the notes were issued in order of priority;

(2) judgments rendered against property owners who have become delinquent in the payment of assessments; and

(3) certificates of purchase when property has been sold under execution or at tax sale for failure to pay the assessments.

Sec. 29.46.140. SPECIAL ASSESSMENT BONDS. (a) The municipality may by ordinance authorize the issuance and sale of special assessment bonds to pay all or part of the cost of an improvement in a special assessment district. The principal and interest of bonds issued shall be payable solely from the levy of special assessments against the property to be benefited. The assessments shall constitute a sinking fund for the payment of principal and interest on the bonds. The benefited property may be pledged by the governing body to secure a payment.

(b) On default in a payment due on a special assessment bond, a bondholder may enforce payment of principal, interest, and costs of collection in a civil action in the same manner and with the same effect as actions for the foreclosure of mortgages on real property. Foreclosure shall be against all property on which assessments are in default. The period for redemption is the same as for a mortgage foreclosure on real property.

(c) Before the governing body may issue special assessment bonds, it shall establish a guarantee fund and appropriate to the fund annually a sum adequate to cover a deficiency in meeting payments of principal and interest on bonds if the reason for the deficiency is nonpayment of assessments when due. Money received from actions taken against property for nonpayment of assessments shall be credited to the guarantee fund.

* Sec. 13. AS 29 is amended by adding a new chapter to read:

CHAPTER 47. MUNICIPAL DEBT.

ARTICLE 1. REVENUE ANTICIPATION NOTES.

Sec. 29.47.010. BORROWING IN ANTICIPATION OF REVENUE. A municipality that is authorized to incur indebtedness may borrow money to meet appropriations for any fiscal year in anticipation of the collection of the revenues for that year, but all debt so contracted shall be paid before the end of the next fiscal year. Negotiable or nonnegotiable revenue anticipation notes may be issued as evidence of the borrowing.

Sec. 29.47.020. ISSUANCE OF NOTES. A municipality may by ordinance or resolution authorize the issuance of revenue anticipation notes. The governing body may delegate to its chief fiscal officer the power to issue the notes from time to time under the terms and conditions of the ordinance or resolution that provides for the manner of their sale.

Sec. 29.47.030. ISSUANCE OF NOTES IN ANTICIPATION OF STATE, FEDERAL GRANTS. (a) A municipality, on adoption of a long-range capital improvement budget by ordinance or resolution, may by resolution provide for negotiable or nonnegotiable revenue anticipation notes in an amount not to exceed the total amount of any state or federal grants finally committed for these projects. The notes mature no later than the end of the next fiscal year. The notes may be for single or multiple projects outlined in the adopted capital improvement budget.

(b) If the state or federal grants for capital improvement projects have not been paid to the municipality before maturity of the notes issued in anticipation of the receipt of the revenue, the governing body may issue new notes in order to meet payment of the notes then maturing or may renew the outstanding revenue anticipation notes. New notes issued or renewals of outstanding revenue anticipation notes mature not later than the end of the next fiscal year.

Sec. 29.47.040. PRIORITY OF REPAYMENT. The payment of the principal and interest on revenue anticipation notes is payable from revenues, and their payment additionally shall be secured by a pledge of the full faith and credit of the municipality issuing them.

ARTICLE 2. BOND ANTICIPATION NOTES.

Sec. 29.47.080. BOND ANTICIPATION BORROWING. A municipality may borrow money in anticipation of the sale of general obligation and revenue bonds if

(1) the general obligation bonds to be sold have been authorized by ordinance and ratified by a majority vote at an election;

(2) the revenue bonds to be sold have been authorized by ordinance.

Sec. 29.47.090. ISSUANCE OF NOTES. The governing body shall issue negotiable or nonnegotiable notes for the amounts borrowed with a matur-

ity date not to exceed one year from the date of issue. All notes and the interest on them are payable at fixed places on or before a fixed time from the proceeds of the sale of bonds in anticipation of which the original note or notes were issued, unless the bonds have not been sold by the maturity date of the notes.

Sec. 29.47.100. ISSUANCE OF NEW NOTES. If the sale of the bonds has not occurred before the maturity of the notes issued in anticipation of the sale, the governing body shall issue new notes in order to meet payment of the notes then maturing, or shall renew the outstanding bond anticipation notes. New notes issued or renewals of outstanding bond anticipation notes bear a maturity date not to exceed one year from the date of issue. Notes, new notes, and renewals of notes may not be outstanding for a total elapsed time of more than three years.

Sec. 29.47.110. REPAYMENT OF NOTES. Every note is payable from the proceeds of the sale of bonds that the notes anticipated or from the proceeds of the sale of new bond anticipation notes.

Sec. 29.47.120. SECURITY. (a) Notwithstanding other provisions of this chapter as to payment of notes, notes issued in anticipation of the sale of general obligation bonds and the interest on them are secured by the full faith and credit of the municipality. The municipality may levy ad valorem taxes for payment without limitation of rate or amount.

(b) Notes issued in anticipation of the sale of revenue bonds and the interest on them are secured in the same manner as are the revenue bonds in anticipation of which the notes are issued.

Sec. 29.47.130. LIMITATION. The total amount of notes issued and outstanding may at no time exceed the total amount of bonds authorized to be issued.

Sec. 29.47.140. USE OF PROCEEDS. The proceeds from the sale of notes shall be used only for the purposes for which the proceeds from

the sale of bonds may be used, or to meet payment of outstanding bond anticipation notes.

ARTICLE 3. GENERAL OBLIGATION BONDS.

Sec. 29.47.180. GENERAL OBLIGATION BONDS. A municipality may acquire, construct, improve, and equip capital improvements and issue negotiable or nonnegotiable general obligation bonds for these purposes.

Sec. 29.47.190. VOTE AND NOTICE OF EXISTING INDEBTEDNESS REQUIRED. (a) A municipality may incur general obligation bond debt only after a bond authorization ordinance is approved by a majority vote at an election. Any municipal voter may vote in the bond election, except as otherwise provided by law.

(b) Before a general obligation bond issue election, the governing body shall have published a notice of the total existing bond indebtedness at least once a week for three consecutive weeks. The first notice shall be published at least 20 days before the date of the election. A notice shall include

(1) the current total general obligation bonded indebtedness, including authorized but unsold bonds of the municipality;

(2) the cost of the debt service on the current indebtedness;

(3) the total assessed value of property in the municipality.

Sec. 29.47.200. PAYMENT. (a) The full faith and credit of a municipality are pledged for the payment of principal and interest on general obligation bonds. The municipality may levy ad valorem taxes for payment without limitation of rate or amount to pay or secure the payment of the principal and interest on bonds, regardless of whether the bonds are in default or in danger of default.

(b) General obligation bonds issued for acquiring, constructing, improving and equipping a municipally owned utility or other revenue-generating enterprise may be additionally secured by a pledge of the

revenue derived from operation. Bonds so secured are not subject to a debt limitation imposed by a home rule charter. This subsection applies to home rule and general law municipalities.

ARTICLE 4. REVENUE BONDS.

Sec. 29.47.240. REVENUE BONDS. (a) A municipality may issue negotiable or nonnegotiable revenue bonds for a public enterprise or public corporation of the municipality where the only security is the revenue of the public enterprise or corporation.

(b) A municipality may issue its revenue bonds to finance the purchase of residential mortgage loans. The revenue bonds issued under this subsection are payable solely from the principal and interest of the mortgage loans and from other amounts pledged by the municipality, except the pledge of revenues derived from taxes. Revenue bonds issued under this subsection do not constitute a general obligation of the municipality.

Sec. 29.47.250. NO ELECTION REQUIRED. An election is not required to authorize the issuance and sale of revenue bonds, unless otherwise provided by ordinance.

Sec. 29.47.260. CONSTRUCTION. The prohibitions of AS 37.10.085 do not apply to the issuance of revenue bonds or the use of proceeds from revenue bonds by a home rule or general law municipality.

ARTICLE 5. REFUNDING BONDS.

Sec. 29.47.300. AUTHORIZATION. If a municipality has outstanding general obligation or revenue bonds and the governing body determines that it would be financially advantageous to refund the bonds, the municipality may provide by ordinance or resolution for the issuance of negotiable or nonnegotiable

(1) general obligation refunding bonds; or

(2) revenue refunding bonds.

Sec. 29.47.310. EFFECT OF BONDS. The refunding bonds may take up and refund all or part of outstanding bonds at or before their maturity or redemption date. The governing body may include various series and issues of bonds in a single issue of refunding bonds.

Sec. 29.47.320. NO ELECTION REQUIRED. An election is not required to authorize the issuance and sale of refunding bonds. Their issuance may be authorized and all proceedings with reference to them prescribed by ordinance. However, when it is desirable to use general obligation bonds to refund a revenue bond issue, the governing body shall call an election on the question.

Sec. 29.47.330. PAYMENT OF REFUNDING BONDS. General obligation refunding bonds are payable according to AS 29.47.200. Revenue refunding bonds are payable according to AS 29.47.240.

Sec. 29.47.340. SALE OF REFUNDING BONDS. General obligation or revenue refunding bonds may, at the discretion of the governing body, be exchanged for the bonds being refunded, or may be sold at public or private sale. They may be issued and delivered at any time before the date of maturity or redemption of the refunded bonds.

ARTICLE 6. MISCELLANEOUS PROVISIONS.

Sec. 29.47.390. OTHER MUNICIPAL FINANCING. (a) A municipality may authorize by ordinance or resolution the issuance of negotiable or nonnegotiable revenue bonds to finance any project that serves a public purpose, and the bonds shall be secured and payable from any source except revenues of the municipality, including tax revenue.

(b) Bonds issued under this section are not a debt or liability of the municipality and do not create or constitute an indebtedness, liability, or obligation of the municipality, nor do they constitute a pledge of faith, credit, or taxing power of the municipality. Each bond must contain on its face a statement that the municipality is not obli-

gated to pay the principal or the interest on the bonds except from those sources indicated, and that neither the faith and credit nor the taxing power of the municipality is pledged to the payment of principal or interest on the bond.

(c) A municipality may

(1) loan the proceeds of the bonds issued under this section;

(2) pledge, mortgage or assign money, leases, agreements, property, or other assets of the project being financed;

(3) enter into covenants and agreements concerning bonds issued under this section that the municipality determines to be desirable;

(4) provide for any matter that affects the security of the bonds.

(d) In this section

(1) "bonds" means bonds, notes, or other evidence of indebtedness;

(2) "project" includes but is not limited to commercial, manufacturing, agricultural, industrial, residential housing, recreation, tourism, and medical projects and programs.

Sec. 29.47.400. SALE. Bonds and notes issued under this chapter may be sold at either public or private sale by the municipality in the manner and at the price it determines.

Sec. 29.47.410. FORMS AND TERMS. The municipality may by ordinance or resolution fix the date, denominations, maturities, rate or rates of interest, redemption terms, registration privileges, manner of execution, signatures required, purchase price, manner of sale, and other requirements for issuing bonds or notes under this chapter. If an official whose signature appears on the bonds or coupons ceases to be an official before delivery of the bonds, his signature is valid as if he

had remained in office until delivery.

Sec. 29.47.420. INTEREST RATE. The interest rate payable on a bond or note issued under this chapter shall be determined by the municipality and is not subject to the usury rate limitations of AS 45.-45.010.

Sec. 29.47.430. REDEMPTION BEFORE MATURITY. A bond or note issued under this chapter may be made subject to redemption before maturity as stated in the authorization or in the bond or note.

Sec. 29.47.440. BOROUGH INDEBTEDNESS. (a) A borough may incur indebtedness

(1) on an areawide basis for areawide functions; or

(2) on a nonareawide basis for functions performed only in the borough area outside all cities; or

(3) on a service area basis for functions performed only in a service area.

(b) Payment of debt principal and interest as well as other costs shall be derived from the area incurring the debt under (a)(2) or (a)(3) of this section, except that the full faith and credit of the entire borough may be pledged to guarantee payment of principal and interest.

(c) If the bonded debt to be incurred by a borough is an areawide debt, the vote is areawide. If the full faith and credit of the entire borough is pledged for the payment of the debt of the borough area outside all cities or of a service area, an areawide election is held and the proposition must pass both areawide and in the area that will benefit from the improvement. If the bonded indebtedness to be incurred is limited to the borough area outside all cities, the vote is limited to voters outside all cities. If the indebtedness to be incurred is limited to a service area, the vote is limited to voters in the service area. Only the full faith and credit of the area voting on the indebted-

ness is pledged for the payment of the debt.

(d) The indebtedness of a municipality reclassified under AS 29.-04.040 is not affected by reclassification. All property in a municipality that is reclassified remains subject to taxation to amortize bonded or other indebtedness affecting the municipality and authorized on the effective date of reclassification.

Sec. 29.47.450. SERVICE AREA DEBT. The indebtedness of a service area acquired under AS 29.47.440 remains the indebtedness of the area that incurred the debt, notwithstanding a subsequent court determination that the service area was not validly formed under law or by virtue of a defect in the proceedings creating the service area. All property in the service area remains subject to taxation to pay the bonded indebtedness.

* Sec. 14. AS 29 is amended by adding a new chapter to read:

CHAPTER 55. MUNICIPAL PROGRAMS.

Sec. 29.55.010. CREATION OF LOCAL HISTORICAL DISTRICT COMMISSIONS. The governing body of a municipality may establish a local historical district commission or designate the planning commission or itself to serve as the historical district commission.

Sec. 29.55.020. ESTABLISHMENT OF HISTORICAL DISTRICTS. (a) In addition to existing municipal authority providing for the preservation, protection, and maintenance of historic sites, the local historical district commission, in consultation with the Historic Sites Advisory Committee in the Department of Natural Resources, may establish a historical district in the boundaries of the municipality.

(b) A historical district shall be a reasonably compact area of historical significance in which two or more structures important in state or national history, and related by physical proximity or historical association, are located. For purposes of this section, "structures

important in state or national history" means properties recommended by historical district commissions that are listed in the National Register of Historic Places or are characteristic of the Russian-American period before October 18, 1867, the early territorial period before 1930, or early Native heritage, reflecting the indigenous characteristics of Native culture in Alaska. On recommendation of the governing body of a municipality and the Historic Sites Advisory Committee, the Department of Natural Resources may by regulation formulate additional criteria for the establishment of historical districts not inconsistent with this subsection.

(c) The establishment of a historical district under this section shall be consistent with any applicable comprehensive plan for the municipality.

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

CHAPTER 60. STATE PROGRAMS.

ARTICLE 1. MUNICIPAL TAX RESOURCE EQUALIZATION.

Sec. 29.60.010. STATE EQUALIZATION OF TAX RESOURCES FOR MUNICIPAL SERVICES. (a) During each fiscal year the department shall compute an equalization entitlement for municipal services provided by a taxing unit.

(b) The equalization entitlement computed for a taxing unit is based on the population, relative ability to generate revenue, and local tax burden of the taxing unit and is determined by the application of the formula

Entitlement = P x R

where P = population, and

R = millage rate equivalent, determined by dividing the sum of the locally generated revenue of the taxing unit by one-tenth of one percent of the full and true value of assessed property of the taxing

unit determined under AS 29.60.030(d); however, the per capita property value used under this subsection may not be less than 15 percent of the statewide average per capita full and true assessed property value.

(c) For purposes of this section, locally generated revenue

(1) includes

(A) the actual revenue derived from the levy and collection of local taxes in the taxing unit for municipal services during the preceding fiscal year of the taxing unit;

(B) motor vehicle payments received by the municipality during the preceding fiscal year under AS 28.10.431;

(C) revenue from fees, rentals, leases, penalties, licenses or permits received during the preceding fiscal year by the municipality for a function or service over which it has control, including revenues derived from parks and recreation services, mass transit, offstreet parking, and garbage and solid waste disposal services;

(D) special assessments received during the preceding fiscal year; and

(E) payments received by a municipality from a utility that are in place of taxes levied and collected by the municipality;

(2) excludes

(A) revenue derived from the levy and collection of municipal taxes and appropriated for the operating expenses and debt service of utilities;

(B) revenue from interest earned on investments and from the sale and lease of land or equipment; and

(C) all other revenue from whatever service derived.

Sec. 29.60.020. DETERMINATION OF POPULATION. For purposes of

AS 29.60.010 - 29.60.080, the population of a taxing unit shall include permanent residents and military personnel or employees of a military reservation located in the taxing unit. Population shall also include all persons working at isolated job sites in a taxing unit. The commissioner of community and regional affairs shall determine the number of persons working at isolated sites from information supplied by employers which shows the number of persons employed on the sites as of July 1 of each year, notwithstanding the place of permanent residence of those employees.

Sec. 29.60.030. DETERMINATION OF MILLAGE RATE EQUIVALENT. (a) The department may require a municipality to return a certification, signed by the municipal treasurer or manager and the mayor, that provides an estimate of the locally generated revenue received by the municipality during the preceding fiscal year.

(b) By October 15 of each year, the department shall make an initial determination of the millage rate equivalent of each taxing unit to be used for computing and distributing equalization entitlements for the current fiscal year under AS 29.60.010 - 29.60.080. The department shall base the initial determination on the estimates in the certification returned by a municipality under (a) of this section.

(c) As early as possible, but not later than December 15 of each year, the department shall make a final determination of the millage rate equivalent of each taxing unit to use to compute and distribute equalization entitlements under AS 29.60.010 - 29.60.080. The department shall base the determination on audits, financial statements and other financial reports prepared and submitted by a municipality. The department shall adjust the locally generated revenue reported by a municipality to exclude the municipal revenue claimed that does not qualify for inclusion in or recognition as locally generated revenue for

municipal purposes under AS 29.60.010(c)(1). The adjustment shall be made by deducting from total revenue claimed by the municipality the amount of the department's estimate of revenue that is not recognized for municipal purposes.

(d) The full and true assessed property value shall be determined by the department in the manner provided for the computation of state aid to education under AS 14.17.140. When the determination of locally generated revenue includes revenue of a utility received under AS 29.-60.010(c)(1)(E), the full and true assessed property value shall include the computed assessed value of the utility, determined by dividing the amount of the payment in place of taxes made by the utility by the millage rate that would apply to the utility if the utility were subject to levy and collection of taxes under AS 29.45.

(e) In addition to the computation for municipalities that levy and collect a property tax, the department shall determine an estimated full and true assessed property value under (d) of this section for

(1) each municipality that is a school district and that does not levy and collect a property tax;

(2) each second class city with a population of 750 or more persons; however, a computation is not required under this paragraph more often than once during a period of three successive calendar years; and

(3) all other second class cities, by determining the average per capita full and true assessed property value of all cities having a population of less than 750 persons in which an assessment has been completed by a municipality or for which a determination is not made under (1) or (2) of this subsection.

(f) The department shall annually compute a statewide average per capita full and true assessed property value.

Sec. 29.60.040. REPORTS. A payment of an equalization entitlement may not be made to a municipality under AS 29.60.010 - 29.60.080 until the municipality has submitted its certificate of estimated revenue and its financial report to the department for the fiscal year preceding the year for which the equalization entitlement is sought, together with a budget for the municipality's current fiscal year. The financial report shall include a listing of general revenue collected from taxes levied and assessed and any other revenue that, in the opinion of the municipal officials, is eligible for inclusion in computations of the locally generated revenue of the taxing unit.

Sec. 29.60.050. LIMITATION ON COMPUTATION AND USE OF PAYMENTS. (a) An equalization entitlement generated by the tax levy of a taxing unit may be used only for authorized expenditures of that taxing unit, but up to 15 percent of the payment of an equalization entitlement generated by areawide revenue of a municipality may be used by the municipality for areawide or nonareawide purposes at the discretion of its governing body. This subsection applies to home rule and general law municipalities.

(b) An equalization entitlement determined with reference to revenue other than revenue obtained from the levy and collection of taxes may be used for areawide or nonareawide purposes, at the discretion of the governing body.

Sec. 29.60.060. TAX EQUALIZATION ACCOUNT. The tax equalization account is established. Money to carry out the provisions of AS 29.60.-010 - 29.60.080 shall be allocated by the department to the account. The amount allocated to the account shall be fully distributed by the department as payments to municipalities to fulfill each share authorized under AS 29.60.010. The amount allocated to the account shall be distributed by the department pro rata among eligible municipalities.

Sec. 29.60.070. ADMINISTRATION. (a) The department may adopt regulations necessary to implement AS 29.60.010 - 29.60.080. The regulations shall include, among other provisions,

(1) procedures and filing dates for submitting certification and financial reports;

(2) procedures for obtaining information required to compute and determine the municipality's millage rate equivalent; and

(3) procedures by which the department shall notify a municipality in writing of the reasons for a proposed disallowance or adjustment of any factor bearing upon the determination of the municipality's entitlement and by which the municipality will be provided reasonable time in which to respond or to challenge the department's determination.

(b) The department shall make reasonable efforts to advise and assist municipalities in collecting information and completing reports necessary for the determination of entitlements under AS 29.60.010 - 29.60.080.

(c) The department shall, by regulation, classify for inclusion or exclusion as a component of a municipality's millage rate equivalent under AS 29.60.010 any tax revenue appropriated for a utility not included in the definition set out in AS 29.60.080(4).

Sec. 29.60.080. DEFINITIONS. In AS 29.60.010 - 29.60.080

(1) "taxing unit" means a municipality and

(A) in a borough or unified municipality, a service area or the entire area outside cities;

(B) in a city, a differential tax zone;

(2) "utility" means electric, water, sewer, gas heat, telephone, or refuse and garbage collection service.

ARTICLE 2. STATE AID FOR MISCELLANEOUS PURPOSES.

Sec. 29.60.100. REVENUE SHARING PAYABLE. In addition to the

equalization entitlements paid under AS 29.60.010 - 29.60.080, during each fiscal year the department shall pay aid

(1) to a municipality or other eligible recipient that has the power to provide the services described in AS 29.60.030 - 29.60.070 and exercises the power in the manner required by AS 29.60.100 - 29.60.-180;

(2) to an unincorporated community under AS 29.60.140.

Sec. 29.60.110. STATE AID TO MUNICIPALITIES FOR ROADS. (a) The department shall pay to a municipality that has power to provide for road maintenance and exercises that power, $2,500 a mile for each mile of road, street, or highway maintained by the municipality, excluding (1) the official state highway system, (2) roads, streets, or highways not dedicated to public use, (3) roads, streets, or highways maintained under the local service road program (AS 19.30.111 - 19.30.251), and (4) alleyways, in accordance with regulations adopted by the Department of Transportation and Public Facilities. A payment may not be made under this subsection for maintenance of a road that is not used by automotive equipment.

(b) A frozen waterway and a connection from an inhabited area to a waterway that may be safely used for public transportation by automotive equipment and is so used during a portion of a year is eligible for a payment of $1,500 per mile if the waterway and connection are maintained during the period of use by a municipality or combination of municipalities. The department, after consultation with the Department of Transportation and Public Facilities, shall determine which waterways and connections qualify and, where the waterways or connections lie outside the corporate limits of a municipality, which municipalities shall receive the payments under this subsection, unless the municipalities involved have agreed in writing to a particular distribution.

Sec. 29.60.120. STATE AID TO MUNICIPALITIES AND OTHER ELIGIBLE RECIPIENTS FOR HEALTH FACILITIES AND HOSPITALS. (a) The department shall pay

(1) to a municipality that has the power to provide hospital facilities and services and that exercises that power, $1,000 per bed for each bed actually used for patient care, limited to the number of beds provided for in the construction design of the hospital, or $250,000 a hospital for those hospitals with 10 or more beds, or $50,000 a hospital for those hospitals with less than 10 beds, as the municipality may elect; money received under this paragraph may be used only for hospitals and shall be apportioned among qualifying hospitals as the municipality determines;

(2) on the basis set out in (1) of this subsection to a municipality for a nonprofit hospital not operated by a municipality if the municipality first certifies to the department that the nonprofit hospital is in compliance with all standards for hospitals that have been adopted by the municipality; money may not be paid on behalf of a nonprofit hospital without this certification; payments to the municipality shall be transferred to the nonprofit hospital in accordance with the basis by which the payment was generated by the hospital, and shall be applied to the annual cost of operation and maintenance of the hospital or for the provision of health care service at the hospital as the directors of the hospital determine;

(3) to a municipality in which a health facility is operated, $8,000 per bed for each bed actually used for patient care, limited to the number of beds provided for in the construction design of the health facility, or $8,000 per health facility as the municipality determines.

(b) A hospital may not receive payment under both (a)(1) and (a)(2) of this section.

(c) Money received by a municipality under (a)(3) of this section shall be used for expenses of health services or operation and maintenance of health facilities as the municipality det rmines.

(d) Before money may be distributed under this section, the commissioner of health and social services shall certify to the commissioner of community and regional affairs that any accumulation of assets by nonprofit corporations or other recipients under this section is dedicated irrevocably to a public purpose.

(e) Subsections (a) and (c) of this section apply to home rule and general law municipalities.

Sec. 29.60.130. STATE AID TO VOLUNTEER FIRE DEPARTMENTS NOT IN ORGANIZED MUNICIPALITY. (a) The department shall pay to a volunteer fire department registered with the state fire marshal and serving an area not in an organized municipality a sum for protection purposes equal to $10 per capita for the population served by the fire department, as determined by the state fire marshal. For purposes of this subsection, population shall include permanent residents and military personnel or employees of a military reservation served by the fire department. Population shall also include all persons working at isolated job sites served by the fire department. The state fire marshal shall determine the number of persons working at isolated sites from information supplied by employers which shows the number of persons employed on the sites as of July 1 of each year, notwithstanding the place of permanent residence of those employees.

(b) A grant shall be made under (a) of this section to facilitate the organization of a volunteer fire department in an area not in an organized municipality, upon application of the proposed fire protection group to the state fire marshal and upon approval of applications according to standards of organization and service prescribed by regulations

adopted by the state fire marshal.

Sec. 29.60.140. STATE AID TO UNINCORPORATED COMMUNITIES. (a) The Department of Community and Regional Affairs shall pay an entitlement of $25,000 each fiscal year to each unincorporated community. The Department of Community and Regional Affairs with advice from the Department of Law shall determine whether there is in each unincorporated community an incorporated nonprofit entity or a Native village council that will agree to receive and spend the entitlement. If there is more than one qualified entity in an unincorporated community, the Department of Community and Regional Affairs shall pay the money under the entitlement to the entity that the department finds most qualified to receive and spend the money. The Department of Community and Regional Affairs may not pay money under an entitlement to a Native village council unless the council waives immunity from suit for contract claims arising out of activities of the council related to the entitlement. A waiver of immunity from suit under this subsection must be on a form provided by the Department of Law. Neither this subsection nor any action taken under it enlarges or diminishes the governmental authority or jurisdiction of a Native village council. If there is no qualified incorporated nonprofit entity or Native village council in an unincorporated community that is willing to receive money under an entitlement, the entitlement for that unincorporated community may not be paid.

(b) In this section "unincorporated community" means a place in the unorganized borough that is not incorporated as a city and in which 25 or more persons reside as a social unit.

Sec. 29.60.160. AREA COST-OF-LIVING DIFFERENTIAL. (a) Payments to a municipality or other eligible recipient under AS 29.60.110 - 29.60.120 shall reflect area cost-of-living differentials. Payments shall be based on the sum of per capita, per mile and per bed or facil-

ity grants due each municipality or other recipient multiplied by the appropriate area cost-of-living differential. The area cost-of-living differential for each recipient shall be determined annually by election district under the provisions of AS 39.27.030. Application of the area cost-of-living differential may not result in distribution of an amount less than the amount of the payment determined without reference to application of this section.

(b) The election districts used to establish area cost-of-living differentials under (a) of this section are those designated by the proclamation of reapportionment and redistricting of December 7, 1961, and retained for the house of representatives by proclamation of the governor September 3, 1965.

Sec. 29.60.170. MISCELLANEOUS SERVICES ACCOUNT. The miscellaneous services account is established. Money to carry out the provisions of AS 29.60.100 - 29.60.180 shall be allocated by the department to the account in accordance with AS 29.60.280. If amounts in the account are insufficient to pay each municipality's or other recipient's share authorized under AS 29.60.100 - 29.60.180, the amounts that are available shall be distributed pro rata among eligible municipalities and other recipients.

Sec. 29.60.180. REGULATIONS. The department shall adopt regulations necessary to carry out the purposes of AS 29.60.100 - 29.60.180. The regulations shall include minimum standards required to qualify a municipality or other recipient for payments for each service. The department may require a municipality or other recipient to submit a performance report adequate to demonstrate to the department that a service for which payment is requested under AS 29.60.100 - 29.60.180 was performed by the municipality or other recipient and meets minimum standards of service prescribed by regulation.

ARTICLE 3. STATE AID FOR HOSPITAL AND HEALTH FACILITY CONSTRUCTION.

Sec. 29.60.230. STATE AID FOR HOSPITAL AND HEALTH FACILITY CONSTRUCTION. (a) If construction of a hospital began after January 1, 1968, or if construction of a health facility began after January 1, 1980, and before July 1, 1980, and state matching aid for construction approved for payment to a municipality or other hospital or health facility sponsor constitutes less than 25 percent of the total project cost, the department shall pay to the municipality or other hospital or health facility sponsor each fiscal year $2,500 a bed for the maximum number of beds provided for in the construction design of the hospital or health facility or five percent of the total project cost, whichever is greater. State aid provided for in this section shall continue until the municipality or other hospital or health facility sponsor has received an amount that, combined with state matching money for construction of the hospital or health facility, equals 25 percent of the total project cost. Money received for construction may not be used for any other purpose.

(b) In this section "total project cost" means

(1) costs directly related to the project; and

(2) the total of all costs of financing and carrying out the project, including but not limited to,

(A) the costs of all necessary studies, surveys, plans and specifications, architectural, engineering or other special services, acquisition of real property, site preparation and development, purchase, construction, reconstruction and improvement of real property, and the acquisition of machinery and equipment as may be necessary in connection with the project;

(B) an allocable portion of the administrative and

operating expenses of the municipality or other hospital or health facility sponsor;

(C) the cost of financing the project, including interest on bonds issued to finance the project; and

(D) the cost of other items, including any indemnity and surety bonds and premiums on insurance, legal fees, fees and expenses of trustees, depositaries, financial advisors, and paying agents for the bonds issued as the issuer considers necessary.

(c) This section applies to home rule and general law municipalities.

Sec. 29.60.240. HOSPITAL AND HEALTH FACILITY CONSTRUCTION ASSISTANCE ACCOUNT. The hospital and health facility construction assistance account is established. Money to carry out the provisions of AS 29.60.230 - 29.60.240 shall be allocated by the department to the account in accordance with AS 29.60.280. If amounts in the account are insufficient to pay each recipient's share authorized under AS 29.60.230 - 29.60.240, the amounts that are available shall be distributed pro rata among eligible recipients.

ARTICLE 4. ADMINISTRATION OF STATE AID PROGRAMS.

Sec. 29.60.280. ALLOCATION AND DISTRIBUTION. (a) Each year, the department shall allocate money appropriated to the accounts established in AS 29.60.060, 29.60.170, and 29.60.240 in the amounts determined by the legislature.

(b) Money in the miscellaneous services account established in AS 29.60.170 that exceeds the amount required to fully fund distributions authorized by AS 29.60.100 - 29.60.180 shall be reallocated to the tax equalization account established in AS 29.60.060 and distributed according to the provisions of AS 29.60.010 - 29.60.080.

(c) Money in the hospital and health facility construction assis-

tance account established in AS 29.60.240 that exceeds the amount required to fully fund distributions authorized by AS 29.60.230 - 29.60.240 shall be reallocated to the tax equalization account established in AS 29.60.060 and distributed according to the provisions of AS 29.60.010 - 29.60.080.

Sec. 29.60.290. QUALIFICATION FOR MINIMUM PAYMENT. (a) A municipality qualifying for an entitlement under AS 29.60.010 - 29.60.080 or 29.60.100 - 29.60.180 shall receive a minimum payment of $25,000 plus an area cost-of-living differential for each fiscal year if

(1) the municipality has conducted a regular election during the fiscal year preceding the year for which payment of an entitlement is authorized by AS 29.60.010 - 29.60.080 or 29.60.100 - 29.60.180 and has reported the results of the election to the commissioner;

(2) regular meetings of the governing body are held in the municipality during the fiscal year preceding the year for which payment of an entitlement is authorized by AS 29.60.010 - 29.60.080 or 29.60.100 - 29.60.180 and a record of the proceedings is maintained;

(3) a municipal budget has been adopted for the fiscal year during which payment of an entitlement is authorized by AS 29.60.010 - 29.60.080 or 29.60.100 - 29.60.180 and an audit or financial statement for the preceding fiscal year has been prepared and furnished to the department in accordance with AS 29.20.640(a); and

(4) local ordinances adopted by the municipality have been codified in accordance with AS 29.25.050.

(b) The area cost-of-living differential payable to each municipality under this section shall be determined annually by election district under the provisions of AS 39.27.030. Except as provided in AS 29.60.300, application of the area cost-of-living differential may not result in a payment that is less than the minimum payment determined

under (a) of this section. For purposes of this subsection, the election districts used are those designated by the proclamation of reapportionment and redistricting of December 7, 1961, and retained for the house of representatives by proclamation of the governor September 3, 1965.

(c) The department shall pay to each municipality eligible to receive a minimum payment under this section an amount equal to the difference between the minimum payment determined under (a) and (b) of this section and the sum of the amounts payable for the same fiscal year under AS 29.60.010 - 29.60.080 and 29.60.100 - 29.60.180.

(d) A payment under this section may be prorated and reduced under AS 29.60.300.

(e) Payments under this section shall be made from the money allocated to the tax equalization account established in AS 29.60.060.

Sec. 29.60.300. PRORATION OF PAYMENTS. (a) Payments under AS 29.-60.290 and 29.60.010 - 29.60.180 shall equal the amount allocated to the tax equalization account (AS 29.60.060), adjusted in accordance with AS 29.60.280.

(b) Adjustments of payments shall be determined by prorating amounts payable under AS 29.60.290 and amounts payable under AS 29.-60.010 - 29.60.180 by a factor that, when applied, reduces all payments in equal proportion so that payment under AS 29.60.290 and payments under AS 29.60.010 - 29.60.180 equal the amount allocated to the tax equalization account established in AS 29.60.060.

ARTICLE 5. MUNICIPAL ASSISTANCE.

Sec. 29.60.350. MUNICIPAL ASSISTANCE FUND. (a) There is established in the department the municipal assistance fund. The legislature may appropriate to the municipal assistance fund during each fiscal year an amount equal to or greater than 10 percent of the income tax revenue

received by the state under AS 43.20.011(e) and AS 43.21 for the previous fiscal year.

(b) The department shall distribute money from the municipal assistance fund to each municipality on an annual basis as provided in AS 29.60.360 and 29.60.370. A municipality may not receive payment until it submits to the department a resolution approved by the governing body of the municipality that requests the money. Distribution of money from the municipal assistance fund to a municipality with a fiscal year beginning on January 1 shall be made on February 1 of the state fiscal year for which the appropriation to the fund is made. Distribution of money from the municipal assistance fund to all other municipalities shall be made on June 1 of the state fiscal year for which the appropriation to the fund is made. A municipality that incorporates after December 31 of a state fiscal year is not eligible for a distribution under this section until the following state fiscal year.

Sec. 29.60.360. BASE AMOUNT OF ASSISTANCE. (a) The base amount to be distributed from the municipal assistance fund to each municipality for the fiscal year shall be the amount received by the municipality during fiscal year 1978 under AS 43.70.080. A city incorporated within a borough after June 30, 1977, shall receive as a base amount a share of the amount distributed to the borough in which it is located based on the ratio of population in the city to the total population in the borough. A city incorporated outside a borough after June 30, 1977, shall receive as a base amount the amount received by the city in the state most closely approximating it in population at the time of its incorporation. A borough incorporated after June 30, 1977, shall receive as a base amount the amount received by the borough in the state most closely approximating it in population at the time of its incorporation.

(b) If the amount appropriated to the municipal assistance fund by

the legislature during a fiscal year is insufficient for distribution of the full base amount to each municipality, the department shall prorate the amount available for distribution on the basis of amounts received during the fiscal year 1978 under AS 43.70.080.

Sec. 29.60.370. INCREASED ASSISTANCE. (a) If the amount in the municipal assistance fund at the time of distribution exceeds the base amount to be distributed under AS 29.60.360, the excess amount shall be distributed to each municipality on the basis of population. Population for the purpose of this section shall be as certified by the commissioner of community and regional affairs. In determining the population of a borough, the population of all cities in the borough shall be deducted from the total population of the borough.

(b) The intent of (a) of this section is that a municipality that levies property taxes reduce those levies in reasonable proportion to the amount of increased state aid received by the municipality. The governing body of each municipality shall furnish a notice with each tax statement describing its use of this increased state aid.

ARTICLE 15. GENERAL PROVISIONS.

Sec. 29.60.800. DEFINITIONS. In this chapter

(1) "health facility"

(A) means a facility is licensed, when required, by the state under AS 18.20.010 - 18.20.130 and that is owned or operated or both by a municipality or by a nonprofit corporation or other nonprofit sponsor;

(B) includes a public health center, maternity home, community mental health center, facility for the mentally or physically handicapped, nursing home, or convalescent center;

(C) excludes a facility operated or wholly supported by the state or the federal government;

(2) "hospital" means a licensed hospital determined by the Department of Health and Social Services to be a general hospital; the term excludes a facility operated or wholly supported by the state or the federal government.

* Sec. 16. AS 29 is amended by adding a new chapter to read:

CHAPTER 65. GENERAL GRANT LAND.

Sec. 29.65.010. DETERMINATION OF ENTITLEMENT OF BOROUGHS AND UNIFIED MUNICIPALITIES. The general grant land entitlement of each of the municipalities in this section is the amount set out opposite each:

(1) Municipality of Anchorage - 44,893 acres;

(2) City and Borough of Juneau - 19,584 acres;

(3) City and Borough of Sitka - 10,500 acres;

(4) Bristol Bay Borough - 2,898 acres;

(5) Fairbanks North Star Borough - 112,000 acres;

(6) Haines Borough - 2,800 acres;

(7) Kenai Peninsula Borough - 155,780 acres;

(8) Ketchikan Gateway Borough - 11,593 acres;

(9) Kodiak Island Borough - 56,500 acres;

(10) Matanuska-Susitna Borough - 355,210 acres;

(11) North Slope Borough - 89,850 acres.

Sec. 29.65.020. DETERMINATION OF ENTITLEMENT FOR CITIES. The general grant land entitlement of a city formerly eligible to receive general grant land under the provisions of AS 29.18.190 and 29.18.200 is 10 percent of the maximum total acreage of vacant, unappropriated, unreserved land in the boundaries of each city at any time between the initial date of eligibility under former AS 29.18.190 and 29.18.200 and July 1, 1978. Within six months after July 1, 1978, the director shall determine the entitlement for each city eligible to receive general grant land under this section and certify that entitlement to the city.

Sec. 29.65.030. DETERMINATION OF ENTITLEMENT FOR NEWLY INCORPORATED MUNICIPALITIES. (a) The general grant land entitlement of a municipality incorporated after July 1, 1978, is 10 percent of the total acreage of vacant, unappropriated, unreserved land within the boundaries of the municipality on the date of its incorporation.

(b) Within six months after the date of incorporation of a municipality that is incorporated after July 1, 1978, the director shall determine the entitlement of each municipality eligible to receive general grant land under (a) of this section and certify the entitlement to the municipality.

Sec. 29.65.040. STATUS OF ENTITLEMENTS. (a) After July 1, 1978, general grant land entitlements provided in AS 29.65.010 and 29.65.020 are vested property rights that must be fulfilled as provided in AS 29.-65.050 or 29.65.080.

(b) General grant land entitlements provided by AS 29.65.030 are property rights that vest on the date of incorporation of the municipality. The entitlement must be fulfilled as provided in AS 29.65.050.

(c) Land may be selected or nominated for selection by a municipality to satsify a general grant land entitlement under AS 29.65.010 and 29.65.020 at any time before October 1, 1980. However, if a municipal selection or nomination or a part of a municipal selection or nomination is rejected by the director, the municipality may, not later than 90 days after receipt of the director's rejection, select additional state land as necessary to satisfy its entitlement.

(d) Land may be selected by a municipality to satisfy a general grant land entitlement under AS 29.65.030 at any time within one year after the director certifies the entitlement to the municipality.

(e) The time limitations imposed by (c) and (d) of this section for exercising a vested general grant land entitlement do not apply to

(1) the portion of an entitlement that cannot be satisfied by that date because of a shortage of land suitable for residential, commercial, and industrial purposes that is vacant, unappropriated, unreserved land;

(2) payments for land deficiency under AS 29.65.080;

(3) the portion of an entitlement that cannot be satisfied because the land selected by a municipality has been selected by a party entitled to select land owned by the United States or the state; or

(4) the portion of an entitlement that cannot be satisfied because the land nominated for selection by the municipality is not tentatively approved for patent to the state.

Sec. 29.65.050. FULFILLMENT OF LAND ENTITLEMENTS. (a) The acreage of each municipality's land selections for which patent has been issued before July 1, 1978, shall be credited toward fulfillment of the entitlement of that municipality.

(b) All approved selections under former AS 29.18.190 and 29.18.200 for which patent has not been issued to a municipality on July 1, 1978, shall be reviewed by the director within nine months after July 1, 1978. Any approved selection of land that was vacant, unappropriated, or unreserved on the date of selection is valid as of the date of the approval under former AS 29.18.190 and 29.18.200, and a patent shall be issued to the municipality within three months after approval by the director of a plat of survey. The acreage shall be credited toward fulfillment of the municipality's entitlement. A municipality is not entitled to receive patent under this chapter to more than its entitlement determined under AS 29.65.010 - 29.65.030. Any prior approval by the director of municipal selections for land that was not vacant, unappropriated, or unreserved on the date of selection shall be rescinded, and patent may not be issued except when disposal to a third

party by sale or lease has occurred. Transfers of land to municipalities under this chapter are subject to AS 38.05.321. Classification actions as reflected on the land status records of the Department of Natural Resources are determinative of land classification status for purposes of this chapter.

(c) The director shall approve each selection for patent within nine months of its selection by a municipality, and a patent shall be issued to the municipality for land selected in satisfaction of a general grant land entitlement vested under AS 29.65.010 - 29.65.030 within three months after approval by the director of a plat of survey.

Sec. 29.65.060. SCHOOL, UNIVERSITY, AND MENTAL HEALTH LAND. (a) If an entitlement determined in AS 29.65.010 or 29.65.020 results in a per capita entitlement for the municipality of less than one and one-half acre, the municipality may select vacant school, university, or mental health land in the municipality in partial fulfillment of its land entitlement under this chapter. School, university, or mental health land may be selected notwithstanding the fact that these lands are not unappropriated and unreserved within the meaning of this chapter and under former AS 29.18.190 and 29.18.200, but each selection of school, university, or mental health land by a municipality must be vacant, unappropriated, or unreserved land as defined in this chapter, except that it need not be general grant land.

(b) The acreage of school, university, or mental health land, if any, in a municipality may not be included in the determination of entitlement under AS 29.65.010 or 29.65.020.

(c) Land conveyed under this section will be credited against a municipality's remaining land entitlement under this chapter.

(d) Within six months after approval of a municipal selection of school, university, or mental health land, the director shall identify

state general grant land of approximately equal value to the land requested by the municipality and shall propose the replacement land for the concurrence of the appropriate board. If a proposal by the director is rejected by the board, the director shall meet with the board as often as necessary to determine the type and amount of equal value replacement land that would be required to obtain the board's concurrence, and shall propose the replacement land for consideration by the board. The replacement land shall thereafter be managed for the purposes for which the land selected by the municipality was acquired by the Territory and State of Alaska.

(e) The notice and review provisions of AS 38.05.305 and 38.05.345 apply to the designation of other general grant land as school, university, or mental health land in replacement of land selected under this section. The provisions of AS 38.50 and AS 38.05.032 do not apply to such designations under this section. The provisions of AS 38.05.-030(a), 38.05.030(e), and 38.05.035(a)(13) that require the approval of the respective trust board before disposal of land by the director do not apply to selections of school, university, or mental health land by a local government under this section.

(f) For purposes of determining the per capita entitlement under (a) of this section, the population of a municipality shall be the population determined by the commissioner under former AS 43.18.010 for the program year beginning July 1, 1978, for a municipality whose entitlement is determined under AS 29.65.010.

Sec. 29.65.070. SELECTION AND CONVEYANCE PROCEDURE. (a) If land selected by a municipality is unsurveyed at the time of approval, the director shall survey, or may approve the municipality's survey of, the exterior boundaries of an approved selection without interior subdivision, and shall issue patent in terms of the exterior boundary survey.

The cost of the survey shall be borne by the municipality. If land selected by a municipality has been surveyed at the time of its selection, the boundaries shall conform to the public land subdivisions established by the approved survey.

(b) The director may approve municipal selections of land that have been tentatively approved or patented to the state by the federal government, but he may not issue patent to a municipality until the land has first been patented to the state. After approval of a selection by the director, but before patent to a municipality, the municipality may execute conditional leases and make conditional sales only with the consent of the director. Conditional sales and conditional leases made before July 1, 1978, do not require the consent of the director.

(c) Nothing in this chapter affects a valid existing claim, location, or entry under the laws of the state or the United States whether for homestead, mineral, right-of-way, or other purposes. Nothing in this chapter affects the rights of an owner, claimant, locater, or entryman to the full use and enjoyment of the land so occupied.

Sec. 29.65.080. PAYMENT FOR LAND DEFICIENCY. (a) The Alaska municipal land account is established in the general fund for the following purposes:

(1) providing payment to the boroughs and unified municipalities designated in AS 29.65.010 for a deficiency of land physically suitable for residential, commercial, or industrial purposes; or

(2) providing payment to the boroughs and unified municipalities designated in AS 29.65.010 for certain general grant lands selected by the state and conveyed to a Native corporation under the provisions of the Alaska Native Claims Settlement Act.

(b) A municipality shall receive payment for its land deficiency from the municipal land account. A municipality is eligible to receive

payment for land deficiency if, after July 1, 1980, the amount of land selected by a municipality that is physically suitable for residential, commercial, or industrial purposes amounts to less than one-third acre per capita. Any entitlement under AS 29.65.010 that is less than one-third acre per capita will, for the purposes of this subsection, be considered a land deficiency. An unselected remaining entitlement will, for the purpose of deficiency payment under this subsection, be considered as land physically suitable for residential, commercial, or industrial purposes. A municipality eligible under this subsection is entitled to receive a payment for land deficiency equal to $1,000 per acre for a number of acres equal to the difference between one-third of the population of the municipality less the number of acres physically suitable for residential, commercial or industrial purposes that has been selected by the municipality. For the purpose of this subsection, the population of the municipality shall be the population determined in accordance with AS 29.65.060(f). No payment may be made to a municipality under this subsection in excess of $9,000,000.

(c) If a municipality selected vacant, unappropriated, unreserved land on or before December 18, 1971, to which the state had received tentative approval or patent, and that land was also selected by a Native corporation organized under the Alaska Native Claims Settlement Act (P.L. 92-203), and title to that land is ultimately vested in that Native corporation, the municipality may, at its option, request payment for land deficiency from the municipal land account. The acceptance of payment under this subsection by a municipality constitutes a relinquishment of any other right, title, or claim to the land by that municipality. The total payment to a municipality under this subsection may not exceed $1,000 per acre to a maximum of 8,000 acres.

(d) The governor shall annually submit to the legislature a request

for an appropriation to the municipal land account for the municipalities that have elected to receive payments under (b) or (c) of this section. The request for appropriation shall distinguish between amounts necessary to make payments for land deficiency under (b) of this section and those required to make payments for land deficiency under (c) of this section.

(e) For purposes of fulfilling entitlements under this section, the legislature is authorized to appropriate

(1) not more than $4,000,000 per fiscal year, and not more than $12,000,000 in total, for the purpose of paying entitlements under (b) of this section;

(2) not more than $1,000,000 per fiscal year, and not more than $8,000,000 in total, for the purpose of paying entitlements under (c) of this section.

(f) If an annual appropriation is not sufficient to meet the amount due to all municipalities that have elected to accept payment for land deficiency under (b) or (c) of this section, the governor shall apportion the appropriation among the municipalities in proportion to the payment calculated for each municipality for that year. When a distribution of payments is made under (c) of this section, the remaining entitlement of a municipality to which payment is made shall be reduced in an amount equal to the number of acres for which payment was received. An appropriation made under this section is in addition to other grants and entitlements authorized to eligible municipalities.

(g) Payments authorized by this section may not be made to a municipality eligible for an entitlement under AS 29.65.020 or 29.65.030.

(h) Payments made under this section shall be used by a municipality that levies property taxes to reduce the levy in proportion to the amount of state payments received by the municipality for a given fiscal

year. The governing body of each municipality shall furnish a notice with the tax statement describing the effect on property tax levies of payments received under this section.

Sec. 29.65.090. AUTHORIZATION FOR LAND EXCHANGES. The director, with the concurrence of the commissioner, and a municipality are authorized to exchange land or interests in land when it is in the public interest. Land or interests in land exchanged under this section must be of approximately equal value, including the nonmonetary value of public benefits. Exchange procedures shall comply with applicable law and municipal ordinances. The notice and review provisions of AS 38.-05.305 and 38.05.345 apply to exchanges of land under this section. The provisions of AS 38.50 do not apply to exchanges of land under this section.

Sec. 29.65.100. PUBLIC PURPOSE AND EXPANSION NEEDS. (a) Consistent with the best interests of the state, if a municipality does not contain and cannot reasonably acquire sufficient nonfederal land within its boundaries to meet its legitimate needs for public or private settlement or development, it shall be the policy of the state to select federal land reasonably necessary to meet the needs of the municipality and to make the land selected available to the municipality under AS 38.-05.315 or (b) of this section.

(b) Where state land is the most logical location for demonstrated municipal expansion for nonpublic settlement and development purposes, and when an exchange of land under AS 29.65.090 is not possible or is not in the public interest, it is the policy of the state to sell or lease the land at public auction. The state may contract with a municipality to act as its agent in an auction of state land under applicable statutes. When a municipality acts as the agent of the state in an auction, the municipality may retain from the proceeds of the auction

the expenses that the director determines to be necessary and reasonable.

(c) Nothing in this chapter limits or impairs the authority of the director to transfer land to municipalities, without limit or consideration, for public purposes in accordance with AS 38.05.315. If there is a remaining entitlement of the municipality, land transferred under AS 38.05.315 shall be credited toward fulfillment of the entitlement.

Sec. 29.65.110. ELECTION OF BENEFITS. (a) A municipality that on July 1, 1978, is engaged in litigation, or that becomes engaged in litigation, regarding a claim to state land under former AS 29.18.190 and 29.18.200 shall elect either to obtain the benefits provided in this chapter or to pursue the litigation and waive any claim to entitlement under this chapter. An election shall be made by filing a motion for dismissal with prejudice in the court in which the litigation is pending. If the claim involves a municipality identified in AS 29.65.010, the municipality shall file its motion for dismissal within 60 days after July 1, 1978. If a claim involves a city eligible to receive an entitlement under AS 29.65.020 the city shall file its motion for dismissal within 60 days after receiving the certificate of entitlement provided by the director under AS 29.65.020. Failure of the municipality to file a motion for dismissal during the time period provided in this subsection is considered a waiver of entitlement under this chapter.

(b) A municipality that was eligible to file land selections under former AS 29.18.190 and 29.18.200 and that does not enter into litigation over a claim to rights under those sections before the expiration of the time period within which it could make an election under (a) of this section is considered to have elected to receive benefits under this chapter and to have waived any claim that might have been raised under former AS 29.18.190 and 29.18.200.

(c) The provisions of this chapter do not affect the rights of a party to litigation regarding the former AS 29.18.190, 29.18.200 or 29.18.420 maintained by a municipality that has elected not to obtain the benefits provided by this chapter.

Sec. 29.65.120. ADMINISTRATION. The commissioner of natural resources may adopt regulations in accordance with the Administrative Procedure Act (AS 44.62) necessary to carry out the purposes of this chapter.

Sec. 29.65.130. DEFINITIONS. In this chapter, unless the context otherwise requires,

(1) "approved selection" means a municipal land selection that has been approved in writing by the director for transfer by patent to a municipality;

(2) "director" means the director of the division of lands, Department of Natural Resources, or his designee;

(3) "general grant land" means land patented or tentatively approved to the state from the United States under sec. 6(a) or (b) of the Alaska Statehood Act;

(4) "mental health land" means land granted under Title II, sec. 202 of P.L. 84-830, as amended before or after July 1, 1978;

(5) "municipal land selection" means a request by a municipality, filed in writing with the director under authority of former AS 29.18.190 and 29.18.200 or under this chapter for vacant, unappropriated, unreserved general grant land within its municipal boundaries in partial fulfillment of its municipal entitlement;

(6) "patent" means a document, issued by the director to a municipality for a previously approved selection, that conveys and quitclaims all the right, title, and interest of the state without reservation or condition except as may be required by law;

(7) "remaining entitlement" means the general grant land entitlement determined in accordance with this chapter, reduced by the total acreage of approved selections, including both patented and unpatented parcels;

(8) "school land" means those rectangular sections 16 and 36 within each township surveyed on or before January 3, 1959, and confirmed and transferred to the State of Alaska upon its admission under sec. 6(k), Alaska Statehood Act, 72 Stat. 339, and any other land designated solely for school revenues;

(9) "university land" means all sections 33 reserved to the university under 38 Stat. 1214, as amended (48 U.S.C. 353) and all land granted to or reserved for the benefit of the university;

(10) "vacant, unappropriated, unreserved land" means general grant land as defined in (4) of this section, excluding minerals as required by sec. 6(i) of the Alaska Statehood Act, that

(A) has not been set aside by statute for one or more particular uses or purposes;

(B) has not been approved for patent to a municipality under this chapter or former AS 29.18.190 and 29.18.200; or

(C) is unclassified or, if classified under AS 38.05.300, is classified for agricultural, grazing, commercial, industrial, private recreational, residential, utility, or open-to-entry purposes, or is classified in accordance with an agreement between a municipality and the state providing for state management of land of the municipality.

Sec. 29.65.140. APPLICATION. This chapter applies to home rule and general law municipalities.

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

CHAPTER 71. GENERAL PROVISIONS.

Sec. 29.71.010. ADVERSE POSSESSION. A municipality may not be divested of title to real property by adverse possession.

Sec. 29.71.020. DEDICATION OF MUNICIPAL PROPERTY. Dedication of streets, rights-of-way, easements or other areas for public use may not be construed to require the municipality to maintain, improve or provide for municipal services in the area dedicated and the dedication does not impose any liability on the municipality for the condition of the area dedicated.

Sec. 29.71.030. TAXATION OF MUNICIPALITIES. No state law or regulation may assess or tax, or be construed to assess or tax, a municipality unless the law or regulation expressly provides that the municipality is to be assessed or taxed by the particular law or regulation.

Sec. 29.71.040. DEFINITIONS. In this title, unless otherwise provided or the context otherwise requires,

(1) "areawide" means throughout a borough, both inside and outside all cities in the borough;

(2) "assembly" means the governing body of a borough;

(3) "borough" means a general law first or second class borough or a home rule borough;

(4) "city" means a general law first or second class city or a home rule city;

(5) "commissioner" means the commissioner of community and regional affairs;

(6) "consolidation" means dissolution of two or more municipalities and their incorporation as a new municipality;

(7) "council" means the governing body of a city;

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

(9) "election" means a regular or special municipal election

and does not include a state election;

(10) "governing body" means the legislative body of a municipality that is the assembly of a borough or the council of a city;

(11) "majority" means a simple majority;

(12) "merger" means dissolution of a municipality and its absorption by another municipality;

(13) "municipality" means a political subdivision incorporated under the laws of the state that is a home rule or general law city, a home rule or general law borough, or a unified municipality;

(14) "nonareawide" means throughout the area of a borough outside all cities in the borough;

(15) "owner" or "record owner" means the owner of record or purchaser of record as shown in the records of the district recorder;

(16) "personal property" means tangible property other than real property, such as merchandise, stock in trade, machinery, equipment, furniture, fixtures, vehicles, boats, and aircraft;

(17) "property" means real and personal property;

(18) "published" means appearing at least once in a newspaper of general circulation distributed in the municipality or, if there is no newspaper of general circulation distributed in the municipality, posting in three public places for at least five days;

(19) "real property" means land and improvements, all possessory rights and privileges appurtenant to the property, and includes personal property affixed to the land or improvements;

(20) "regular election" means the municipal election held on the first Tuesday of October annually, or on a different date or interval of years provided by ordinance or charter;

(21) "special election" means a municipal election and does not include a regular election or a state election;

(22) "street" includes streets, avenues, boulevards, roads, lanes, alleys, and other ways;

(23) "subdivision" means the division of a parcel of land into two or more lots or other divisions for the purpose of sale or building development, includes resubdivision, and relates to the process of subdividing or to the land subdivided;

(24) "unified municipality" means a municipality unified in accordance with AS 29.06.190 - 29.06.410;

(25) "voter" means a United States citizen who is qualified to vote in state elections, has been a resident of the municipality for 30 days immediately preceding the election, is registered to vote in state elections, and is not disqualified under art. V of the state constitution.

* Sec. 18. AS 01.10.060 is amended by adding a new paragraph to read:

(15) "municipality" means a political subdivision incorporated under the laws of the state that is a home rule or general law city, a home rule or general law borough, or a unified municipality.

* Sec. 19. AS 09.55.275 is amended to read:

Sec. 09.55.275. REPLAT APPROVAL. No agency of the state or municipality may acquire property located within a municipality exercising the powers conferred by <u>AS 29.40.070 - 29.40.160 that</u> [AS 29.33.-150 - 29.33.245 WHICH] results in a boundary change unless the agency or municipality first obtains from the municipal platting authority preliminary approval of a replat showing clearly the location of the proposed public streets, easements, rights-of-way, and other taking of private property. Final approval of replat shall be similarly obtained. However, if a state agency clearly demonstrates an overriding state interest, a waiver to the approval requirements of this section may be granted by the governor. The platting authority shall treat applica-

tions for replat made by state or local governmental agencies in the same manner as replat petitions originated by private landowners.

* Sec. 20. AS 09.65.070(e)(1) is amended to read:

(1) "municipality" means a home rule borough or city, a general law borough or city of any class, or a unified municipality [ESTABLISHED UNDER AS 29.68.240 - 29.68.440, OR A MUNICIPALITY ESTABLISHED BY MERGER OR CONSOLIDATION UNDER AS 29.68.030 - 29.68.110]; the term includes a public corporation established by a municipality;

* Sec. 21. AS 14.08.071(b) is amended to read:

(b) Except for the first election of regional school members under (a) of this section, elections [ELECTION] shall be held annually on the first Tuesday in October. Elections shall be supervised by the director of elections in the office of the lieutenant governor, but shall be administered within second class cites as part of the regular municipal election. The lieutenant governor shall adopt [PROMULGATE] regulations for the conduct of the election of regional school board members comparable, as far as practicable, to those prescribed for election of school board members under AS 14.12 and AS 29.20.300 [AS 29.28] except that the majority election requirements of AS 29.26.060 [AS 29.28.040] do not apply to, nor may the regulations require runoff elections for, the first election of regional school board members under (a) of this section or, if a school board by resolution so requests, to subsequent elections in the regional educational attendance area served by that school board.

* Sec. 22. AS 14.08.081 is amended to read:

Sec. 14.08.081. RECALL. The members of a regional school board are subject to recall in accordance with AS 29.26.240 - 29.26.360 [AS 29.28.130 - 29.28.250], except that the director of the division of elections shall perform the functions of a municipal clerk, and the

lieutenant governor shall perform the functions of the assembly or council under those sections.

* Sec. 23. AS 14.12.030(c) is amended to read:

(c) The [NOTWITHSTANDING THE] provisions of (a) and (b) of this section do not apply if [, WHERE] the [BOROUGH] assembly serves as the school board of the borough school district [UNDER AS 29.41.020 THE NUMBER OF MEMBERS OF THE ASSEMBLY-SCHOOL BOARD SHALL BE DETERMINED IN THE MANNER PRESCRIBED BY AS 29.23.020].

* Sec. 24. AS 14.12.110 is amended to read:

Sec. 14.12.110. SINGLE BODY AS ASSEMBLY AND SCHOOL BOARD. Notwithstanding the provisions of this chapter or other law, a single body may serve as both the [BOROUGH] assembly and [BOROUGH] school board in the manner provided for third class boroughs under AS 29.20.300(b) [AS 07.17.030], if

(1) an [A BOROUGH] ordinance for that purpose is approved by the assembly and ratified by a referendum of a majority of the qualified borough voters voting on the question at a regular or special election; [,] and

(2) [IF] the public school population within the borough is 500 pupils or less.

* Sec. 25. AS 14.14.020 is amended to read:

Sec. 14.14.020. BOND REQUIRED. Before the officer responsible for custody [OF], investment, or management of school district money enters upon the duties of office, the district, or the municipality if the treasury is centralized, shall obtain a bond with sufficient sureties in an amount equal to the money that may come into the officer's official custody, but not to exceed $50,000. The bond shall be conditioned on the officer's honest and faithful disbursement and accounting of all money that may come into his official custody. The bond shall be filed

with the clerk of the school board. This section does not apply to an officer who has been bonded under AS 29.20.610 [AS 29.23.520].

* Sec. 26. AS 14.14.050(d) is amended to read:

(d) The school board shall not make the audit if an audit that [WHICH] satisfies the requirements of this section and that [WHICH] is filed and posted as required by this section [,] is made according to AS 29.35.110 [AS 29.48.220].

* Sec. 27. AS 14.17.140(a) is amended to read:

(a) To determine the equalized percentage to be applied to basic need under AS 14.17.021, and the matching ratio for required local effort under AS 14.17.071, the Department of Community and Regional Affairs, in consultation with the assessor for each district, shall determine the full value of the taxable real and personal property in each district. Exemptions granted under ch. 129, SLA 1957, known as the Alaska Industrial Incentive Act (AS 43.25), shall be honored. If there is no local assessor or current local assessment for a district, then the Department of Community and Regional Affairs shall make the determination of full value from information available. In making the determination, the Department of Community and Regional Affairs shall be guided by AS 29.45.110 [AS 29.53.060]. The determination of full value shall be made before October 1 and sent by certified mail, return receipt requested, before that date to the president of the school board in each district. Duplicate copies shall be sent to the commissioner. The governing body of the municipality that [BOROUGH OR CITY WHICH] is the district may obtain judicial review of the determination by filing a motion in the superior court of the judicial district in which the district is located within 30 days after receipt of the determination. The superior court may modify the determination of the Department of Community and Regional Affairs only upon a finding of abuse of discre-

tion or upon a finding that there is no substantial evidence to support the determination.

* Sec. 28. AS 15.13.010(a) is amended to read:

(a) This chapter applies in every election for governor, lieutenant governor, a member of the state legislature, a delegate to a constitutional convention, or judge seeking electoral confirmation. It also applies to every candidate for election to a municipal office in a municipality [CITY OR BOROUGH] with a population of more than 1,000 inhabitants according to the latest United States census figures or estimates of population certified as correct for administrative purposes by the Department of Community and Regional Affairs. A municipality may exempt its elected municipal officers from the requirements of this chapter if a majority of the voters voting on the question at a [ANY] regular election, as defined by AS 29.71.040(20) [AS 29.78.010(14)], or a special municipality-wide election called for that purpose, vote to exempt its elected municipal officers from the requirements of this chapter. The question of exemption from the requirements of this chapter may be submitted by the governing body [CITY COUNCIL OR BOROUGH ASSEMBLY] by ordinance or by initiative election [ORDINANCE]. Nothing in this chapter prohibits a municipality from regulating by ordinance campaign contributions and expenditures.

* Sec. 29. AS 15.56.110(b)(2) is amended to read:

(2) a borough assemblyman under AS 29.20.170(6) [AS 29.23.-060(c)];

* Sec. 30. AS 15.56.110(b)(3) is amended to read:

(3) a borough mayor under AS 29.20.280(6) [AS 29.23.130(f)];

* Sec. 31. AS 15.56.110(b)(4) is amended to read:

(4) a city councilman under AS 29.20.170(6) [AS 29.23.-210(b)];

* Sec. 32. AS 15.56.110(b)(5) is amended to read:

(5) a city mayor under AS 29.20.280(6) [AS 29.23.255];

* Sec. 33. AS 16.20.036(g) is amended to read:

(g) The establishment of a refuge under this section does not impair or alter existing rights of a municipality [BOROUGH OR CITY] to state land selected [SELECT STATE LAND] under former AS 29.18.190 - 29.18.200.

* Sec. 34. AS 16.20.038(g) is amended to read:

(g) The establishment of a refuge under this section does not impair or alter existing rights of a municipality [BOROUGH OR CITY] to state land selected [SELECT STATE LAND] under former AS 29.18.190 - 29.18.200.

* Sec. 35. AS 18.26.250(2) is amended to read:

(2) municipality [MUNICIPAL CORPORATION OR POLITICAL SUBDIVISION OF THE STATE AS THE TERMS ARE USED IN AS 29];

* Sec. 36. AS 18.80.290(d) is amended to read:

(d) The governing [LEGISLATIVE] body of a general law or home rule municipality has the authority under AS 29.20.320 [AS 29.48.035] to grant to local commissions powers and duties similar to those exercised by the Alaska Human Rights Commission under the provisions of this Act.

* Sec. 37. AS 19.30.241(2) is amended to read:

(2) "home rule city" means a city as defined in AS 29.04.010 [AS 29.08.010];

* Sec. 38. AS 19.30.241(3) is amended to read:

(3) "local government" means an organized borough of any class, a unified municipality [ORGANIZED UNDER AS 29.68.240 - 29.68.440], a home rule city, or a first class city [OF THE FIRST CLASS];

* Sec. 39. AS 23.30.005 is amended by adding a new subsection to read:

(m) The board shall adopt regulations that permit two or more

municipalities to form an employer group for the purpose of providing self-insurance under this chapter.

* Sec. 40. AS 26.23.230(5) is amended to read:

(5) "political subdivision" means a home rule or general law borough or city [, WHETHER HOME RULE OR OTHERWISE,] including a unified municipality [MUNICIPALITIES UNIFIED UNDER AS. 29.68.240 - 29.68.440], an unincorporated village, or other unit of local government;

* Sec. 41. AS 28.15.051(d) is amended to read:

(d) The department may issue a special driver's permit to a person who is at least 14 years of age with the consent of his parents or guardians for the purpose of driving a motor-driven cycle. This permit may be issued upon application and successful completion of all prescribed tests and fees, and is valid for the same period of time as a driver's license. The permit is not valid in a municipality that [WHICH] by ordinance prohibits the driving of a motor-driven cycle by a person under the age of 16 years; a borough may adopt the ordinance on a nonareawide basis only, unless the power to adopt it on an areawide basis is acquired under AS 29.35.300 - 29.35.330 or former AS 29.33.250 - 29.33.290.

* Sec. 42. AS 38.04.020(b)(1) is amended to read:

(1) land nominated for selection or selected by a municipality to satisfy a general grant land entitlement under AS 29.65 or former AS 29.18.201 - 29.18.213;

* Sec. 43. AS 38.04.020(e)(4) is amended to read:

(4) for preliminary feasibility studies, engineering design work, and construction of access roads and capital improvements required by municipal subdivision ordinance or regulation of the platting authority [BOARD UNDER AS 29.33.150]; if an accurate determination of the amounts necessary for access roads or capital improvements cannot be

made at the time the estimate is submitted, a schedule for obtaining the estimates, constructing the access roads or capital improvements, and disposing of the land shall be submitted;

* Sec. 44. AS 38.04.021(a) is amended to read:

(a) A municipality may apply for financial assistance for the execution of a land disposal program of general grant land entitlements received from the state under AS 29.65 or former AS 29.18.201 - 29.18.-213 by submitting a request to the commissioner for inclusion in the request submitted to the legislature under AS 38.04.020(e). A municipality may request financial assistance for expenses of surveying land, designing subdivision plats, installing improvements required by municipal ordinance or regulation of the local platting authority [BOARD], and other reasonable direct costs of land disposal.

* Sec. 45. AS 38.04.021(d) is amended to read:

(d) A grant made under this section may not exceed five times the amount of money appropriated by a first class city, a borough, or a unified municipality [UNIFIED UNDER AS 29.68.240 - 29.68.440] for the disposal of municipal land in the current fiscal year unless the commissioner exempts the municipality from this subsection.

* Sec. 46. AS 38.04.021(e)(2) is amended to read:

(2) a first class city, a borough, or a unified municipality that [UNIFIED UNDER AS 29.68.240 - 29.68.440 WHICH] is exempted by the commissioner under (d) of this section.

* Sec. 47. AS 38.04.900(b) is amended to read:

(b) A municipality has standing to petition the commissioner for the adoption of a regulation, or for the amendment or repeal of an existing regulation, or to appeal a decision of the commissioner with respect to classification, management, or disposal of land made under authority of a regulation adopted under (a) of this section with respect

to state land outside the corporate boundaries of the municipality to protect any interest which the municipality is authorized to regulate outside its boundaries under AS 29.35.020 [AS 29.48.037].

* Sec. 48. AS 38.05.127(d) is amended to read:

(d) Upon application by a municipality or an affected owner of land, the department may vacate, release, modify, or relocate an easement and right-of-way for public access to or along navigable or public waters reserved by the department in a patent issued under AS 29.18.-510 - 29.18.610, AS 29.05, AS 29.65, or former AS 29.18.011 - 29.18.460, [AS 29.18] if the commissioner determines the action is consistent with the public interest.

* Sec. 49. AS 38.05.290(b) is amended to read:

(b) Consistent with the best interests of the state, in the selection of general grant land it is the policy of the state to make available the maximum land area from which municipalities may fulfill land entitlements under AS 29.65 or former AS 29.18.201 - 29.18.213.

* Sec. 50. AS 38.05.321(b) is amended to read:

(b) State land classified as agricultural land that [WHICH] has been selected by a municipality under former AS 29.18.190 - 29.18.200 or former AS 29.18.205(e) may be approved by the director for patent under AS 29.65.050(c) or former AS 29.18.205(f); however, only rights in the land for agricultural purposes may be transferred and all other interests in the land will remain with the state. Agricultural land approved for patent to a municipality [UNDER AS 29.18.205(f)] shall be credited, acre for acre, toward fulfillment of that municipality's entitlement under AS 29.65.010 - 29.65.030 or former AS 29.18.201 - 29.18.203. If the director later determines it to be in the best interests of the state to transfer some or all of the additional rights in that approved or patented agricultural land, those rights shall pass without consider-

ation to the municipality in which the land is located. The notice and review provisions of [AS 38.05.305 AND] AS 38.05.345 are applicable to conveyance of rights under this section.

* Sec. 51. AS 38.05.321(c) is amended to read:

(c) The provisions of this section do not apply to state land classified as agricultural land which has been selected by a municipality under the provisions of former AS 29.18.190 - 29.18.200 if the selection is an approved selection before April 1, 1978 and is otherwise valid under AS 29.65.050(b) or former AS 29.18.205(b).

* Sec. 52. AS 38.05.362(b) is amended to read:

(b) Nothing in this section affects the selection rights of a municipality [BOROUGH OR CITY] under former AS 29.18.190 - 29.18.200 for areas selected as of July 1, 1977, or a valid existing claim, location, or entry under law, as of July 1, 1976.

* Sec. 53. AS 39.50.145 is amended to read:

Sec. 39.50.145. PARTICIPATION BY MUNICIPALITIES. A municipality may exempt its municipal officers from the requirements of this chapter if a majority of the voters voting on the question at a [ANY] regular election, as defined by AS 29.71.040(20) [AS 29.78.010(14)], or a special municipality-wide election, vote to exempt its municipal officers from the requirements of this chapter. The question of exemption from the requirements of this chapter may be submitted by the city council or borough assembly by ordinance or by initiative election [ORDINANCE].

* Sec. 54. AS 39.50.200(a)(6) is amended to read:

(6) "municipal officer" includes a borough or city mayor, borough assemblyman, city councilman, school board member, elected utility board member, city or borough manager, members of a city or borough planning or zoning commission within a home rule or general law

city or borough or [INCLUDING BUT NOT LIMITED TO] a unified municipality [UNDER AS 29.68];

* Sec. 55. AS 40.15.075 is amended to read:

Sec. 40.15.075. AUTHORITY IN THE UNORGANIZED BOROUGH AND THIRD CLASS BOROUGHS. The division of lands is the platting authority in the area outside organized boroughs and outside cities in the unorganized borough and in the third class borough for only the purposes of hearing and acting on petitions for the change or vacation of plats and shall execute this function substantially in conformity with the provisions of AS 29.40.130 - 29.40.160 [AS 29.33.210 - 29.33.240]. Costs of publication and mailing [AS WELL AS OTHER COSTS] authorized in AS 29.40.130 [AS 29.33.210] shall be paid to the division by the petitioner. The Department of Natural Resources shall adopt reasonable regulations governing the exercise of the authority conferred by this section upon the division of lands.

* Sec. 56. AS 40.15.200 is amended to read:

Sec. 40.15.200. APPLICATION TO STATE AND POLITICAL SUBDIVISIONS. All subdivisions of land made by the state, its agencies, instrumentalities and political subdivisions are subject to the provisions of this chapter and AS 29.40.070 - 29.40.160 [AS 29.33.150 - 29.33.240], or home rule ordinances or regulations governing subdivisions, and shall comply with ordinances and other local regulations adopted under this chapter and AS 29.40.070 - 29.40.160 or former AS 29.33.150 - 29.33.240, or under home rule authority, in the same manner and to the same extent as subdivisions made by other landowners.

* Sec. 57. AS 41.22.020(d) is amended to read:

(d) In (a) of this section "municipalities" includes cities or organized boroughs of any class and unified municipalities exercising powers to initiate projects described in AS 41.22.020 and acquire parks

and open space land, as otherwise authorized by law [, AND INCLUDES BUT IS NOT LIMITED TO UNIFIED MUNICIPALITIES ORGANIZED UNDER AS 29.68.240 - 29.68.440].

* Sec. 58. AS 41.35.180(5) is amended to read:

(5) consult with local historical district commissions regarding the establishment of historical districts under AS 29.55.010 - 29.55.020 [AS 29.48.108 - 29.48.110] and the approval of project alterations under AS 45.98.040; recommend, if appropriate, the formulation of additional criteria for the designation of historical districts under AS 29.55.020(b) [AS 29.48.110(b)]; approve plans for and evaluate the suitability of specific structures for purposes of loan eligibility and continuance under the historical district revolving loan fund (AS 45.98); and consult with the Department of Commerce and Economic Development relative to the adoption of regulations for historical district loans under AS 45.98.

* Sec. 59. AS 43.18.430 is amended to read:

Sec. 43.18.430. POWER OF MUNICIPALITY. A municipality may own, maintain and employ a facility constructed under AS 43.18.400 - 43.18.460. The exercise of this power on an areawide basis is at the option of the borough and is not subject to the restrictions on acquiring additional areawide powers in AS 29.35.300 - 29.35.330 [AS 29.33.250 - 29.33.290].

* Sec. 60. AS 43.18.500(d)(2)(A) is amended to read:

(A) has the authority under AS 29.35 [AS 29.41 OR AS 29.48] to provide and maintain a cultural facility;

* Sec. 61. AS 43.56.010(b) is amended to read:

(b) A municipality may levy and collect a tax under AS 29.45.080 [AS 29.53.045] at the rate of taxation that applies to other property taxed by the municipality. The tax shall be levied at a rate no higher

than the rate applicable to other property taxable by the municipality. No municipality may exempt from taxation property authorized to be taxed under this chapter. Exemptions shall be limited to those in AS 29.45.030, 29.45.050, [AS 29.53.020 AND AS 29.53.025] and AS 43.56.020.

* Sec. 62. AS 43.56.010(c) is amended to read:

(c) If the total value of assessed property of a municipality taxing under AS 29.45.080(c) [AS 29.53.045(c)] exceeds the product of 225 percent of the average per capita assessed full and true value of property in the state (to be determined by the department and reported to each municipality by January 15 of each year) multiplied by the number of residents of the taxing municipality, the department shall designate the portion of the tax base against which the local tax may be applied. For purposes of this subsection the average per capita assessed full and true value of property in the state shall be calculated without regard to the assessed value of taxable property under AS 43.58.

* Sec. 63. AS 43.56.010(d) is amended to read:

(d) A tax paid to a municipality under AS 29.45.080 [AS 29.53.045] on or before June 30 of the tax year shall be credited against the tax levied under (a) of this section for that tax year. If, however, a tax is not paid to a municipality until after June 30 of the taxable year, the department upon application shall refund to the taxpayer the amount of tax paid to the municipality under AS 29.45.080 [AS 29.53.045]. The credit or refund of taxes paid to a municipality may not exceed the total amount of tax levied by the department upon the taxpayer for the tax year, under (a) of this section.

* Sec. 64. AS 43.56.060(a) is amended to read:

(a) The department shall assess property for the tax levied under AS 43.56.010(b) and AS 29.45.080 [AS 29.53.045] on property used or

committed by contract or other agreement for use for the pipeline transportation of gas or unrefined oil or for the production of gas or unrefined oil at its full and true value as of January 1 of the assessment year.

* Sec. 65. AS 43.75.130(1) is amended to read:

(1) to each unified municipality [UNIFIED UNDER AS 29.68.240 - 29.68.440,] and to each city located in the unorganized borough, 50 percent of the amount of tax revenue collected in the municipality from taxes levied by AS 43.75;

* Sec. 66. AS 44.07.360(8) is amended to read:

(8) "municipality" means a home rule or general law city or borough including but not limited to the capital city and a unified municipality [ORGANIZED UNDER AS 29.68.240 - 29.68.440];

* Sec. 67. AS 44.08.065(c) is amended to read:

(c) A property owner aggrieved by determination of his assessment may appeal under AS 29.45.190 [AS 29.53.130 - 29.53.135].

* Sec. 68. AS 44.08.065(d) is amended to read:

(d) All adjustments in valuation approved by the board of equalization are subject to review and final approval by the commissioner. A property owner may appeal the final determination in accordance with AS 29.45.210 [AS 29.53.140].

* Sec. 69. AS 44.47 is amended by adding a new section to read:

Sec. 44.47.157. FEASIBILITY STUDIES OF PROPOSED BOROUGHS. (a) There is established a program of financial assistance for studies of the feasibility of forming boroughs in the unorganized borough. A municipality located in the unorganized borough or a resident of the unorganized borough may request a feasibility study of an area of the unorganized borough. The request shall be in writing and shall be delivered to the commissioner. The request shall include

(1) a description of the boundaries of the area to be studied, and

(2) a showing of local interest in the feasibility study demonstrated by

(A) a petition for the feasibility study containing the signatures and addresses of at least five percent of the voters residing in the area to be studied based on the number who voted in the area at the last statewide election, or

(B) resolutions adopted by the governing bodies of at least five percent of the municipalities within the area to be studied.

(b) Upon receipt of a request for a feasibility study and after a public hearing in the area of the proposed study, the commissioner may authorize a study of the area as requested or alter the boundaries of the area of the proposed study and authorize a study of the area as altered. In determining which geographical area is appropriate for study as a proposed borough, the commissioner shall consider

(1) the standards applicable to the incorporation of boroughs under AS 29.05.030;

(2) the boundaries of the Native regional corporations established under the Alaska Native Claims Settlement Act (43 U.S.C. secs. 1601 - 1628);

(3) census divisions of the state used for the 1980 census;

(4) boundaries of the regional educational attendance areas; and

(5) coastal resource service areas organized under AS 46.40.110 - 46.40.130.

(c) Subject to appropriations for the purpose, the commissioner shall award a contract in accordance with AS 37.05.220 - 37.05.280 for a

study authorized under (b) of this section. The commissioner shall include terms in the contract that provide for maximum public participation in the preparation of the feasibility study.

(d) A feasibility study under this section shall include

(1) a recommendation for or against incorporation of a borough government for all or part of the area studied;

(2) an evaluation of the economic development potential of the area;

(3) an evaluation of capital facility needs of the area;

(4) an evaluation of demographic, social, and environmental factors affecting the area;

(5) an evaluation of current relationships among the regional educational attendance areas, the coastal resource service areas, and other regional entities responsible for providing services in the area studied;

(6) an evaluation of the relationships between the existing municipal governments in the area studied and regional entities responsible for providing services in the area;

(7) review of a home rule charter if one is submitted for review by the resident or municipality that requested the study;

(8) specific recommendations for

(A) organization of a borough government if one is recommended; or

(B) the improvement of the delivery of services by the state in the area studied.

* Sec. 70. AS 44.83.162(m) is amended to read:

(m) For purposes of (c) of this section, the number of residents of the community equals the number of residents of the community determined by the Department of Community and Regional Affairs in accordance

with AS 29.60.020 [AS 29.88.015].

* Sec. 71. AS 44.85.270(i) is amended to read:

(i) All references to the "reserve fund" in this section include special accounts within the reserve fund which may be created by the authority to secure the payment of particular bonds, including, without limitation, bonds issued by the capital city established under AS 29.-14.010 [AS 29.18.510]. The commissioner of revenue may lend surplus money in the general fund to the authority for deposit to any account in the reserve fund in an amount equal to the required debt service reserve. The loans shall be made on such terms and conditions as may be agreed upon by the commissioner of revenue and the authority, including, without limitation, terms and conditions providing that the loans need not be repaid until the obligations of the corporation secured and to be secured by the account in the reserve fund are no longer outstanding.

* Sec. 72. AS 44.85.410(3)(A) is amended to read:

(A) a general obligation bond that [WHICH] is a direct and general obligation of a political subdivision of the state, all the taxable property within which is subject to taxation to pay the bond, note or evidence of debt, and the interest without limitation, as to rate or amount generally to the extent permitted by law or to avoid a default as provided for second class cities under AS 29.45.590 [AS 29.53.410]; or

* Sec. 73. AS 44.85.410(3)(D) is amended to read:

(D) a bond of a borough issued as a general obligation of a service area under AS 29.47.440 or former AS 29.58.340; [.]

* Sec. 74. AS 45.98.020 is amended to read:

Sec. 45.98.020. HISTORICAL DISTRICT LOANS. Upon endorsement and plan approval by a local historical district commission established under AS 29.55.010 or former AS 29.48.108 and the recommendation of a

majority of the members of the Historic Sites Advisory Committee, the Department of Commerce and Economic Development may make loans to a person, firm, business or municipality subject to applicable laws for the restoration, improvement, rehabilitation, or maintenance of a structure that [WHICH] is

(1) within the boundaries of a historical district established under AS 29.55.020 or former AS 29.48.110;

(2) identified as important in state or national history as provided for in AS 29.55.020(b) or former AS 29.48.110(b); and

(3) another building or structure within a historical district, and suitable for superficial modification so that it can conform to the period or motif of the surrounding buildings or structures that are the reason for the area's designation as a historical district.

* Sec. 75. AS 46.03.210(a) is amended to read:

(a) A municipality with a population in excess of 1,000 may, within five years from August 5, 1969, establish and administer within its jurisdiction an air pollution control program. Organized boroughs may establish an air pollution control program on an areawide basis, and the exercise of powers with respect to the program is not subject to the restrictions on acquiring additional areawide powers specified in AS 29.35.300 - 29.35.330 [AS 29.33.250 - 29.33.290]. Local programs shall

(1) provide by ordinance for requirements compatible with those imposed by the provisions of AS 46.03.140 and 46.03.170 and applicable regulations;

(2) provide for the enforcement of the requirements imposed through appropriate administrative and judicial processes;

(3) provide for a local administrative organization, staff, and other resources necessary to effectively carry out the purposes of

the program; and

(4) be approved by the department as being satisfactory to meet the requirements of AS 46.03.140 - 46.03.170 and the applicable regulations.

* Sec. 76. AS 46.11.040(3)(A) is amended to read:

(A) is constructed under an exception to the municipal building code granted <u>because the exception will result in increased energy efficiency</u> [UNDER AS 29.33.080(g)];

* Sec. 77. AS 46.11.900(8) is amended to read:

(8) "state financial assistance" means a loan, grant, guarantee, insurance, payment, rebate, subsidy, or other form of state assistance (other than aid under <u>AS 29.60</u> [AS 29.88, AS 29.89, AS 29.90, AS 29.95] and AS 43.18) including the purchase by a state agency of a loan to finance the construction of a new residential, commercial, or industrial building;

* Sec. 78. AS 46.35.200(3) is amended to read:

(3) "local government" means a city or borough including a <u>unified</u> municipality [UNIFIED UNDER AS 29.68.240 - 29.68.440];

* Sec. 79. AS 46.40.140(h) is amended to read:

(h) Members of coastal resource service area boards are subject to recall on the same grounds and in the same manner as provided for recall of municipal officials in <u>AS 29.26.240 - 29.26.350</u> [AS 29.28.130 - 29.28.250]. The lieutenant governor functions in place of the assembly or council and municipal clerk for receipt and review of recall petitions and the conduct of recall elections.

* Sec. 80. AS 46.40.210(2)(A) is amended to read:

(A) unified municipalities [ESTABLISHED UNDER AS 29.-68.240 - 29.68.440];

* Sec. 81. AS 47.35.010(b) is amended to read:

(b) The department shall, within 90 days after receiving a written request that it do so, delegate its powers relating to nurseries under this section and under AS 47.35.040, 47.35.050 and 47.35.060 to a municipality which has adopted an ordinance providing for day care licensing under home rule powers or as authorized under AS 29.35.200 - 29.35.210 [AS 29.48.035(a)(20)]. A municipality to which these powers have been delegated may waive or modify any regulation or standard established by the department under the authority of AS 47.35.010 - 47.35.080 as it applies to nurseries or the application of any such regulation or standard as it applies to a particular day care licensee but must notify the department of any waiver.

* Sec. 82. The following laws are repealed: AS 04.11.340(4), 04.11.400(c); AS 04.21.080(11); AS 14.56.065(b), 14.56.180(3); AS 15.13.130(6); AS 18.55.950(10); AS 24.55.330(3); AS 28.35.260(10); AS 29.08; AS 29.13; AS 29.18.011 - 29.18.460; AS 29.23; AS 29.28; AS 29.33; AS 29.38; AS 29.41; AS 29.43; AS 29.48; AS 29.53; AS 29.58; AS 29.63; AS 29.68; AS 29.73; AS 29.78; AS 29.88; AS 29.89; AS 29.90; AS 29.95; AS 30.15.070(3); AS 30.30.170(2); AS 35.15.080(3), 35.15.120(3); AS 42.06.630(6); AS 43.18.500(j)(6); AS 43.20.016; AS 43.56.210(8); AS 44.47.310(5); and AS 44.85.410(4).

* Sec. 83. A right or liability of a municipality existing on July 1, 1982, is not affected by the enactment of this Act. Ordinances and regulations in effect on July 1, 1982, remain in effect unless they conflict with provisions of this Act. Ordinances and regulations in effect on July 1, 1982, that conflict with provisions of this Act remain in effect for 180 days after July 1, 1982. The terms of elected or appointed municipal officials in office on July 1, 1982, are not affected by this Act, and their terms expire as provided before July 1, 1982.

* Sec. 84. AS 29.45.030(a)(7), (m), and (n) as enacted in sec. 11 of this Act are retroactive to December 31, 1980. AS 29.45.030(j) and (k) as enacted

in sec. 11 of this Act are retroactive to January 1, 1982.

* Sec. 85. AS 29.45.030(a)(7), (j), (k), (m), and (n) as enacted in sec. 11 of this Act and sec. 84 of this Act take effect immediately in accordance with AS 01.10.070(c).

* Sec. 86. Except for AS 29.45.030(a)(7), (j), (k), (m), and (n) as enacted in sec. 11 of this Act and sec. 84 of this Act, this Act takes effect July 1, 1982.

A M E N D M E N T

Offered in the HOUSE BY THE FINANCE COMMITTEE

TO: HCS CSSB 180 (Finance) (2nd)

Page 33, after line 7, insert:

"(46) AS 29.35.120 (regulation of firearms prohibited)"

Page 75, after line 11, insert:

"Sec. 29.35.120. REGULATION OF FIREARMS PROHIBITED. (a) A municipality may not regulate the ownership or possession of firearms.

(b) The prohibition in (a) of this section applies to home rule and general law municipalities."

Page 96, after line 16, insert:

"(9) firearms."

Page ~~195~~ 196, after line ~~24~~ 4, insert:

"* Sec. 86. AS 29.45.030(a)(9) enacted in sec. 11 of this Act takes effect January 1, 1983."

Page ~~195~~ 196, line ~~25~~ 5:

Delete "Sec. 86" and insert "Sec. 87"

After "AS 29.45.030(a)(7)" insert "(a)(9),"

COMMITTEE REPORT

HOUSE

FURTHER:

(11)

5/6/82

Date: 5/12/82

Mr. Speaker:

The Committee on Finance has had CSSB 180(C&RA) am

"An Act relating to municipal government; and providing for an effective date."

under consideration and reports it back as follows:

[ ] do pass [ ] do not pass

[ ] do pass with attached amendments(s)

[X] replace with CS for CSSB 180 (Fin) [X] same title [ ] new title

and recommends w/attached amendment

[ ] AND attaches a "Letter of Intent" [X] New Fiscal Note (3)

[ ] reports it back without recommendation

[ ] referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

H 60 (Rev. 3/81)

FISCAL NOTE

I. REQUEST
Bill/Resolution No. SB 240 / HCS CSSB 180 (Finance)
Title An Act..for feasibility studies of proposed boroughs in the unorganized borough
Requested by Office of the Governor Date February 2, 1991

II. FISCAL DETAIL
Agency Affected Community and Regional Affairs
Program Category Affected Community Development
BRU, Program, or Subprogram(s) Affected Local Government Assistance
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

		FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100	PERSONAL SERVICES						
200	TRAVEL		15.0	16.5	18.2	20.0	
300	CONTRACTUAL		360.0	360.0	360.0	360.0	
400	COMMODITIES						
500	EQUIPMENT						
600	LAND & STRUCTURES						
700	GRANTS, CLAIMS, ETC.						
	TOTAL		375.0	376.5	378.2	380.0	

FUNDING (Thousands of Dollars)

GENERAL FUND		375.0	376.5	378.2	380.0	
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		-0-	-0-	-0-	-0-	
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)
The funding for the proposed feasibility studies are set by formula. The studies may not cost more than the amount equal to $30,000 plus $30 for each person residing within the area of the study.

Assumptions:
1) The average population for areas to be studied will be 3,000 persons. Therefore, the average cost of each study will be $120,000.
2) Two borough studies will be funded each fiscal year.
3) In the event more than two regions wish to have studies conducted each year, or if a more populated region of the state (Prince William Sound for example) wishes to have a study conducted, it is prudent to have a reserve amount equal to the cost of one additional study available for these purposes each fiscal year.
4) Travel funding will be needed to coordinate and monitor studies. A 10% inflation factor is used in computing travel each fiscal year.

IV. DATE February 2, 1991 PREPARED BY Doug Griffin
AGENCY Community and Regional Affairs / LGAD
PHONE 465-4736

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/80

OK

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. SB 735 / HCS CSSB 180 (Finance)
Title "An Act relating to municipal government"
Requested by Rules committee by request of Legislative Council Date January 20, 1982

II. FISCAL DETAIL
Agency Affected Department of Community and Regional Affairs
Program Category Affected Community Development
ERU, Program, Or Subprogram(s) Affected Local Government Assistance
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL		5.0	5.0	5.0	5.0	5.0
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		400	250 0	425	250	425.00
TOTAL		405.0	255.0	430.0	255.0	430.0

FUNDING (Thousands of Dollars)

GENERAL FUND		405	255	430	255	430
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

FULL TIME		0	0	0	0	0
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

SEE ATTACHED

IV. DATE March 15, 1982 PREPARED BY Terry E. Earley
AGENCY C&RA/ Local Government Assistance
PHONE 465-4730

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/81)

State of Alaska
Department of Community & Regional Affairs

Date: March 15 1982

POSITION PAPER

Requested by: Senate Community & Regional Affairs

Subject: SB 735 "An Act Relating to Organization Grants and Transitional Assistance"

Departmental Position: Support

Remarks:

AS 29.05.180 of the proposed bill provides for organizational grants for cities based on a formula of $50,000 the first year and $25,000 the second year.

AS 29.05.190 of the proposed bill provides for organizational grants for boroughs based on a formula of $300,000 the first year, $200,000 the second year and $100,000 the third and final year.

AS 29.05.210 of the bill would provide for transitional technical assistance in the area of tax collections.

Even before the era of great state wealth the status quo in the unorganized borough was characterized as inequitable and inefficient. Inequitable in the sense that residents are not, generally, afforded the opportunity to participate directly in the decision making process nor do they participate on an equal basis in terms of financing local services; inefficient to the extent that existing service delivery mechanisms (cities and State regional offices) often lack the necessary expertise to provide services on an efficient and responsive basis. The inequity and inefficiency of the present system are now even more pronounced in light of the attention focused on and the millions of dollars spent in the unorganized borough. More goods and services are being provided in rural Alaska without the benefit of local control and a coordinated delivery mechanism.

The solution must be a voluntary one if it is to work. To make a voluntary progression from unorganized status to organized borough status work, it must have three major incentives to make it more attractive than the status quo: 1) money, 2) a mechanism for substantial local control, and 3) transitional assistance to help get a regional government off the ground. Rural areas of the State should not be rushed into any regional governance nor should they be presented with an all-or-nothing situation.

This bill combines monetary incentive with guarantees of assistance that will make regional government more attractive to residents of the unorganized borough.

The Department has long supported increased financial and technical assistance to municipalities (including newly formed cities) during the period immediately after incorporation. That initial period is critical in the development of municipal government and the assistance provided by this bill will help newly formed governments get started.

AS 29.05.180 of the proposed bill provides for organizational grants for cities based on a formula of $50,000 the first year and $25,000 the second year. The proposed funding level in this fiscal note is based on 2 cities incorporating in Fiscal 82 and 1 every other year after that time.

AS 29.05.190 of the proposed bill provides for organizational grants for boroughs based on a formula of $300,000 the first year, $200,000 the second year and $100,000 the third and final year. The proposed funding level in this fiscal note assumes one borough incorporation in each of the following years: FY 83, FY 85 and FY 87.

Page 5 of the bill (AS 29.05.210) deals with transitional assistance to boroughs and establishment of taxation systems. It is not completely clear how much assistance is intended by this language. Depending on the legislative intent, the cost of setting up those tax systems could run as high as $300,000 per borough per year. This fiscal note assumes technical assistance only and that that assistance would be provided with existing staff. The only cost based on those assumptions would add additional travel of $5,000.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. House CS for Senate Bill 830 (Finance)/HCS CSSB 180 (Fin)
Title "An Act relating to assistance for municipalities and ... communities..."
Requested by House Finance Committee Date 5/6/82

II. FISCAL DETAIL
Agency Affected Department of Community and Regional Affairs
Program Category Affected Development
BRU, Program, Or Subprogram(s) Affected Local Government Assist./Rev. Sharing Adm.
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		27.5	29.4	31.5	33.7	
200 TRAVEL		5.2	5.7	6.2	6.7	
300 CONTRACTUAL		4.1	4.5	4.9	5.3	
400 COMMODITIES		.7	.1	.1	.1	
500 EQUIPMENT		.6	-0-	-0-	-0-	
600 LAND & STRUCTURES						
700 GRANTS,CLAIMS,ETC.						
TOTAL		38.1	39.7	42.7	45.8	

FUNDING (Thousands of Dollars)

GENERAL FUND		38.1	39.7	42.7	45.8	
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

FULL TIME		1	1	1	1	
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)
Assumptions: 1) HCSSB 830 includes a provision transferring the Municipal Assistance Program from the Department of Revenue to the Department of Community and Regional Affairs.

2) No personal services transfers are made from the Department of Revenue to the Department of Community and Regional Affairs.

3) The FY 83 Personal Services funding is based on the existing salary schedule.

4) Succeeding years after FY 83 are adjusted for inflation at an annual rate of 7% for personal services and 9% for other categories, less one time items.

A detailed breakdown and justification are attached.

IV. DATE May 5, 1982 PREPARED BY Doug Griffin Doug Griffin
AGENCY C & RA/Local Gov't Assistance
PHONE 465-4736

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)
33-001 (Rev. 12/81)

Detailed Breakdown

100 Personal Services		27,475
Accounting Techincian I (Range 12) Juneau		
1,761 X 12 =	21,132	
Benefits	6,343	
200 Travel		5,200
8 Trips @ $450 per trip	3,600	
20 Days per diem @ $80 per day	1,600	
300 Contractual Services		4,100
Communications	1,100	
Printing and Advertising	1,000	
Space rent	2,000	
400 Commodities		700
Office supplies	100	
Office equipment (one time item)	600	
500 Equipment		600
Major Office Equipment (desk) (one time item)	600	

Justification

The addition of the Municipal Assistance program will create additional work for the staff assigned to administer the State Revenue Sharing Program. The administrative capabilities of present State Revenue Sharing staff in the Division of Local Government Assistance are already spread thin to properly implement what has become an increasingly complex and comprehensive program. It could be argued that the Department of Revenue, whose responsibilities will be reduced as a result of transfering the Municipal Assistance Program out of their agency, could look at a staff reduction or simply the transfer of Municipal Assistance staff to the Department of Community and Regional Affairs. This Department, nowever, has been advised by the Department of Revenue that this transfer is not possible due to the other related duties performed by Municipal Assistance staff. Therefore, one additional staff person is requested to assist in the administration of a jointly administered State Revenue Sharing/Municipal Assistance Program.

Travel funding is requested to provide better outreach and communication so that the combined program funds can be made available to all eligible communities. Travel funding for State Revenue Sharing Program administration has historically been quite modest and therefore a slight increase is needed to provide adequate travel support.

Contractual funding is needed to provide additional funding for printing, advertising, postage, and telephone calls.

Commodities and equipment funding is needed to provide adequate support for the new position that is requested.

DG/lf/0885U

CORRECTION

Re: SENATE BILL NO. 736

CORRECTION

Please discard SENATE BILL NO. 736 and replace with this corrected version.

Introduced: 2/10/82
Referred: Community &
Regional Affairs

IN THE SENATE

BY STURGULEWSKI, GILMAN, FERGUSON AND FISCHER

SENATE BILL NO. 736

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to home rule municipalities; and providing for an effective date."

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

* Section 1. AS 29.08.010 is amended to read:

Sec. 29.08.010. HOME RULE. A home rule municipality is a municipal corporation and political subdivision and is a city [OF THE FIRST CLASS] or an organized borough that [WHICH] has adopted a home rule charter. It has all legislative powers not prohibited by law or charter

* Sec. 2. AS 29.08.040(a) is amended to read:

(a) A second class city may be reclassified as a first class city by holding an election on the question as provided in this subsection, if the Department of Community and Regional Affairs determines from the best figures available that the population of the city has reached 600 [400] permanent residents.

* Sec. 3. AS 29.13.010 is amended to read:

Sec. 29.13.010. MUNICIPAL CHARTER ADOPTION. (a) A first class city or general law [MUNICIPALITY OR SECOND CLASS] borough may adopt a charter for its own government. A second class city may adopt a charter for its own government if the population of the city is at least 600 permanent residents. A home rule municipality may amend its charter or adopt a new one.

(b) A charter is framed by a charter commission of seven members chosen by the special election. A candidate for the commission shall be a qualified voter of the municipality and a resident of the municipality

for three years immediately preceding the election. A charter commission election is called by filing a petition with the borough assembly or the city council, or by resolution of the borough assembly or city council. The petition shall be signed by a number of municipal voters equal to 15 percent of the votes cast in the last regular election of the municipality.

c) An unincorporated community with at least 600 permanent residents or an area of the unorganized borough may adopt a charter for its own government and incorporate as a home rule municipality. A person who files a petition to incorporate a home rule municipality in accordance with AS 29.18.050 shall prepare and file a proposed home rule charter with the petition.

* Sec. 4. AS 29.13 is amended by adding a new section to read:

Sec. 29.13.015. MODEL CHARTERS. The Department of Community and Regional Affairs shall prepare at least one model home rule charter for a borough and at least one model home rule charter for a city. The model charters shall be made available to persons interested in filing a petition to incorporate a home rule municipality.

* Sec. 5. AS 29.18.011(a) is amended to read:

(a) A community that [WHICH] meets the following standards may incorporate as a first class or home rule city:

(1) the community has 600 [400] or more permanent residents;

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

(3) the economy of the community includes the human and financial resources necessary to provide local services; in considering the economy of the community, the Local Boundary Commission shall consider property valuations, economic base, personal income, resource and commercial development, anticipated functions, and the expenses and

income of the proposed city, including the ability of the community to generate local revenue;

(4) the population of the community is stable enough to support local government;

(5) there is a demonstrated need for local government.

* Sec. 6. AS 29.18.030 is amended to read:

Sec. 29.18.030. INCORPORATION OF A BOROUGH [ORGANIZED BOROUGHS]. An area may incorporate as a general law or home rule [AN ORGANIZED] borough if it conforms to the following standards:

(1) the population of the area is interrelated and integrated as to its social, cultural, and economic activities, and is large and stable enough to support organized borough government;

(2) the boundaries of the proposed borough conform generally to natural geography and include all areas necessary for full development of local services;

(3) the economy of the area includes the human and financial resources capable of providing local services; evaluation of an area's economy includes land use, property valuations, total economic base, total personal income, resource and commercial development, anticipated functions, expenses, and income of the proposed borough;

(4) land, water, and air transportation facilities allow the communication and exchange necessary for the development of integrated local government.

* Sec. 7. AS 29.18.050(8) is amended to read:

(8) for home rule or first class city incorporation, the signatures and resident address of 50 permanent resident voters or of 15 percent of the permanent resident voters within the proposed municipality, whichever is greater, based on the number who voted in the area in the last general election;

* Sec. 8. AS 29.18.050(10) is amended to read:

(10) for home rule or general law borough incorporation, the signature and resident address of 15 percent of the permanent resident voters in each first class city and 15 percent of voters in the area outside first class cities based on the number who voted in the respective areas in the last general election;

* Sec. 9. AS 29.18.050 is amended by adding a new paragraph to read:

(13) for a home rule municipality, a proposed home rule charter.

* Sec. 10. AS 29.18.110 is amended by adding a new subsection to read:

(e) A home rule charter included in the incorporation petition is considered to be part of the incorporation question. The home rule charter is adopted if the voters approve incorporation of the municipality.

* Sec. 11. AS 29.18.180(a) is amended to read:

(a) For the purpose of defraying the cost of transition to municipal [BOROUGH OR CITY] government and in order to provide for development and interim governmental operations, each municipality [BOROUGH AND CITY] incorporated after January 1, 1968, or, in the case of a second class city, incorporated or reclassified after January 1, 1968, other than a unified municipality incorporated under the provisions of AS 29.85, or a municipality otherwise incorporated by consolidation, is entitled to an organization grant equal to $10 for every voter who voted in the [BOROUGH OR CITY] incorporation election. However, each incorporated home rule or general law borough and each home rule or first class city incorporated or established by reclassification outside an organized borough is entitled to at least $25,000.

* Sec. 12. AS 29.05.010(a) is repealed and reenacted to read:

(a) A community that meets the following standards may incorporate

as a home rule or first class city:

(1) the community has 600 or more permanent residents;

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

(3) the economy of the community includes the human and financial resources necessary to provide municipal services; in considering the economy of the community, the Local Boundary Commission shall consider property values, economic base, personal income, resource and commercial development, anticipated functions, and the expenses and income of the proposed city, including the ability of the community to generate local revenue;

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

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

* Sec. 13. AS 29.05.030 is repealed and reenacted to read:

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

(1) the population of the area is interrelated and integrated as to its social, cultural, and economic activities, and is large and stable enough to support borough government;

(2) the boundaries of the proposed borough conform generally to natural geography and include all areas necessary for full development of municipal services;

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

(4) land, water, and air transportation facilities allow the communication and exchange necessary for the development of integrated borough government.

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

* Sec. 14. AS 29.05.060(11) is repealed and reenacted to read:

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

* Sec. 15. AS 29.05.060 is amended by adding a new paragraph to read:

(13) for a home rule municipality, a proposed home rule charter.

* Sec. 16. AS 29.05.110 is amended by adding a new subsection to read:

(e) A home rule charter included in the incorporation petition is considered to be part of the incorporation question. The home rule charter is adopted if the voters approve incorporation of the municipality.

* Sec. 17. AS 29.05.180(a) is repealed and reenacted to read:

(a) For the purpose of defraying the cost of transition to municipal government and in order to provide for development and interim governmental operations, each municipality incorporated after January 1, 1968, or, in the case of a second class city, incorporated or reclassified after January 1, 1968, other than a unified municipality or a municipality otherwise incorporated by consolidation, is entitled to an organization grant equal to $10 for every voter who voted in the incorporation election. However, each incorporated home rule or general law borough and each home rule or first class city incorporated or established by reclassification outside an organized borough is entitled to at least $25,000.

* Sec. 18. AS 29.10.010 is amended by adding a new subsection to read:

(d) An unincorporated community with at least 600 permanent residents or an area of the unorganized borough may adopt a charter for its own government and incorporate as a home rule municipality. A person who files a petition to incorporate a home rule municipality in accordance with AS 29.05.060 shall prepare and file a proposed home rule charter with the petition.

* Sec. 19. AS 29.10 is amended by adding a new section to read:

Sec. 29.10.015. MODEL CHARTERS. The department shall prepare at least one model home rule charter for a borough and at least one model home rule charter for a city. The model charters shall be made available to persons interested in filing a petition to incorporate a home rule municipality.

* Sec. 20. Sections 1 - 11 of this Act are repealed.

* Sec. 21. Sections 12 - 20 of this Act take effect on the effective date of a version of or successor to House Bill No. 170 or Senate Bill No. 180 that revises AS 29.

* Sec. 22. Sections 1 - 11 of this Act take effect immediately in accordance with AS 01.10.070(c).

Original sponsors: Rodey, Dankworth and Kerttula

Offered: 3/18/82
Referred: Finance

IN THE SENATE

BY THE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

CS FOR SENATE BILL NO. 314 (C&RA) am

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to exemptions from municipal property taxation; and providing for an effective date."

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

* Section 1. AS 29.53.020(h) is amended to read:

(h) Except as provided in (g) of this section, nothing in (e) - (i) or (k) of this section affects similar exemptions from property taxes granted by a municipality [MUNICIPALITIES] on September 10, 1972 or prevents a municipality [MUNICIPALITIES] from granting similar exemptions by ordinance as provided in AS 29.53.025(a).

* Sec. 2. AS 29.53.020 is amended by adding new subsections to read:

(k) One motor vehicle per household owned by a resident 65 years of age or older on January 1 of the assessment year is exempt either from taxation on its assessed value or from the registration tax under AS 28.10.431. An exemption may be granted under this subsection only upon written application on a form prescribed by the Department of Public Safety. The state shall reimburse a municipality for tax revenues lost to it because of the exemption required by this subsection. Reimbursement to a municipality equals the amount of registration tax authorized under AS 28.10.431(b) for each vehicle exempted under this subsection.

(l) The Department of Community and Regional Affairs shall adopt regulations to implement the provisions of (g) and (k) of this section.

* Sec. 3. AS 29.45.030(h) is amended to read:

(h) Except as provided in (g) of this section, nothing in (e) -

(i) or (k) of this section affects similar exemptions from property taxes granted by a municipality on September 10, 1972 or prevents a municipality from granting similar exemptions by ordinance as provided in AS 29.53.025(a).

* Sec. 4. AS 29.45.030 is amended by adding new subsections to read:

(k) One motor vehicle per household owned by a resident 65 years of age or older on January 1 of the assessment year is exempt either from taxation on its assessed value or from the registration tax under AS 28.10.431. An exemption may be granted under this subsection only upon written application on a form prescribed by the Department of Public Safety. The state shall reimburse a municipality for tax revenues lost to it because of the exemption required by this subsection. Reimbursement to a municipality equals the amount of registration tax authorized under AS 28.10.431(b) for each vehicle exempted under this subsection.

(l) The department shall adopt regulations to implement the provisions of (g) and (k) of this section.

* Sec. 5. The exemption authorized in AS 29.45.030(k) as added in sec. 4 of this Act is in effect beginning with the calendar year 1982.

* Sec. 6. The amendments made in secs. 1 and 2 of this Act are repealed.

* Sec. 7. AS 28.10.411(c) and (d) are repealed.

* Sec. 8. The amendments and repeals made in secs. 1, 2, and 7 of this Act are retroactive to January 1, 1982.

* Sec. 9. The amendments made in secs. 3 - 6 of this Act take effect on the effective date of a version of House Bill No. 170 or Senate Bill No. 180 revising AS 29.

* Sec. 10. Sections 1, 2, 7, and 8 of this Act take effect immediately in accordance with AS 01.10.070(c).

Offered: 3/23/82
Referred: Finance

Original sponsor: Ferguson

IN THE SENATE

BY THE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

CS FOR SENATE BILL NO. 802 (C&RA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to tax exemptions; and providing for an effective date."

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

* Section 1. AS 29.53.020(a) is amended by adding a new paragraph to read:

(9) real property or interests in real property that are exempt from taxation under 43 U.S.C. 1620(d), as amended, as more fully provided in (k) and (l) of this section.

* Sec. 2. AS 29.53.020 is amended by adding new subsections to read:

(k) The tax exemption required by 43 U.S.C. 1620(d), as amended, shall be implemented according to the following conditions and interpretations:

(1) "developed" means a purposeful modification of the property from its original state that effectuates a condition of gainful or productive present use without further substantial modification; surveying, construction of roads, providing utilities or other similar actions normally considered to be component parts of the development process, but which do not create the above condition, do not constitute a developed state within the meaning of this paragraph; developed property, in order to remove the exemption, must be developed for purposes other than exploration, and be limited to the smallest practicable tract of the property actually used in the developed state;

(2) "exploration" means the examination and investigation of undeveloped land to determine the existence of subsurface nonrenewable

resources;

(3) "lease" means a grant of primary possession entered into for gainful purposes with a determinable fee remaining in the hands of the grantor; with respect to a lease that conveys rights of exploration and development, this exemption shall continue with respect to that portion of the leased tract that is used solely for the purpose of exploration.

(l) If the property or interest in the property reverts to an undeveloped state, or if the lease is terminated, the exemption shall be reinstated, subject to the provisions of (k) of this section.

* Sec. 3. AS 29.45.030(a) is amended by adding a new paragraph to read:

(7) real property or interests in real property that are exempt from taxation under 43 U.S.C. 1620(d), as amended, as more fully provided in (k) and (l) of this section.

* Sec. 4. AS 29.45.030 is amended by adding new subsections to read:

(k) The tax exemption required by 43 U.S.C. 1620(d), as amended, shall be implemented according to the following conditions and interpretations:

(1) "developed" means a purposeful modification of the property from its original state that effectuates a condition of gainful or productive present use without further substantiation modification; surveying, construction of roads, providing utilities or other similar actions normally considered to be component parts of the development process, but which do not create the above conditions, do not constitute a developed state within the meaning of this paragraph; developed property, in order to remove the exemption, must be developed for purposes other than exploration, and be limited to the smallest practicable tract of the property actually used in the developed state;

(2) "exploration" means the examination and investigation of

undeveloped land to determine the existence of subsurface nonrenewable resources;

(3) "lease" means a grant of primary possession entered into for gainful purposes with a determinable fee remaining in the hand of the grantor; with respect to a lease that conveys rights of exploration and development, this exemption shall continue with respect to that portion of the leased tract that is used solely for the purpose of exploration.

(l) If the property or interest in the property reverts to an undeveloped state, or if the lease is terminated, the exemption shall be reinstated, subject to the provisions of (k) of this section.

* Sec. 5. The exemption provided under AS 29.45.030(a) as amended by sec. 3 of this Act and the additions to AS 29.45.030 under sec. 4 of this Act are retroactive to December 31, 1980.

* Sec. 6. The amendments and additions made to AS 29.53.020 by secs. 1 and 2 of this Act are repealed.

* Sec. 7. Sections 1 and 2 of this Act are retroactive to December 31, 1980.

* Sec. 8. Sections 3 - 6 of this Act take effect on the effective date of a version of House Bill No. 170 or Senate Bill No. 180 revising AS 29.

AMENDMENT

Offered in the SENATE

TO:

Page , after line , insert:

* Sec. . AS 44.47 is amended by adding a new section to read:

Sec. 44.47.157. FEASIBILITY STUDIES OF PROPOSED BOROUGHS. (a) There is established a program of financial assistance for studies of the feasibility of forming boroughs in the unorganized borough. A municipality located in the unorganized borough or a resident of the unorganized borough may request a feasibility study of an area of the unorganized borough. The request shall be in writing and shall be delivered to the commissioner. The request shall include

(1) a description of the boundaries of the area to be studied, and

(2) a showing of local interest in the feasibility study demonstrated by

(A) a petition for the feasibility study containing the signatures and addresses of at least five percent of the voters residing in the area to be studied based on the number who voted in the area at the last statewide election or

(B) resolutions adopted by the governing bodies of at least five percent of the municipalities within the area to be studied.

(b) Upon receipt of a request for a feasibility study and after a public hearing in the area of the proposed study, the commissioner may authorize a study of the area as requested or alter the boundaries of the area of the proposed study and authorize a study of the area as altered. In determining which geographical area is appropriate for study as a proposed borough, the commissioner shall consider

(1) the standards applicable to the incorporation of boroughs under AS 29.18.030;

(2) the boundaries of the Native regional corporations established under the Alaska Native Claims Settlement Act (43 U.S.C. secs. 1601 - 1628);

(3) census divisions of the state used for the 1980 census;

(4) boundaries of the regional educational attendance areas; and

(5) coastal resource service areas organized under AS 46.-40.110 - 46.40.130.

(c) Subject to appropriations for the purpose, the commissioner shall award a contract in accordance with AS 37.05.220 - 37.05.280 for a study authorized under (b) of this section. The commissioner shall include terms in the contract that provide for maximum public participation in the preparation of the feasibility study.

(d) A feasibility study under this section shall include

(1) a recommendation for or against incorporation of a borough government for all or part of the area studied;

(2) an evaluation of the economic development potential of the area;

(3) an evaluation of capital facility needs of the area;

(4) an evaluation of demographic, social, and environmental factors affecting the area;

(5) an evaluation of current relationships among the regional educational attendance areas, the coastal resource service areas, and other regional entities responsible for providing services in the area studied;

(6) an evaluation of the relationships between the existing municipal governments in the area studied and regional entities responsible for providing services in the area;

(7) review of a home rule charter if one is submitted for review by the resident or municipality that requested the study;

(8) specific recommendations for

(A) organization of a borough government if one is recommended; or

(B) the improvement of the delivery of services by the state in the area studied.

Introduced: 2/10/82
Referred: Community & Regional Affairs and Finance

IN THE SENATE

BY STURGULEWSKI, GILMAN, FERGUSON AND FISCHER

SENATE BILL NO. 735

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to organization grants and transitional assistance for municipalities; and providing for an effective date."

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

* Section 1. AS 29.18 is amended by adding new sections to article 3 to read:

Sec. 29.18.170. ORGANIZATION GRANTS TO CITIES. (a) To defray the cost of transition to city government and to provide for interim government operations, each city incorporated after July 1, 1982, or, in the case of a second class city, incorporated or reclassified as a first class city after July 1, 1982, is entitled to an organization grant of $50,000 for the first full or partial fiscal year. The Department of Community and Regional Affairs shall disburse the organization grant within 30 days after certification of the incorporation election or the reclassification election, or as soon after that as money is appropriated for the purpose.

(b) A city entitled to an organization grant under (a) of this section is entitled to a second organization grant of $25,000. The Department of Community and Regional Affairs shall disburse the second organization grant within 30 days after the beginning of the city's second fiscal year, or as soon after that time as money is appropriated for the purpose.

Sec. 29.18.172. ORGANIZATION GRANTS TO BOROUGHS. (a) To defray the cost of transition to borough government and to provide for interim

government operations, each borough incorporated after July 1, 1982 is entitled to organization grants for the first three fiscal years after incorporation as follows:

(1) $300,000 for the first full or partial year;

(2) $200,000 for the second year; and

(3) $100,000 for the third year.

(b) The Department of Community and Regional Affairs shall disburse the first organization grant to a borough within 30 days after certification of the incorporation election favoring incorporation of a borough, or as soon after that as money is appropriated for the purpose. The second grant shall be disbursed within 30 days after the beginning of the borough's second fiscal year, or as soon after that as money is appropriated for the purpose. The third grant shall be disbursed within 30 days after the beginning of the borough's third fiscal year, or as soon after that as money is appropriated for the purpose.

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

Sec. 29.18.174. ORGANIZATION GRANT FUND. (a) The organization grant fund is established in the Department of Community and Regional Affairs. An appropriation made to the fund shall be used for organization grants to municipalities that qualify under AS 29.18.170 or 29.18.172 during the fiscal year.

(b) Before August 31 of each fiscal year the Department of Community and Regional Affairs shall submit a report to the Department of Administration indicating

(1) each municipality that qualifies to receive an organization grant during the next fiscal year;

(2) the amount of money needed to cover all organization grants during the next fiscal year.

Sec. 29.18.176. TRANSITIONAL ASSISTANCE TO BOROUGHS. (a) Within 30 days after the date of incorporation of a borough incorporated after July 1, 1982, the Department of Community and Regional Affairs shall determine the population of the borough.

(b) The Department of Community and Regional Affairs shall provide assistance to each borough incorporated after July 1, 1982, in

(1) establishing the initial sales and use tax assessment and collection department for a borough that has adopted a sales or use tax;

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

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

* Sec. 2. AS 29.05.180 is repealed and reenacted to read:

Sec. 29.05.180. ORGANIZATION GRANTS TO CITIES. (a) To defray the cost of transition to city government and to provide for interim government operations, each city incorporated after July 1, 1982, or, in the case of a second class city, incorporated or reclassified as a first class city after July 1, 1982, is entitled to an organization grant of $50,000 for the first full or partial fiscal year. The department shall disburse the organization grant within 30 days after certification of the incorporation election or the reclassification election, as soon after that as money is appropriated for the purpose.

(b) A city entitled to an organization grant under (a) of this section is entitled to a second organization grant of $25,000. The department shall disburse the second organization grant within 30 days after the beginning of the city's second fiscal year, or as soon after that time as money is appropriated for the purpose.

* Sec. 3. AS 29.05 is amended by adding new sections to read:

Sec. 29.05.190. ORGANIZATION GRANTS TO BOROUGHS. (a) To defray the cost of transition to borough government and to provide for interim government operations, each borough incorporated after July 1, 1982 is entitled to organization grants for the first three fiscal years after incorporation as follows:

(1) $300,000 for the first full or partial year;

(2) $200,000 for the second year; and

(3) $100,000 for the third year.

(b) The department shall disburse the first organization grant to a borough within 30 days after certification of the incorporation election favoring incorporation of a borough, or as soon after that as money is appropriated for the purpose. The second grant shall be disbursed within 30 days after the beginning of the borough's second fiscal year, or as soon after that as money is appropriated for the purpose. The third grant shall be disbursed within 30 days after the beginning of the borough's third fiscal year, or as soon after that as money is appropriated for the purpose.

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

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

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

(1) each municipality that qualifies to receive an organization grant during the next fiscal year;

(2) the amount of money needed to cover all organization grants during the next fiscal year.

Sec. 29.05.210. TRANSITIONAL ASSISTANCE TO BOROUGHS. (a) Within 30 days after the date of incorporation of a borough incorporated after July 1, 1982, the department shall determine the population of the borough.

(b) The department shall provide assistance to each borough incorporated after July 1, 1982, in

(1) establishing the initial sales and use tax assessment and collection department for a borough that has adopted a sales or use tax;

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

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

* Sec. 4. AS 29.18.180 is repealed.

* Sec. 5. Sections 1 and 4 of this Act are repealed.

* Sec. 6. Sections 2, 3, and 5 of this Act take effect on the effective date of a version of or successor to House Bill No. 170 or Senate Bill No. 180 that revises AS 29.

* Sec. 7. Sections 1 and 4 of this Act take effect immediately in accordance with AS 01.10.070(c).

Cook
5/7/82

Original sponsor: Rules/Legislative Council

IN THE SENATE BY THE FINANCE COMMITTEE

HOUSE CS FOR CS FOR SENATE BILL NO. 180 (Finance)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to municipal government; and providing for an effective date."

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

* Section 1. AS 29.03 is amended by adding a new section to read:

Sec. 29.03.030. PLATTING AUTHORITY. Subject to AS 40.15.075, the Department of Natural Resources is the platting authority in the unorganized borough in the area outside all cities.

* Sec. 2. AS 29 is amended by adding a new chapter to read:

CHAPTER 04. CLASSIFICATION OF MUNICIPALITIES.

Sec. 29.04.010. HOME RULE. A home rule municipality is a municipal corporation and political subdivision. It is a city or a borough that has adopted a home rule charter, or it is a unified municipality. A home rule municipality has all legislative powers not prohibited by law or charter.

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

Sec. 29.04.030. CLASSES OF GENERAL LAW. General law municipalities are of five classes:

(1) first class boroughs;

(2) second class boroughs;

(3) third class boroughs;

(4) first class cities;

(5) second class cities.

(g) A third class borough may reclassify as a first or second class borough in the manner provided by AS 29.35.320 - 29.35.330 for the addition of an areawide power by a first or second class borough, except the petition or proposal requests reclassification instead of requesting addition of a power.

(h) At the time of voting on reclassification of a third class borough to first or second class status, voters shall vote also on whether the borough shall on reclassification retain a combined assembly and school board or elect a separate assembly and board as otherwise provided for first and second class boroughs. If the majority of votes cast on the question favors retention of the combined assembly and board, the assembly serving at the time of the reclassification election continues to serve as the assembly and board on voter approval of reclassification and until terms of assemblymen expire as provided before reclassification. If a separate board and assembly are approved at the reclassification election, a school board shall be elected in conformity with AS 14.12.030 - 14.12.100 at the next regular election, if it occurs within 90 days of the date of the reclassification election, or otherwise at a special election within 90 days of the date of the reclassification election. Expiration dates of terms of school board members elected at a special election must coincide with the date of the regular election. Until a board is elected and qualified, the assembly continues to serve as the board.

* Sec. 3. AS 29 is amended by adding a new chapter to read:

CHAPTER 05. INCORPORATION.

ARTICLE 1. REQUIREMENTS.

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

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

to natural geography and include all areas necessary for full development of municipal services;

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

(4) land, water, and air transportation facilities allow the communication and exchange necessary for the development of integrated borough government.

ARTICLE 2. PROCEDURE.

Sec. 29.05.060. PETITION. Municipal incorporation is proposed by filing a petition with the department. The petition shall include the following information about the proposed municipality:

(1) class;

(2) name;

(3) boundaries;

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

(5) composition and apportionment of the governing body;

(6) a proposed operating budget for the municipality projecting sources of income and items of expenditure through the first full fiscal year of operation;

(7) for a first or second class borough, based on the number who voted in the respective areas in the last general election, the signature and resident address of 15 percent of the voters in

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

(B) the area of the proposed borough outside home rule

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

Cook
5/7/82

Original sponsor: Rules/Legislative Council

IN THE SENATE BY THE FINANCE COMMITTEE

HOUSE CS FOR CS FOR SENATE BILL NO. 180 (Finance)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to municipal government; and providing for an effective date."

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

* Section 1. AS 29.03 is amended by adding a new section to read:

Sec. 29.03.030. PLATTING AUTHORITY. Subject to AS 40.15.075, the Department of Natural Resources is the platting authority in the unorganized borough in the area outside all cities.

* Sec. 2. AS 29 is amended by adding a new chapter to read:

CHAPTER 04. CLASSIFICATION OF MUNICIPALITIES.

Sec. 29.04.010. HOME RULE. A home rule municipality is a municipal corporation and political subdivision. It is a city or a borough that has adopted a home rule charter, or it is a unified municipality. A home rule municipality has all legislative powers not prohibited by law or charter.

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

Sec. 29.04.030. CLASSES OF GENERAL LAW. General law municipalities are of five classes:

(1) first class boroughs;

(2) second class boroughs;

(3) third class boroughs;

(4) first class cities;

(5) second class cities.

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

(b) An election on the question of reclassification may be initiated in two ways:

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

(2) the council may propose reclassification.

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

(d) The council shall, within 30 days after its findings have been made public, order an election on the question of reclassification. The election shall be held at least 30 days after the order and not later than the next regular election occurring after the 30-day period. If more than one question is to be voted on at the election, each appears separately on the ballot.

(e) The council shall certify the election results to the department. If the majority of votes cast is favorable, the city shall be considered reclassified to first class status 30 days after certification of the election results.

(f) A second class borough may reclassify as a first class borough in the manner provided by AS 29.35.320 - 29.35.330 for the addition of an areawide power by a first or second class borough, except the petition or proposal requests reclassification instead of requesting addition of a power.

(g) A third class borough may reclassify as a first or second class borough in the manner provided by AS 29.35.320 - 29.35.330 for the addition of an areawide power by a first or second class borough, except the petition or proposal requests reclassification instead of requesting addition of a power.

(h) At the time of voting on reclassification of a third class borough to first or second class status, voters shall vote also on whether the borough shall on reclassification retain a combined assembly and school board or elect a separate assembly and board as otherwise provided for first and second class boroughs. If the majority of votes cast on the question favors retention of the combined assembly and board, the assembly serving at the time of the reclassification election continues to serve as the assembly and board on voter approval of reclassification and until terms of assemblymen expire as provided before reclassification. If a separate board and assembly are approved at the reclassification election, a school board shall be elected in conformity with AS 14.12.030 - 14.12.100 at the next regular election, if it occurs within 90 days of the date of the reclassification election, or otherwise at a special election within 90 days of the date of the reclassification election. Expiration dates of terms of school board members elected at a special election must coincide with the date of the regular election. Until a board is elected and qualified, the assembly continues to serve as the board.

* Sec. 3. AS 29 is amended by adding a new chapter to read:

CHAPTER 05. INCORPORATION.

ARTICLE 1. REQUIREMENTS.

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

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

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

(3) the economy of the community includes the human and financial resources necessary to provide municipal services; in considering the economy of the community, the Local Boundary Commission shall consider property values, economic base, personal income, resource and commercial development, anticipated functions, and the expenses and income of the proposed city, including the ability of the community to generate local revenue;

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

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

(b) A community that meets all the standards established in (a) of this section except (a)(1) may incorporate as a second class city.

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

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

Sec. 29.05.030. INCORPORATION OF A BOROUGH. An area may not incorporate as a third class borough. An area that meets the following standards may incorporate as a first or second class borough:

(1) the population of the area is interrelated and integrated as to its social, cultural, and economic activities, and is large and stable enough to support borough government;

(2) the boundaries of the proposed borough conform generally

to natural geography and include all areas necessary for full development of municipal services;

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

(4) land, water, and air transportation facilities allow the communication and exchange necessary for the development of integrated borough government.

ARTICLE 2. PROCEDURE.

Sec. 29.05.060. PETITION. Municipal incorporation is proposed by filing a petition with the department. The petition shall include the following information about the proposed municipality:

(1) class;

(2) name;

(3) boundaries;

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

(5) composition and apportionment of the governing body;

(6) a proposed operating budget for the municipality projecting sources of income and items of expenditure through the first full fiscal year of operation;

(7) for a first or second class borough, based on the number who voted in the respective areas in the last general election, the signature and resident address of 15 percent of the voters in

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

(B) the area of the proposed borough outside home rule

and first class cities;

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

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

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

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

(12) for a second class city, based on the number who voted in the area in the last general election, the signature and resident address of 25 voters in the proposed city or of 15 percent of the voters in the proposed city, whichever is greater.

Sec. 29.05.070. REVIEW. The department shall review an incorporation petition for content and signatures and shall return a deficient petition for correction and completion.

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

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

(c) The department shall report its findings to the Local Boundary Commission with its recommendations regarding the incorporation.

Sec. 29.05.090. HEARING. The Local Boundary Commission shall hold at least one public hearing in the area proposed to be incorporated for

the purpose of receiving testimony and evidence on the proposal.

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

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

Sec. 29.05.110. INCORPORATION ELECTION. (a) The Local Boundary Commission shall immediately notify the director of elections of its acceptance of an incorporation petition. Within 30 days after notification, the director of elections shall order an election in the proposed municipality to determine whether the voters desire incorporation and, if so, to elect the initial municipal officials. If incorporation is rejected, no officials are elected. The election must be held not less than 30 or more than 90 days after the date of the election order. The election order must specify the dates during which nomination petitions for election of initial officials may be filed.

(b) A voter who has been a resident of the area within the proposed municipality for 30 days before the date of the election order may vote.

(c) Areawide borough powers included in an incorporation petition are considered to be part of the incorporation question. In an election for the incorporation of a second class borough, each nonareawide power to be exercised is placed separately on the ballot. Adoption of a nonareawide power requires a majority of the votes cast on the question, and the vote is limited to the voters residing in the proposed borough

but outside all cities in the borough.

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

Sec. 29.05.120. ELECTION OF INITIAL OFFICIALS. (a) Nominations for initial municipal officials are made by petition. The petition shall be in the form prescribed by the director of elections and include the name and address of the nominee and a statement of the nominee that he is qualified under the provisions of this title for the office that he seeks. A person may file for and occupy more than one office, but he may not serve simultaneously as borough mayor and as a member of the assembly or as city mayor and as a member of the council.

(b) Except for a proposed second class city, petitions to nominate initial officials must include the signature and resident address of 50 voters in the area of the proposed municipality, or that area of the proposed municipality from which the officials are to be elected under the composition and apportionment set out in the accepted incorporation petition.

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

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

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

(f) The initial elected members of the governing body shall determine by lot the length of their terms of office so that a proportionate number of terms expire each year, resulting in staggered terms of office

for members subsequently elected.

Sec. 29.05.130. INTEGRATION OF SPECIAL DISTRICTS AND SERVICE AREAS. A service area in a newly incorporated municipality shall be integrated into the municipality within two years after the date of incorporation. On integration the municipality succeeds to all the rights, powers, duties, assets and liabilities of the service area. After integration, the municipality may exercise in a former service area all of the rights and powers exercised by the service area at the time of integration, and, as successor to the service area, may levy and collect special charges, taxes, or assessments to amortize bonded indebtedness incurred by the service area or by a municipality in which the service area was formerly located. On integration all property in the service area subject to taxation to pay the principal and interest on bonds at the time of integration remains subject to taxation for that purpose.

Sec. 29.05.140. TRANSITION. (a) The powers and duties exercised by cities and service areas that are succeeded to by a newly incorporated municipality continue to be exercised by the cities and service areas until the new municipality assumes the powers and functions, which may not exceed two years after the date of incorporation. Ordinances, rules, resolutions, procedures, and orders in effect before the transfer remain in effect until superseded by the action of the new municipality.

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

(c) After the incorporation of a new municipality, no service area in it may assume new bonded indebtedness, make a contract, or transfer

an asset without the consent of the governing body.

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

Sec. 29.05.150. CHALLENGE OF LEGALITY. A person may not challenge the formation of a municipality except within six months after the date of its incorporation.

ARTICLE 3. TRANSITIONAL ASSISTANCE.

Sec. 29.05.180. ORGANIZATION GRANTS. (a) For the purpose of defraying the cost of transition to municipal government and in order to provide for development and interim governmental operations, each first class borough, second class borough, and city incorporated after July 1, 1982, or, in the case of a second class city, incorporated or reclassified after July 1, 1982, is entitled to an organization grant equal to $10 for every voter who voted in the incorporation election. However, each first or second class borough and each first class city incorporated or established by reclassification outside an organized borough is entitled to at least $25,000.

(b) Within 30 days after the date of incorporation of a first class borough, second class borough, or city after July 1, 1982, the department shall determine the number of voters in the municipality who voted in the incorporation election.

(c) Within 30 days after the completion of its findings, or as soon after that as money is appropriated to it for the purpose, the department shall transmit to the municipality the total amount of money to which the municipality is entitled under this section.

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

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

CHAPTER 06. ALTERATION OF MUNICIPALITIES.

ARTICLE 1. CHANGE OF NAME.

Sec. 29.06.010. CHANGE OF MUNICIPAL NAME. (a) The governing body of a municipality may change the official municipal name by adopting an ordinance for the purpose and filing the ordinance with the office of the lieutenant governor. Upon receipt of an ordinance ratified by the voters, the lieutenant governor shall issue an order to the municipality changing its existing name. The name change shall become effective on a date fixed in the order and occurring within 45 days after receipt of the ordinance. A copy of the order shall be transmitted to the department.

(b) If an ordinance adopted under (a) of this section that results in a change of the municipal name is subsequently repealed, the lieutenant governor shall issue an order reinstating the former name within 45 days after the date of the order, unless a different name is adopted as provided in (a) of this section.

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

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

ARTICLE 2. ANNEXATION AND DETACHMENT.

Sec. 29.06.040. LOCAL BOUNDARY COMMISSION. (a) The Local Boundary Commission may consider any proposed municipal boundary change. It may reject the proposed change, accept the proposed change, or alter the boundaries and accept the proposal as altered. A Local Boundary Commission decision under this subsection may be appealed under the Adminis-

trative Procedure Act (AS 44.62).

(b) The Local Boundary Commission may present a proposed municipal boundary change to the legislature during the first 10 days of a regular session. The change becomes effective 45 days after presentation or at the end of the session, whichever is earlier, unless disapproved by a resolution concurred in by a majority of the members of each house.

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

(1) a proposed annexation and detachment must be approved by a majority of votes on the question cast by voters residing in the area proposed to be annexed or detached;

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

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

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

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

Sec. 29.06.060. APPLICATION. AS 29.06.040 - 29.06.060 apply to

home rule and general law municipalities.

ARTICLE 3. MERGER AND CONSOLIDATION.

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

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

(1) petition to the Local Boundary Commission under regulations adopted by the commission; or

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

Sec. 29.06.100. PETITION. (a) Residents of two or more municipalities may file a merger or consolidation petition with the department. The petition must be signed by a number of voters of each existing municipality equal to at least 25 percent of the number of votes cast in each municipality's last regular election.

(b) The petition includes

(1) the name and class of each existing municipality;

(2) the name and class of the proposed municipality;

(3) the proposed composition and apportionment of the governing body;

(4) maps, documents, and other information that shows that the proposed municipality meets the standards for municipal incorporation.

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

(b) If the petition contains the required information and signa-

tures, the department shall investigate the proposal.

(c) The department shall report its findings to the Local Boundary Commission with its recommendations regarding the merger or consolidation.

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

Sec. 29.06.130. DECISION. (a) If the Local Boundary Commission determines that the proposed municipality fails to meet the standards for incorporation, it shall reject the merger or consolidation petition. If the commission determines that the proposed municipality meets these standards, it shall accept the petition. If the commission determines that the proposed boundaries or the composition and apportionment of the governing body can be altered to meet the standards, it may change the proposal and accept the petition.

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

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

(b) The director of elections shall supervise the election in the general manner prescribed by the Alaska Election Code (AS 15). The

state shall pay all election costs.

(c) The director of elections shall certify the election results. If merger or consolidation is approved, he shall, within 10 days, set a date for election of officials of the new municipality. The election date must be not less than 60 or more than 90 days after the election order and it is the effective date for the merger or consolidation.

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

(b) When two or more municipalities consolidate, the newly incorporated municipality succeeds to the rights, powers, duties, assets, and liabilities of the consolidated municipalities.

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

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

ARTICLE 4. UNIFICATION OF MUNICIPALITIES.

Sec. 29.06.190. UNIFICATION OF MUNICIPALITIES AUTHORIZED. A borough and all cities in the borough may unite to form a single unit of home rule government by complying with AS 29.06.190 - 29.06.400.

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

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

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

state shall pay all election costs.

(c) The director of elections shall certify the election results. If merger or consolidation is approved, he shall, within 10 days, set a date for election of officials of the new municipality. The election date must be not less than 60 or more than 90 days after the election order and it is the effective date for the merger or consolidation.

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

(b) When two or more municipalities consolidate, the newly incorporated municipality succeeds to the rights, powers, duties, assets, and liabilities of the consolidated municipalities.

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

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

ARTICLE 4. UNIFICATION OF MUNICIPALITIES.

Sec. 29.06.190. UNIFICATION OF MUNICIPALITIES AUTHORIZED. A borough and all cities in the borough may unite to form a single unit of home rule government by complying with AS 29.06.190 - 29.06.400.

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

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

Sec. 29.06.210. PETITION REQUIREMENTS. (a) A unification petition shall read:

"PETITION FOR ELECTION OF CHARTER COMMISSION TO PROPOSE UNIFICATION CHARTER. We, the undersigned, qualified voters of the borough do hereby petition that the following proposition be placed before the voters as provided by law: 'Shall a charter commission be formed (and charter commission members be elected as elsewhere provided on this ballot) to prepare, adopt and submit to the voters for their approval or rejection a proposed charter uniting the borough and all cities within it as a single unit of home rule government having the powers, duties and functions of a unified municipality as authorized by law? Yes [] No []'

Signature	Address	Inside First Class Class or Home Rule City	Outside First or Home Rule City"

(b) The petition shall be signed by at least

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

(2) the number of voters residing in home rule or first class cities in the borough equal to 25 percent of the votes cast in all home rule and first class cities in the borough in the last regular borough election.

Sec. 29.06.220. REVIEW OF PETITION. The assembly shall review a unification petition within 15 days to determine whether it complies with AS 29.06.210. If the petition does not meet the designated requirements, it shall be immediately returned to the person who initiated the petition with a statement indicating which requirements have not been satisfied.

Sec. 29.06.230. COMPOSITION OF CHARTER COMMISSION. The charter

commission shall consist of 11 voters, three of whom are residents elected at large from the borough and eight of whom, proportionate to the population as determined by the department, are

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

(2) residents of and elected from home rule or first class cities in the borough.

Sec. 29.06.240 CHARTER COMMISSION NOMINATIONS. (a) If the assembly determines that a unification petition meets the requirements of AS 29.06.210, or the assembly by its resolution proposes an election on formation of a charter commission, the assembly shall issue a call for the nomination of commission candidates, specifying the filing deadline and the procedure for making nominations.

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

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

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

Sec. 29.06.250. QUALIFICATIONS OF CANDIDATES. A person is eligible to be nominated as a candidate for the charter commission if he has been a voter of the area from which he seeks election for at least one year immediately preceding the date his nomination petition is

filed.

Sec. 29.06.260. ELECTION. (a) After receipt of a valid unification petition or adoption of an assembly resolution to propose formation of a charter commission, the assembly shall submit to the voters the question of whether a charter commission shall be formed to prepare a proposed unification charter. The vote shall be held at the next regular borough election scheduled at least 90 days after receipt of the petition or adoption of the resolution. The ballot shall be worded exactly as in AS 29.06.210(a).

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

(c) All costs incurred in conducting an election under AS 29.06.-190 - 29.06.400 shall be paid by the borough.

Sec. 29.06.270. REQUIREMENTS FOR APPROVAL OF FORMATION AND ELECTION OF CHARTER COMMISSION. (a) The votes on the question of formation of a charter commission shall be tabulated in two separate classifications. One classification consists of all votes cast in first class and home rule cities in the borough. The other classification consists of all votes cast in the remaining area of the borough. In order for formation of a charter commission to be approved, a majority of the votes in each classification must favor formation of the commission.

(b) If formation of a charter commission is approved, candidates who received the highest number of votes from their respective areas shall serve as members of the commission.

Sec. 29.06.280. CHARTER COMMISSION ORGANIZATION AND PROCEDURE. (a) The charter commission shall hold its first meeting within 30 days after certification of its election. The commission shall elect from among its members a chairman and a deputy chairman.

(b) A majority of the total membership of the charter commission constitutes a quorum. A decision of the commission is not valid or binding unless approved by the number of members necessary to constitute a quorum.

(c) The charter commission may elect other officials from among its membership, adopt rules governing its procedures that are consistent with AS 29.06.190 - 29.06.400 and hire and discharge employees.

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

Sec. 29.06.290. VACANCIES. (a) Vacancies on the charter commission shall be filled by a majority vote of the commission, except the assembly shall appoint members to fill vacancies if, after a proposed charter is rejected by the voters, more than one-half of the members resign.

(b) A person who fills a vacancy on the charter commission must be a voter of the same area as the person whom he succeeds and must have been a voter of that area for at least one year immediately preceding the date he fills the vacancy.

Sec. 29.06.300. PER DIEM. The assembly may grant a per diem allowance to members of the charter commission and may reimburse the members for travel expenses incurred in carrying out the duties prescribed by AS 29.06.190 - 29.06.400. Costs, fees, and other expenses incurred by the commission are a debt of the borough and shall be paid upon proper verification.

Sec. 29.06.310. CHARTER PREPARATION. The charter commission shall prepare, adopt, and submit a proposed home rule charter for the area to be unified to the voters for approval or rejection. The charter shall include

(1) provision for adjustment of existing bonded indebtedness and other obligations in a manner that will reserve a fair and equitable burden of taxation for debt service, subject to AS 29.06.370;

(2) provision for

(A) the establishment of service areas; and

(B) if election of members of the governing body is not areawide, the establishment of districts for the election of members of the governing body of the proposed unified municipality and procedures by which to reapportion the election districts;

(C) reapportionment of districts if they are established;

(3) provision for nonpartisan government, and the selection, organization, authority, and responsibilities of the governing body and its executive and administrator;

(4) the transfer or other disposition of property and other rights, claims, assets, and franchises of the municipalities to be unified under the charter;

(5) provision for exercise of the rights of initiative and referendum;

(6) a method of amending the charter;

(7) the date on which the charter, if approved at the charter election, is effective;

(8) designation of the proposed unified municipality's official name;

(9) other charter provisions that may be included in a home rule charter.

Sec. 29.06.320. PUBLIC HEARINGS. Both before and after drafting the proposed home rule charter, the charter commission shall hold a public hearing in each area represented on the assembly. Other public hearings may be held by the commission as it considers necessary.

Sec. 29.06.330. FILING OF PROPOSED CHARTER. Upon the adoption of a proposed home rule charter by the charter commission, the charter shall be signed by at least a majority of the total membership of the commission and shall be filed with the borough clerk. A copy of the charter with signatures affixed shall also be filed with the clerk of each city in the borough.

Sec. 29.06.340. PUBLICATION AND POSTING OF PROPOSED CHARTER. Within 10 days after filing the proposed home rule charter, the borough clerk shall have it published. In addition, the clerk shall have a copy of the proposed charter posted in at least three public places in each city and each unincorporated community in the borough. Copies of the proposed charter shall be made available by the assembly to the public at both the office of the borough clerk and the office of the clerk of each city in the borough. The clerk shall have notice of the publication, posting, and availability of the proposed charter published.

Sec. 29.06.350. ELECTION ON CHARTER. (a) The proposed home rule charter adopted by the charter commission shall be submitted to the voters at a borough election held within 60 days of the date of publication and posting of the proposed charter. The borough clerk shall prepare the ballots for use in the election and shall give notice of the election by radio and television in a manner intended to apprise the entire borough population of the election. The election shall be conducted under procedures applicable to regular elections.

(b) A person who is a voter of the borough may vote in the election on the proposed charter.

(c) If a majority of the votes in the area of the borough outside all home rule or first class cities, and a majority of the votes in all home rule and first class cities in the borough are cast in favor of the proposed charter, the charter is ratified. If the charter is ratified,

election results shall be certified to the commission and two copies of the charter shall be filed with

(1) the lieutenant governor;

(2) the commissioner of the department;

(3) the district recorder for the area of the borough;

(4) the clerk of the borough;

(5) the clerk of each city in the borough.

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

Sec. 29.06.360. EFFECT OF THE CHARTER AFTER RATIFICATION. Upon ratification, the home rule charter of a unified municipality operates to dissolve all municipalities in the area unified in accordance with the charter.

Sec. 29.06.370. ASSETS AND LIABILITIES. A unified municipality shall succeed to all the assets and liabilities of the municipalities it unified. A bonded indebtedness or other debt incurred before unification remains the tax obligation of the area that contracted the debt, except that by ordinance the tax obligation may be assumed by a larger area if the governing body determines that the asset for which the bonded indebtedness or other debt was incurred benefited the larger area before unification, or benefits the larger area after unification. However, bonded indebtedness or other debt for sewage collection systems, water distribution systems, and streets, even if determined to be benefiting a larger area than that which incurred the debt, remains the tax obligation of the area that incurred the debt.

Sec. 29.06.380. TRANSITION. Within two years after ratification of the home rule charter, the unified municipality shall revise, repeal, or reaffirm all municipal ordinances, resolutions, and orders in effect in the area of the unified municipality on the date of unification. Each ordinance, resolution, regulation, or order in effect on the date of unification remains in effect until superseded by action of the unified municipality.

Sec. 29.06.390. RIGHT TO STATE AND FEDERAL AID. All provisions of law authorizing aid from the state or federal government to a former municipality that was in the area of a unified municipality remain in effect after unification.

Sec. 29.06.400. POWERS OF A UNIFIED MUNICIPALITY. A municipality unified under AS 29.06.190 - 29.06.400 has all powers

(1) not prohibited by law or charter; and

(2) granted to a home rule borough.

Sec. 29.06.410. APPLICATION. AS 29.06.190 - 29.06.410 apply to home rule and general law municipalities.

ARTICLE 5. DISSOLUTION.

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

(1) petition to the Local Boundary Commission under regulations adopted by the commission; or

(2) the local option method specified in AS 29.06.460 - 29.06.520.

(b) The department shall investigate a municipality that it considers to be inactive and shall report to the Local Boundary Commission on the status of the municipality. The commission may submit its recommendation to the legislature that the municipality be dissolved in the manner provided for submission of boundary changes in art. X, sec.

12 of the state constitution.

(c) A borough is dissolved when its entire territory is included in a home rule or first class city or cities. A city is dissolved when all its powers become areawide borough powers.

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

(b) The petition must include

(1) the name of the municipality;

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

Sec. 29.06.470. STANDARDS. (a) Except as provided in (b) of this section, residents of a municipality may petition for dissolution when

(1) it is free of debt, or, if in debt, each of its creditors is satisfied with a method of repayment; and

(2) either it no longer meets the minimum standards prescribed for incorporation by AS 29.05, or former AS 29.18.030 if it is a third class borough, or it ceases to use each one of its mandatory powers.

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

Sec. 29.06.480. REVIEW. (a) The department shall review a dissolution petition for content and signatures, and shall return a deficient petition for correction or completion.

(b) If the petition contains the required information and signa-

tures, the department shall investigate the proposal.

Sec. 29.06.490. REPORT AND HEARING. (a) The department shall report its findings to the Local Boundary Commission with its recommendation regarding the dissolution of a municipality .

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

Sec. 29.06.500. DECISION. (a) If the Local Boundary Commission determines that a municipality fails to meet the standards for dissolution, it shall reject the petition. If the commission determines that the municipality meets the standards, it shall accept the petition.

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

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

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

(c) The director of elections shall certify the election results. If dissolution is approved, he shall declare that the municipality is dissolved effective on the date of certification.

Sec. 29.06.520. SUCCESSION. The government succeeding to a dissolved municipality succeeds to all its rights, powers, duties, assets, and liabilities.

Sec. 29.06.530. APPLICATION. AS 29.06.450 - 29.06.530 apply to

home rule and general law municipalities.

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

CHAPTER 10. HOME RULE MUNICIPALITIES.

ARTICLE 1. CHARTERS.

Sec. 29.10.010. MUNICIPAL CHARTER ADOPTION. (a) A general law borough or first class city may adopt a charter for its own government. A second class city may adopt a charter for its own government if the department determines from the best figures available that the population of the city is at least 600 permanent residents. A home rule municipality may adopt a new charter.

(b) A charter is prepared by a charter commission of seven elected members. A candidate for the commission shall be a voter of the municipality for three years immediately preceding the charter commission election.

(c) A charter commission election is called by filing a petition with the governing body or by resolution of the governing body. The petition shall be signed by a number of voters equal to 15 percent of the votes cast in the last regular election in the municipality.

Sec 29.10.020. NOMINATION. (a) A charter commission candidate is nominated by a petition signed by 50 voters or the number of voters equal to 10 percent of the number of votes cast in the municipality during the last regular election, whichever is less.

(b) A nomination petition shall be filed with the municipal clerk on or before a date fixed by the governing body. If at least seven nominations for qualified charter commission candidates are not filed, the petition or resolution calling for a charter commission is void and no election on the question may be held.

Sec. 29.10.030. ELECTION. At a charter commission election the voters shall consider the question "Shall a charter commission be elected

to prepare a proposed charter?" and shall elect the members of the commission. If the question is approved, the seven candidates receiving the highest number of votes shall immediately organize as a charter commission.

Sec. 29.10.040. PREPARATION OF CHARTER. The charter commission shall, within one year, prepare a proposed home rule charter. The proposed charter shall be signed by a majority of the members of the commission and filed in the office of the municipal clerk. Within 15 days, the clerk shall have the proposed charter published and make copies available. The commission shall give published notice of and hold at least one public hearing on the proposed charter before the signing and filing of the charter.

Sec. 29.10.050. INITIATIVE AND REFERENDUM. (a) A home rule charter shall provide procedures for initiative and referendum.

(b) A charter may not require an initiative or referendum petition to have a number of signatures greater than 25 percent of the total votes cast in the municipality at the last regular election.

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

Sec. 29.10.060. CHARTER ELECTION. The proposed home rule charter shall be submitted to the voters at an election held not less than 30 days or more than 90 days after the proposed charter is published.

Sec. 29.10.070. CHARTER ADOPTION. (a) If a majority of those voting on the question favor the proposed charter, it becomes the organic law of the municipality effective on the date the election is certified. Thereafter, a court shall take judicial notice of the charter. The new home rule municipality shall file the indicated number of copies of the charter with

(1) the lieutenant governor -- two copies;

(2) the department -- two copies;

(3) the district recorder -- one copy;

(4) the municipal clerk -- one copy.

(b) At the time of voting on the proposed charter in a third class borough, voters shall vote also on whether the borough shall on adoption of the charter retain a combined assembly and school board or elect a separate assembly and board as otherwise provided for home rule boroughs If the majority of votes cast on the question favors retention of the combined assembly and board, the assembly serving at the time of the charter election continues to serve as the assembly and board on voter approval of the charter and until terms of assemblymen expire as provided before adoption of the charter. If a separate board and assembly are approved at the charter election, a school board shall be elected in conformity with AS 14.12.030 - 14.12.100 at the next regular election, if it occurs within 90 days of the date of the charter election, or otherwise at a special election within 90 days of the date of the charter election. Expiration dates of terms of school board members elected at a special election must coincide with the date of the regular election. Until a board is elected and qualified, the assembly continues to serve as the board.

(c) If a proposed charter is rejected, the charter commission shall prepare another proposed charter to be submitted to the voters at an election to be held within one year after the date of the first charter election. If the second proposed charter is also rejected, the charter commission shall be dissolved and the question of adoption of a charter shall be treated as if it had never been proposed or approved.

Sec. 29.10.080. CHARTER AMENDMENT. (a) A home rule charter may be amended as provided in the charter except that no amendment is effec-

tive unless ratified by the voters.

(b) This section applies to home rule municipalities.

ARTICLE 2. HOME RULE LIMITATIONS.

Sec. 29.10.110. LIMITATION OF HOME RULE POWERS. Only the following provisions of this title apply to home rule municipalities as prohibitions on acting otherwise than as provided. These provisions supersede existing and prohibit future home rule enactments that provide otherwise:

(1) AS 29.05.140 (transition)

(2) AS 29.06.010 (change of municipal name)

(3) AS 29.06.040 - 29.06.060 (annexation and detachment)

(4) AS 29.06.090 - 29.06.170 (merger and consolidation)

(5) AS 29.06.190 - 29.06.410 (unification of municipalities)

(6) AS 29.06.450 - 29.06.530 (dissolution)

(7) AS 29.10.080 (charter amendment)

(8) AS 29.20.010 (conflict of interest)

(9) AS 29.20.020 (meetings public)

(10) AS 29.20.050 (legislative power)

(11) AS 29.20.060 - 29.20.120 (assembly composition and apportionment)

(12) AS 29.20.140 (qualifications of members of governing bodies)

(13) AS 29.20.150 (term of office)

(14) AS 29.20.220 (executive power)

(15) AS 29.20.630 (prohibitions)

(16) AS 29.20.640 (reports)

(17) AS 29.25.010(a)(10) (municipal exemption on contractor bond requirements)

(18) AS 29.25.050 (codification)

(19) AS 29.25.060 (resolutions)

(20) AS 29.26.030 (notice of elections)

(21) AS 29.26.050 (voter qualification)

(22) AS 29.26.240 - 29.26.360 (recall)

(23) AS 29.35.020 (extraterritorial jurisdiction)

(24) AS 29.35.030 (eminent domain)

(25) AS 29.35.050 (garbage and solid waste services)

(26) AS 29.35.070 (public utilities)

(27) AS 29.35.110 (post audit)

(28) AS 29.35.150(b) (effect of areawide exercise of borough powers)

(29) AS 29.35.160 (education)

(30) AS 29.35.170(b) (assessment and collection of taxes)

(31) AS 29.35.180(b) (land use regulation)

(32) AS 29.35.250 (cities inside boroughs)

(33) AS 29.35.260 (cities outside boroughs)

(34) AS 29.35.340 (acquisition of areawide power)

(35) AS 29.40.160(a) - (c) (title to vacated areas)

(36) AS 29.40.200 (subdivisions of state land)

(37) AS 29.45.010 - 29.45.570 (property taxes)

(38) AS 29.45.650(c) and (d) (sales and use tax)

(39) AS 29.46.090 (exemption from special assessment)

(40) AS 29.47.200(b) (security for bonds)

(41) AS 29.47.260 (construction)

(42) AS 29.60.050(a) (limitation on computation and use of payment)

(43) AS 29.60.120(a) and (c) (state aid for health facilities and hospitals)

(44) AS 29.60.230 (state aid for hospital and health facility

construction)

(45) AS 29.65.010 - 29.65.140 (general grant land)

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

CHAPTER 20. MUNICIPAL OFFICERS AND EMPLOYEES.

ARTICLE 1. CONFLICT OF INTEREST, PUBLIC MEETINGS.

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

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

(2) the presiding officer shall rule on a request to be excused from a vote; and

(3) the decision of the presiding officer on a request to be excused from a vote may be overidden by the majority vote of the governing body.

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

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

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

ARTICLE 2. GOVERNING BODIES.

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

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

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

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

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

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

(e) This section applies to home rule and general law municipalities.

Sec. 29.20.070. COMPOSITION AND FORM OF REPRESENTATION. (a) The assembly shall provide for its composition and for the form of its representation.

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

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

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

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

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

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

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

(d) The assembly shall, within 30 days after certification of the results of the election held under this section, adopt an ordinance providing for

(1) composition of the assembly;

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

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

(e) This section does not apply to a

(1) unified municipality;

(2) home rule borough if the home rule charter contains procedures for changing assembly composition and form of representation.

Sec. 29.20.080. ASSEMBLY RECOMPOSITION AND REAPPORTIONMENT. (a) Not later than two months after the official report of a federal decennial census, the assembly shall determine and declare by resolution whether the existing apportionment of the assembly meets the standards

of AS 29.20.060. If the assembly submits to the voters a form of representation that includes election of assembly members under AS 29.-20.070(b)(2) or (b)(3) the assembly shall submit with the proposition a proposed plan of apportionment that corresponds to the form of representation proposed. The assembly shall describe the plan of apportionment in the ballot proposition, and may present the plan in any manner that it believes accurately describes the apportionment that is proposed under the form of representation. If the assembly determines that its existing apportionment meets the standards of AS 29.20.060, the assembly may include the existing apportionment as a proposed plan of apportionment of assembly seats that corresponds to a form of representation that is proposed.

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

(c) If a petition signed by not less than 50 voters requests the assembly to determine whether the existing apportionment meets the standards for apportionment in AS 29.20.060, and the petition contains evidence that the existing apportionment does not meet those standards, the assembly may make the determination requested. The assembly shall make a determination required by this subsection within two months of receipt of a petition that meets the requirements of this subsection.

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

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

Sec. 29.20.090. APPORTIONMENT APPEALS. (a) A reapportionment ordinance approved by the voters, or a decision of the assembly that the standards of AS 29.20.060 do not require a change in apportionment, may be appealed to the commissioner. Fifty voters may submit a petition to the commissioner requesting the commissioner to determine whether the proposed reapportionment ordinance approved by the voters meets the standards of AS 29.20.060 or whether a decision of the assembly that the standards of AS 29.20.060 do not require a change of apportionment is correct. If the petition asks the commissioner to review an ordinance approved by the voters under AS 29.20.080(e), the petition shall be delivered to the commissioner not later than 20 days after certification of the election. If the petition asks the commissioner to review a decision of the assembly under AS 29.20.080(c), the petition shall be delivered to the commissioner within 20 days of the decision of the assembly.

(b) The commissioner shall review the petition and may make the determination requested. The commissioner shall provide copies of his determination to the persons petitioning for appeal and to borough officials not later than 60 days after he receives the petition.

(c) If the commissioner determines that the proposed reapportion-

ment ordinance approved by the voters does not meet the standards of AS 29.20.060, or if he determines that the decision of the assembly that the standards of AS 29.20.060 do not require a change of apportionment is not correct, the commissioner shall, by order, direct the assembly to prepare a reapportionment ordinance that meets the standards of AS 29.-20.060 and submit the ordinance to the voters.

(d) When the assembly has been directed by the commissioner to prepare a reapportionment ordinance under (c) of this section, the assembly shall, within two months after its receipt of the commissioner's order, adopt an ordinance providing for reapportionment. The assembly shall submit an ordinance adopted under this subsection to the voters at an election held within 60 days after the date of adoption of the reapportionment ordinance.

(e) If at the end of the time period provided under (d) of this section an ordinance providing for reapportionment has not been approved by the voters, the commissioner shall provide for the reapportionment of the assembly in accordance with the standards of AS 29.20.060 by preparing an order of reapportionment and delivering the order to the borough mayor.

Sec. 29.20.100. JUDICIAL REVIEW AND RELIEF. (a) The commissioner may request the superior court to enforce a reapportionment order issued under AS 29.20.090(e).

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

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

(2) a determination by the assembly under AS 29.20.080 that the standards of AS 29.20.060 do not require a change in apportionment;

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

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

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

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

Sec. 29.20.110. EFFECTIVE DATE OF APPORTIONMENT. (a) A change in assembly apportionment or composition under AS 29.20.080 or 29.20.090 is effective beginning with the first regular election for members of the assembly that is held more than 60 days after the later of

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

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

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

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

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

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

of the assembly.

Sec. 29.20.120. APPLICABILITY OF APPORTIONMENT PROVISIONS. The provisions of AS 29.20.080 - 29.20.110 do not apply to a

(1) unified municipality;

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

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

Sec. 29.20.140 QUALIFICATIONS. (a) A borough voter is eligible to be a member of the assembly and a city voter is eligible to be a member of the council. A member of the governing body who ceases to be a voter in the municipality immediately forfeits his office.

(b) A municipality may by ordinance establish a durational residency requirement not to exceed three years for members of the governing body.

(c) A municipality may by ordinance establish district residency requirements for members of its governing body. A member of the governing body who represents a district and who becomes a resident of another district in the municipality continues to serve until the next regular election unless provided otherwise by ordinance.

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

(e) This section applies to home rule and general law municipalities.

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

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

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

Sec. 29.20.110. EFFECTIVE DATE OF APPORTIONMENT. (a) A change in assembly apportionment or composition under AS 29.20.080 or 29.20.090 is effective beginning with the first regular election for members of the assembly that is held more than 60 days after the later of

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

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

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

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

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

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

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

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

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

Sec. 29.20.110. EFFECTIVE DATE OF APPORTIONMENT. (a) A change in assembly apportionment or composition under AS 29.20.080 or 29.20.090 is effective beginning with the first regular election for members of the assembly that is held more than 60 days after the later of

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

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

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

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

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

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

of the assembly.

Sec. 29.20.120. APPLICABILITY OF APPORTIONMENT PROVISIONS. The provisions of AS 29.20.080 - 29.20.110 do not apply to a

(1) unified municipality;

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

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

Sec. 29.20.140 QUALIFICATIONS. (a) A borough voter is eligible to be a member of the assembly and a city voter is eligible to be a member of the council. A member of the governing body who ceases to be a voter in the municipality immediately forfeits his office.

(b) A municipality may by ordinance establish a durational residency requirement not to exceed three years for members of the governing body.

(c) A municipality may by ordinance establish district residency requirements for members of its governing body. A member of the governing body who represents a district and who becomes a resident of another district in the municipality continues to serve until the next regular election unless provided otherwise by ordinance.

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

(e) This section applies to home rule and general law municipalities.

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

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

(c) The regular term of office begins on the first Monday following certification of the election, unless a different date is prescribed by charter or ordinance.

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

Sec. 29.20.160. PROCEDURES OF GOVERNING BODIES. (a) The assembly shall elect from among its members a presiding officer and a deputy presiding officer to serve at the pleasure of the members, except that in a borough that has adopted a manager form of government under AS 29.-20.450 - 29.20.520 the mayor serves as presiding officer. In a city the mayor serves as presiding officer. If the presiding officer is not present or disqualifies himself, the deputy presiding officer shall preside.

(b) A governing body shall hold at least one regular meeting each month unless otherwise provided by ordinance. If a majority of the members are given at least 24 hours oral or written notice and reasonable efforts are made to notify all members, a special meeting of the governing body may be held at the call of the presiding officer or at least one-third of the members. A special meeting may be conducted with less than 24 hours notice if all members are present or if absent members have waived in writing the required notice. Waiver of notice can be

made before or after the special meeting is held. A waiver of notice shall be made a part of the journal for the meeting.

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

(d) Actions of a governing body are adopted by a majority of the total membership of the body. All members present shall vote on every question, unless they are required to abstain from voting on a question by law. The final vote of each member on each ordinance, resolution, or substantive motion shall be recorded "yes" or "no", except that if the vote is unanimous it may be recorded "unanimous".

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

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

Sec. 29.20.170. VACANCIES. The governing body may provide by ordinance the manner in which a vacancy occurs in any elected office except the office of mayor or school board member. Unless otherwise provided by ordinance, the governing body shall declare an elective office, other than the office of mayor or school board member, vacant when the person elected

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

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

(3) resigns and his resignation is accepted;

(4) is physically or mentally unable to perform the duties

of his office as determined by two-thirds vote of the governing body;

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

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

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

(8) if a member of the governing body, misses three consecutive regular meetings and is not excused.

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

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

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

ARTICLE 3. MUNICIPAL EXECUTIVE AND ADMINISTRATOR.

Sec. 29.20.220. EXECUTIVE POWER. (a) The executive power in a municipality is vested in a mayor. The mayor of a home rule or unified municipality is elected by the voters, and the mayor of other municipalities is elected in accordance with AS 29.20.230.

(b) The mayor acts as ceremonial head of government, executes official documents on authorization of the governing body, and is

responsible for additional duties and powers prescribed by this chapter or by home rule charter.

(c) This section applies to home rule and general law municipalities.

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

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

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

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

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

Sec. 29.20.250. POWERS AND DUTIES OF MAYOR. (a) If a municipality

has not adopted a manager plan of government under AS 29.20.460 - 29.20.520, the administrative power is vested in the mayor and the mayor has the same powers and duties as those of the manager.

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

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

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

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

(c) The veto does not extend to

(1) appropriation items in a school budget ordinance;

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

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

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

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

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

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

(3) resigns and his resignation is accepted;

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

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

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

(7) no longer physically resides in the municipality; or

(8) if, as a member of the governing body in a second class city, he misses three consecutive regular meetings and is not excused.

(b) A vacancy in the office of mayor occurring six months before a regular election shall be filled by the governing body. The person appointed serves until the next regular election when a successor is elected to serve the balance of the term. If a member of the governing body is appointed mayor, he shall resign his seat on the governing body. If a vacancy occurs more than six months before a regular election, the governing body shall call a special election to fill the unexpired term.

(c) Notwithstanding (b) of this section, a vacancy in the office of mayor of a second class city shall be filled by and from the council. A mayor appointed under this section serves the balance of the term to which appointed, except he may serve only while he is a member of the council.

ARTICLE 4. BOARDS AND COMMISSIONS.

Sec. 29.20.300. SCHOOL BOARDS. (a) Each municipal school district has a school board. Except as provided in (b) of this section members are elected at the regular election for three-year terms and until their successors take office. Members are elected at large unless a different method of election has been approved by the voters in a regular election

(b) The assembly is the school board for a third class borough. The mayor is the presiding officer of the assembly and president of the school board; however, he may not veto an action of the school board.

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

(b) As determined by ordinance, members of a utility board are appointed by the municipal executive and confirmed by the governing body or are elected at a regular election. The term of a utility board member is two years and until a successor is selected and qualifies. However, the governing body may by ordinance provide for a different term not to exceed four years. The current term of an elected incumbent may not be altered.

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

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

(1) choose its chairman and secretary;

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

(3) formulate and enforce the general rules and policies of

the utility.

Sec. 29.20.320. OTHER BOARDS AND COMMISSIONS. (a) The governing body may by ordinance establish advisory, administrative, technical, or quasi-judicial boards and commissions.

(b) Members of boards and commissions, except for members of the board of adjustment and assembly members serving on the board of equalization, are appointed by the mayor and confirmed by the governing body.

ARTICLE 5. OTHER OFFICIALS AND EMPLOYEES.

Sec. 29.20.360. APPOINTMENT OF OFFICIALS. Unless otherwise provided by ordinance, the municipal clerk, attorney, treasurer, and police chief are appointed by the chief administrative official. Unless otherwise provided by ordinance, an official described in this section serves at the pleasure of the appointing authority and, if appointed by the chief administrative official, must be confirmed by the governing body.

Sec. 29.20.370. MUNICIPAL ATTORNEY. The municipal attorney is the legal advisor of the governing body, the school board, and the other officials of the municipality. He represents the municipality as attorney in civil and criminal proceedings. The school board may hire independent counsel when in its judgment independent counsel is needed.

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

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

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

(3) arrange publication of notices, ordinances, and resolutions;

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

(5) attest deeds and other documents;

(6) perform other duties specified in this title or prescribed by the chief executive or by the governing body.

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

Sec. 29.20.390. MUNICIPAL TREASURER. (a) Except as provided in AS 14.14.060, the treasurer is the custodian of all municipal funds. He shall keep an itemized account of money received and disbursed. He shall pay money on vouchers drawn against appropriations.

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

Sec. 29.20.400. DEPARTMENTS. (a) The governing body may establish municipal departments and distribute functions among them.

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

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

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

ARTICLE 6. MANAGER PLAN.

Sec. 29.20.460. MANAGER PLAN. A municipality may adopt a manager plan of government. Adoption of a manager plan may be initiated either by petition or by motion of the governing body. A petition for the adoption of a manager plan is submitted to the governing body. The petition must be signed by a number of voters equal to the following percentage of the votes cast at the preceding regular election:

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

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

Sec. 29.20.470. ELECTION. On receipt of a petition to adopt a manager plan or on its own motion to adopt a manager plan, the governing body shall provide by ordinance or resolution for a vote on the question at the next election.

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

(b) The governing body shall notify the department of the adoption of a manager plan.

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

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

Sec. 29.20.500. POWERS AND DUTIES OF A MANAGER. As chief administrator the manager shall

(1) appoint, suspend, or remove municipal employees and administrative officials, except as provided otherwise in this title and AS 14.14.065; he may hire necessary administrative assistants and may authorize an administrative official to appoint, suspend, or remove subordinates;

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

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

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

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

(6) perform other duties required by law or by the governing body; and

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

Sec. 29.20.510. INTERGOVERNMENT APPOINTMENTS. A borough adopting a manager plan may, on agreement with a city in the borough, provide that the manager of the city serve also as borough manager. A city adopting a manager plan may, on agreement with the borough in which it is located, provide that the manager of the borough serve also as city manager. Appointment and service of the manager shall be as provided in AS 29.20.490 - 29.20.500. Nothing in this section affects the authority of the governing body to provide for other dual officeholding if the dual offices held are compatible, or otherwise to appoint officials and employees in accordance with law.

Sec. 29.20.520. REPEAL. A municipality may repeal a manager plan

in the same manner used for its adoption. Within 60 days after repeal of a manager plan, the governing body shall enact provisions for the reorganization of the municipal executive and administrative functions.

ARTICLE 7. MISCELLANEOUS PROVISIONS.

Sec. 29.20.600. OATHS OF OFFICE. Before taking office a municipal official shall affirm in writing that he will honestly, faithfully, and impartially perform his duties. The oath is filed with the municipal clerk.

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

Sec. 29.20.620. COMPENSATION FOR ELECTED OFFICIALS. The governing body shall by ordinance provide a method of determining the salaries of elected officials. The salary of the mayor may not be reduced during his term of office, unless during his term a manager plan is adopted. An elected official may not receive compensation for service to the municipality in addition to his salary, unless otherwise provided by ordinance. Per diem payments or reimbursements for expenses are not compensation under this section.

Sec. 29.20.630. PROHIBITIONS. (a) Subject to AS 14.14.140, a state employee or school district employee may not be denied the right to serve as an elected municipal official because of his employment by the state or a school district. For purposes of this section a school district employee is not a municipal employee.

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

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

(1) maps and descriptions of all annexed or detached territory;

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

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

(4) a copy of the current annual budget of the municipality;

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

(b) Compliance with the provisions of this section is a prerequisite to receipt of municipal tax resource equalization assistance under AS 29.60.010 - 29.60.080 and state aid for miscellaneous municipal services under AS 29.60.100 - 29.60.180. The department shall withhold annual allocations under those sections in the event of noncompliance until the report requirements are met.

(c) This section applies to home rule and general law municipalities.

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

CHAPTER 25. MUNICIPAL ENACTMENTS.

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

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

(2) provide for a fine or other penalty, or establish rules or regulations for violation of which a fine or other penalty is imposed;

(3) provide for the levying of taxes;

(4) make appropriations, including supplemental appropriations or transfer of appropriations;

(5) grant, renew, or extend a franchise;

(6) adopt, modify, or repeal the comprehensive plan, land use and subdivision regulations, building and housing codes, and the official map;

(7) approve the transfer of a power to a first or second class borough from a city;

(8) designate the borough seat;

(9) provide for the retention or sale of tax-foreclosed property;

(10) exempt contractors from compliance with general requirements relating to payment and performance bonds in the construction or repair of municipal public works projects within the limitations set out in AS 36.25.025; this paragraph applies to home rule and general law municipalities.

(b) This section grants no authority but requires the governing body to use ordinances in exercising certain of its powers.

Sec. 29.25.020. ORDINANCE PROCEDURE. (a) An ordinance is introduced in writing in the form required by the governing body.

(b) The following procedure governs the enactment of all ordinances, except emergency ordinances:

(1) an ordinance may be introduced by a member or committee of the governing body, or by the mayor or manager;

(2) an ordinance shall be set by the governing body for a public hearing by the affirmative vote of a majority of the votes authorized on the question;

(3) at least five days before the public hearing a summary of the ordinance shall be published together with a notice of the time and place for the hearing;

(4) copies of the ordinance shall be available to all persons

present at the hearing, or the ordinance shall be read in full;

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

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

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

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

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

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

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

Sec. 29.25.040. CODES OF REGULATION. The governing body may in a single ordinance adopt or amend by reference pro isions of a published code of municipal regulations. The procedure under AS 29.25.050 applies to an ordinance adopted under this section, except that neither the ordinance or its amendments must be distributed to the public or read in full at the public hearing. For a period of 15 days before adoption of

an ordinance under this section, at least five copies of the code of regulations shall be made available for public inspection at a time and place set out in the hearing notice. Only the ordinance must be printed after it is adopted under this section. The governing body shall provide for an adopted code of regulations to be made available to the public at no more money than cost.

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

(b) Within three years after incorporation of a municipality, the municipal clerk or his designee shall have prepared a general codification of all municipal ordinances of general applicability having the force and effect of law. The municipal code shall be revised and printed at least every five years, unless the code is kept current by regular supplements.

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

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

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

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

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

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

Sec. 29.25.070. PENALTIES. (a) For the violation of an ordinance, a municipality may prescribe penalties not to exceed those imposed for a class B misdemeanor.

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

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

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

CHAPTER 26. ELECTIONS.

ARTICLE 1. REGULAR AND SPECIAL ELECTIONS.

Sec. 29.26.010. ADMINISTRATION. The governing body shall prescribe the rules for conducting an election and shall appoint an election board composed of at least three judges for each precinct. A judge shall be a voter of the precinct for which he is appointed unless no voter is willing to serve.

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

both.

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

Sec. 29.26.030. NOTICE OF ELECTIONS. (a) Subject to other provisions of this title, a municipality shall give at least 20 days notice of an election.

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

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

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

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

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

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

(4) is not disqualified under art. V of the state constitution.

(b) Voter registration by the municipality may not be required. However, a municipality may by ordinance require that a person be registered to vote in state elections in the precinct in which he seeks to vote in municipal elections.

(c) This section applies to home rule and general law municipalities.

Sec. 29.26.060. MAJORITY ELECTIONS. (a) Unless otherwise pro-

vided by ordinance, a runoff election shall be held if no candidate receives over 40 percent of the votes cast for the office of mayor or member of the governing body or school board.

(b) Unless otherwise provided by ordinance, a runoff election shall be held within three weeks after the date of certification of the election for which a runoff is required, and notice of the runoff election shall be published at least five days before the election date.

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

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

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

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

(e) A person may not appeal or seek judicial review of an election for any cause unless the person is a municipal voter, has exhausted his administrative remedies before the governing body, and has commenced, within 10 days after the governing body has declared the election results, an action in the superior court in the judicial district in

which the municipality is located. If court action is not commenced within the 10-day period, the election and election results are conclusive and valid.

ARTICLE 2. INITIATIVE AND REFERENDUM.

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

Sec. 29.26.110. APPLICATION FOR PETITION. (a) An initiative or referendum is proposed by filing an application with the municipal clerk containing the bill to be initiated or the act to be referred and the address to which all correspondence relating to the petition may be sent. An application shall be signed by at least 10 voters who will sponsor the petition. An additional sponsor may be added at any time before the petition is filed by submitting his name to the clerk. Within two weeks the clerk shall certify the application if he finds that it is in proper form and, for an initiative petition, that the matter

(1) is not restricted by AS 29.26.100;

(2) includes only a single subject;

(3) relates to a legislative rather than to an administrative matter; and

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

(b) A decision by the clerk on an application for petition shall be subject to judicial review.

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

(1) a summary of the bill to be initiated or the act to be referred;

(2) the complete ordinance or resolution sought to be initiated or referred as submitted by the sponsors;

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

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

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

(6) a statement, with space for the sponsor's sworn signature and date of signing, that the sponsor personally circulated the petition, that all signatures were affixed in his presence, and that he believes the signatures to be those of the persons whose names they purport to be; and

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

(b) If a petition consists of more than one page, each page shall contain the summary of the bill to be initiated or the act to be referred.

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

Sec. 29.26.130. SIGNATURE REQUIREMENTS. (a) The signatures on an initiative or referendum petition shall be secured within 60 days after the clerk issues the petition. The statement provided under AS 29.26.-120(a)(6) shall be signed and dated by the sponsor. Signatures shall be in ink or indelible pencil.

(b) The clerk shall determine the number of signatures required on a petition and inform each sponsor. A petition shall be signed by

a number of voters based on the number of votes cast at the last regular election held before the date the petition was issued equal to

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

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

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

(d) A petition signer may withdraw his signature on written application to the clerk before certification of the petition.

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

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

(2) if the petition is insufficient, identify the insufficiency and notify the sponsors at the address provided under AS 29.26.-110(a) by certified mail.

(b) A petition that is insufficient may be supplemented with additional signatures obtained and filed within 10 days after the date on which the petition is rejected.

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

Sec. 29.26.150. PROTEST. If the municipal clerk certifies an initiative or referendum petition is insufficient, a signer of the

petition may file a protest with the mayor within seven days after the certification. The mayor shall present the protest at the next regular meeting of the governing body. The governing body shall hear and decide the protest.

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

Sec. 29.26.170. INITIATIVE ELECTION. (a) Unless substantially the same measure is adopted, when a petition seeks an initiative vote the clerk shall submit the matter to the voters at the next regular election occurring no sooner than 45 days after certification of the petition. If no regular election occurs within 75 days after the certification of a petition, the governing body shall hold a special election within 75 days, but not sooner than 45 days after certification.

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

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

(d) If a majority vote favors the ordinance or resolution, it becomes effective upon certification of the election, unless a different effective date is provided in the ordinance or resolution.

Sec. 29.26.180. REFERENDUM ELECTION. (a) Unless the ordinance or resolution is repealed, when a petition seeks a referendum vote the clerk shall submit the matter to the voters at the next election occurring no sooner than 45 days after certification of the petition. If no

election occurs within 75 days of certification of a petition, the governing body shall hold a special election within 75 days, but not sooner than 45 days after certification.

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

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

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

Sec. 29.26.190. EFFECT. (a) An ordinance or resolution may not be repealed or amended within one year after its effective date if adopted in an initiative election or if adopted after a petition that contains substantially the same measure has been filed.

(b) If an ordinance or resolution is repealed in a referendum election or by the governing body after a petition that contains substantially the same measure has been filed, substantially similar legislation may not be enacted by the governing body for a period of one year.

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

ARTICLE 3. RECALL.

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

Sec. 29.26.250. GROUNDS. Grounds for recall are misconduct in office, incompetence, or failure to perform prescribed duties.

Sec. 29.26.260. APPLICATION FOR RECALL PETITION. (a) An application for a recall petition shall be filed with the municipal clerk and shall contain

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

(2) the address to which all correspondence relating to the petition may be sent;

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

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

Sec. 29.26.270. RECALL PETITION. (a) If the municipal clerk determines that an application for a recall petition meets the requirements of AS 29.26.260, he shall prepare a recall petition. All copies of the petition shall contain

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

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

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

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

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

T.A.-T. 20'

(6) a statement, with space for the sponsor's sworn signature and date of signing, that the sponsor personally circulated the petition, that all signatures were affixed in his presence, and that he believes the signatures to be those of the persons whose names they purport to be; and

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

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

Sec. 29.26.280. SIGNATURE REQUIREMENTS. (a) The signatures on a recall petition shall be secured within 60 days after the date the clerk issues the petition. The statement provided under AS 29.26.270(a)(6) shall be completed and signed by the sponsor. Signatures shall be in ink or indelible pencil.

(b) The clerk shall determine the number of signatures required on a petition and inform each sponsor. If a petition seeks to recall an official who represents the municipality at large, the petition shall be signed by a number of voters equal to 25 percent of the number of votes cast for that office at the last regular election held before the date the petition was issued. If a petition seeks to recall an official who represents a district, the petition shall be signed by a number of the voters residing in the district equal to 25 percent of the number of votes cast in the district for that office at the last regular election held before the date the petition was issued.

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

(d) A petition signer may withdraw his signature upon written application to the clerk before certification of the petition.

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

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

(2) if the petition is insufficient, identify the insufficiency and notify the sponsors at the address provided under AS 29.26.-260(a)(2) by certified mail.

(b) A petition that is insufficent may be supplemented with additional signatures obtained and filed within 10 days after the date on which the petition is rejected if

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

(2) the supplementary petition is filed more than 180 days before the end of the term of office of the official sought to be recalled.

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

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

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

Sec. 29.26.320. ELECTION. (a) If a regular election occurs

within 75 days but not sooner than 45 days after submission of the petition to the governing body, the governing body shall submit the recall at that election.

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

(c) If a vacancy occurs in the office after a sufficient recall petition is filed with the clerk, the recall question may not be submitted to the voters. The governing body may not appoint to the same office an official who resigns after a sufficient recall petition is filed naming him.

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

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

(2) a statement by the official named on the recall petition of 200 words or less, if the statement is filed with the clerk for publication and public inspection within 20 days before the election;

(3) the following question: "Shall (name of person) be recalled from the office of (office)? YES ( ) NO ( )".

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

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

Sec. 29.26.350. SUCCESSORS. (a) If an official is recalled from the governing body, his office is filled in accordance with AS 29.20.-180. If all members of the governing body are recalled, the governor

shall appoint three qualified persons to the governing body. The appointees shall appoint additional members to fill remaining vacancies in accordance with AS 29.20.180.

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

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

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

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

Sec. 29.26.360. APPLICATION. AS 29.26.240 - 29.26.360 apply to home rule and general law municipalities.

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

CHAPTER 35. MUNICIPAL POWERS AND DUTIES.

ARTICLE 1. GENERAL POWERS.

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

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

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

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

(4) to require periodic and special reports from a municipal department to be submitted through the mayor;

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

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

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

(8) to acquire, manage, control, use, and dispose of real and personal property, whether the property is situated inside or outside the municipal boundaries; this power includes the power of a borough to expend, for any purpose authorized by law, money received from the disposal of land in a service area established under AS 29.35.450;

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

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

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

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

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

(14) to sue and be sued.

Sec. 29.35.020. EXTRATERRITORIAL JURISDICTION. (a) To the extent a municipality is otherwise authorized by law to exercise the power necessary to provide the facility or service, the municipality may provide parks, playgrounds, cemeteries, emergency medical services, solid and septic waste disposal, utility services, airports, streets (including ice roads), trails, transportation facilities, wharves, harbors and other marine facilities outside its boundaries and may regulate their use and operation to the extent that the jurisdiction in which they are located does not regulate them. A regulation adopted under this section must state that it applies outside the municipality.

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

(c) This section applies to home rule and general law municipalities.

Sec. 29.35.030. EMINENT DOMAIN. (a) A municipality may exercise the powers of eminent domain and declaration of taking in the performance of a power or function of the municipality under the procedures set out in AS 09.55.250 - 09.55.460.

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

Sec. 29.35.040. EMERGENCY DISASTER POWERS. (a) A municipality that is wholly or partially in an area that is declared by the President or governor to be a disaster area may participate in and provide for housing, urban renewal, and redevelopment in the same manner as a home rule city. The exercise of these powers by a borough shall be on a

nonareawide basis, except a borough may exercise the powers transferred to it by a city as provided by AS 29.35.310.

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

Sec. 29.35.050. GARBAGE AND SOLID WASTE SERVICES. (a) A municipality may by ordinance

(1) provide for the establishment, maintenance, and operation of a system of garbage and solid waste collection and disposal for the entire municipality, or for districts or portions of it;

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

(3) award contracts for collection and disposal, or provide for the collection and disposal of garbage and solid waste by municipal officials and employees;

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

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

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

(7) provide penalties for violations of the ordinances.

(b) The governing body of a municipality may not prohibit a person holding a valid certificate from the Alaska Public Utilities Commission from continuing to collect and dispose of garbage, refuse, trash, waste material, or provide other related services in an area in the munici-

pality if the certificate authorizes the collection and disposal of garbage, refuse, trash, or other waste material and providing of other services in the area, and the certificate was originally issued before the municipality provided similar services. A municipality may not provide for a garbage, refuse, trash, or other waste material collection and disposal service in an area to the extent it lies in an area granted to a garbage, refuse, trash, or other waste material carrier by a certificate issued by the Alaska Public Utilities Commission to the carrier until it has purchased the certificate, equipment and facilities of the carrier, or that portion of the certificate that would be affected, at fair market value. A municipality may exercise the right of eminent domain to determine fair market value.

(c) This section applies to home rule and general law municipalities.

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

(b) Unless the grant is made on a competitive basis, the grant of an exclusive right to use a public street or right-of-way for more than five years to a utility or a transportation system not certificated by the Alaska Public Utilities Commission or by the Alaska Transportation Commission shall be valid only if approved by a majority of the voters at an election.

Sec. 29.35.070. PUBLIC UTILITIES. (a) The assembly acting for the area outside all cities in the borough and the council acting for

the area in a city may regulate, fix, establish, and change the rates and charges imposed for a utility service provided to the municipality or its inhabitants by a utility to the extent that it is not regulated under AS 42.05, and may provide a reasonable deposit for meters and service to be given if interest is paid on the deposit. All rates, charges, and regulations shall be reasonable and shall permit a fair return on invested capital.

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

Sec. 29.35.080. MUNICIPAL PROPERTY. The governing body shall by ordinance establish a formal procedure for acquisition and disposal of land and interests in land by the municipality.

Sec. 29.35.090. BUDGET AND CAPITAL PROGRAM. (a) The governing body shall establish the manner for the preparation and submission of the budget and capital program. After a public hearing, the governing body may approve the budget with or without amendments, and shall appropriate the money required for the approved budget.

(b) The governing body may make supplemental and emergency appropriations. Payment may not be authorized or made and an obligation may not be incurred except in accordance with appropriations.

Sec. 29.35.100. EXPENDITURE OF BOROUGH REVENUES. Borough revenues received through taxes collected on an areawide basis by the borough may be expended on general administrative costs and on areawide functions only. Borough revenues received through taxes collected on a nonareawide basis may be expended on general administrative costs and functions that render service only to the area outside all cities in the borough.

Sec. 29.35.110. POST AUDIT. (a) The governing body shall provide for an annual independent audit of the accounts and financial transactions of the municipality or, in the case of a second class city, an

audit or statement of annual income and expenditures. To make the audit the governing body shall designate a public accountant who has no personal interest, direct or indirect, in the fiscal affairs of the municipality. Copies of the audit shall be available to the public upon request.

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

ARTICLE 2. MANDATORY AREAWIDE POWERS.

Sec. 29.35.150. SCOPE OF AREAWIDE POWERS. (a) A borough shall exercise the powers as specified and in the manner specified in AS 29.35.150 - 29.35.190 on an areawide basis.

(b) A city may not exercise an areawide power once that power is being exercised by a borough. This subsection applies to home rule and general law municipalities.

Sec. 29.35.160. EDUCATION. (a) Each borough constitutes a borough school district and establishes, maintains, and operates a system of public schools on an areawide basis as provided in AS 14.14.060. A military reservation in a borough is not part of the borough school district until the military mission is terminated or until inclusion in the borough school district is approved by the Department of Education. However, operation of the military reservation schools by the borough school district may be required by the Department of Education under AS 14.14.110. If the military mission of a military reservation terminates or continued management and control by a regional educational attendance area is disapproved by the Department of Education, operation, management, and control of schools on the military reservation transfers to the borough school district in which the military reservation is located.

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

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

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

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

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

ARTICLE 3. ADDITIONAL POWERS.

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

(b) A first class borough may by ordinance exercise the following powers on an areawide basis:

(1) provide transportation systems;

(2) provide water pollution control;

(3) provide air pollution control in accordance with AS 46.-03.140 - 46.03.240;

(4) license day care facilities;

(5) license, impound, and dispose of animals.

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

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

basis:

(1) provide transportation systems;

(2) regulate the offering for sale, exposure for sale, sale, use or explosion of fireworks;

(3) license, impound, and dispose of animals;

(4) provide garbage, solid waste, and septic waste collection and disposal;

(5) provide air pollution control in accordance with AS 46.-03.140 - 46.03.240;

(6) provide water pollution control;

(7) participate in federal or state loan programs for housing rehabilitation and improvement for energy conservation;

(8) provide for economic development;

(9) provide for the acquisition and construction of local service roads and trails under AS 19.30.111 - 19.30.251;

(10) establish an emergency communications center.

(b) A second class borough may by ordinance exercise the following powers on an areawide basis:

(1) provide transportation systems;

(2) license, impound, and dispose of animals;

(3) provide air pollution control in accordance with AS 46.-03.140 - 46.03.240;

(4) provide water pollution control;

(5) license day care facilities.

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

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

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

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

(c) A third class borough may acquire under AS 29.35.300(b) the power to provide for planning, platting, and land use regulation as provided in AS 29.40 for first and second class boroughs, except the power may only be exercised within a service area.

(d) A third class borough may acquire under AS 29.35.300(b) any power not otherwise prohibited by law, except the power may only be exercised within a service area.

ARTICLE 4. CITY POWERS.

Sec. 29.35.250. CITIES INSIDE BOROUGHS. (a) A city inside a borough may exercise any power not otherwise prohibited by law. On adoption of a borough ordinance to provide for areawide exercise of a power, no city may exercise the power unless the borough ordinance provides otherwise or the borough by ordinance ceases to exercise the power.

(b) A home rule or first class city in a third class borough shall provide for planning, platting, and land use regulation as provided by AS 29.40 for first and second class boroughs. A second class city in a third class borough may provide for planning, platting, and land use regulation as provided by AS 29.40 for first and second class boroughs.

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

Sec. 29.35.260. CITIES OUTSIDE BOROUGHS. (a) A city outside a borough may exercise a power not otherwise prohibited by law. Powers that are incorporated by reference to laws governing boroughs apply to home rule cities outside boroughs only in those cases in which they are made applicable to home rule boroughs in the provisions incorporated.

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

(c) A home rule or first class city outside a borough shall, and a second class city outside a borough may, provide for planning, platting, and land use regulation as provided by AS 29.40 for first and second class boroughs.

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

ARTICLE 5. ACQUISITION OF ADDITIONAL POWERS.

Sec. 29.35.300. ADDITIONAL POWERS. (a) A first or second class borough acquires an additional power by transfer from a city in accordance with AS 29.35.310, or by holding an election on the question. For acquisition of an areawide power, the election shall be held areawide. For acquisition of a nonareawide power, the election shall be held nonareawide.

(b) A third class borough acquires an additional power to exercise in service areas by holding an election on the question in which each person who is a voter of the borough may vote.

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

(b) A first or second class borough shall exercise all powers

transferred to it by a city.

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

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

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

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

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

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

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

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

Sec. 29.35.330. ELECTION. (a) If more than one power is proposed for acquisition under AS 29.35.320, each shall appear separately on the ballot.

(b) A vote on the question of adding an areawide power in a first

or second class borough shall be tabulated in two separate classifications. One shall consist of all votes cast in all cities located in the borough. The other shall consist of all votes cast in the borough area outside all cities. If the majority of the votes cast in each classification is favorable, the borough shall assume the added power within 30 days after certification of the election results.

(c) If a majority of the votes cast on the question of adding a nonareawide power in a first or second class borough or a power to be exercised in service areas in a third class borough is favorable, the borough shall assume the added power within 30 days after certification of the election results.

(d) The borough mayor shall certify the election results to the department.

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

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

(c) On acquisition of an additional areawide power the first or

second class borough, in consultation with the city or service area personnel, shall arrange for an orderly and equitable transfer of rights, assets, liabilities, powers, duties, and other matters related to acquisition of the areawide powers.

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

ARTICLE 6. CONSTRUCTION OF POWERS.

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

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

Sec. 29.35.420. ENUMERATION OF POWERS. Specific examples in an enumerated power or function conferred upon a municipality in this title is illustrative of the object and not a limitation on or exclusion from the exercise of the power or function.

ARTICLE 7. SERVICE AREAS.

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

(1) the city agrees by ordinance; or

(2) approval is granted by a majority of voters residing in the city, and by a majority of voters residing inside the boundaries of the proposed service area but outside of the city.

(b) A new service area may not be established if, consistent with

the purposes of art. X of the state constitution, the new service can be provided by an existing service area, by annexation to a city, or by incorporation as a city.

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

Sec. 29.35.470. FINANCING. The assembly may levy or authorize the levying of taxes, charges, or assessments in a service area to finance the special services. If the assembly authorizes the levying of taxes, charges, or assessments, the rate of taxation and the issuance of bonds are subject to assembly approval.

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

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

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

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

(b) A third class borough may exercise in a service area any power acquired under AS 29.35.300(b) if the exercise of the power is approved by a majority of the voters residing in the service area.

(c) A second or third class borough may establish a service area

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

ARTICLE 8. MISCELLANEOUS PROVISIONS.

Sec. 29.35.700. DEFINITION. In AS 29.35.200 - 29.35.340 "power" means the provision of a public facility or service, or the exercise of a regulatory power.

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

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

Sec. 29.40.010. PLANNING, PLATTING, AND LAND USE REGULATION. (a) A first or second class borough shall provide for planning, platting, and land use regulation on an areawide basis.

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

Sec. 29.40.020. PLANNING COMMISSION. (a) Each first and second class borough shall establish a planning commission consisting of five residents unless a greater number is required by ordinance. Commission membership shall be apportioned so that the number of members from home rule and first class cities reflects the proportion of borough population residing in home rule and first class cities located in the borough.

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

(b) In addition to the duties prescribed by ordinance, the planning commission shall

(1) prepare and submit to the assembly a proposed comprehensive plan in accordance with AS 29.40.030 for the systematic and organized development of the borough;

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

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

(1) statements of policies, goals, and standards;

(2) a land use plan;

(3) a community facilities plan;

(4) a transportation plan; and

(5) recommendations for implementation of the plan.

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

as necessary.

Sec. 29.40.040. LAND USE REGULATION. (a) In accordance with a comprehensive plan adopted under AS 29.40.030 and in order to implement the plan, the assembly by ordinance shall adopt or amend provisions governing the use and occupancy of land that may include, but are not limited to,

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

(2) land use permit requirements designed to encourage or discourage specified uses and construction of specified structures, or to minimize unfavorable effects of uses and the construction of structures;

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

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

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

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

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

Sec. 29.40.050. APPEALS FROM ADMINISTRATIVE DECISIONS. (a) By ordinance the assembly shall provide for an appeal from an administrative decision of a municipal employee, board, or commission made in the enforcement, administration, or application of a land use regulation adopted under this chapter. The assembly may provide for an appeal to a court, hearing officer, board of adjustment, or other body. The assembly shall provide for an appeal from a decision on a request for a variance

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

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

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

(b) An appeal to the superior court under this section is an administrative appeal heard solely on the record established by the hearing officer, board of adjustment, or other body. A proceeding under this section has preference over all other civil actions and proceedings.

Sec. 29.40.070. PLATTING REGULATION. By ordinance the assembly shall adopt platting requirements that may include, but are not limited to, the control of

(1) form, size, and other aspects of subdivision, dedications, and vacations of land;

(2) dimensions and design of lots;

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

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

other public uses.

Sec. 29.40.080. PLATTING AUTHORITY. (a) The assembly by ordinance shall establish a platting authority to administer subdivision regulations and to perform other duties as required by the assembly. The platting authority may consist of members of the planning commission or of other municipal residents.

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

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

(1) subdivide a single lot into not more than four lots;

(2) provide legal and physical access to a public highway or street for each lot created by the subdivision;

(3) not contain or require a dedication of a street, right-of-way, or other area;

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

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

Sec. 29.40.100. INFORMATION REQUIRED. A plat shall show

(1) initial point of survey;

(2) original or reestablished corners and their descriptions;

(3) actual traverse showing area of closure and all distances, angles, and calculations required to determine initial point, corners, and distances of the plat; and

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

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

(b) The platting authority shall state in writing its reasons for disapproval of a plat. If the platting authority approves a plat, the plat shall be acknowledged and filed in accordance with AS 40.15.010 - 40.15.020.

Sec. 29.40.120. ALTERATION OR REPLAT PETITION. A recorded plat may not be altered or replatted except by the platting authority on petition of the state, the borough, a public utility, or the owners of a majority of the land affected by the alteration or replat. A platted street may not be vacated, except on petition of the state, the borough, a public utility, or owners of a majority of the land fronting the part of the street sought to be vacated. The petition shall be filed with the platting authority and shall be accompanied by a copy of the existing plat showing the proposed alteration or replat.

Sec. 29.40.130. NOTICE OF HEARING. The platting authority shall fix a time for a hearing on an alteration or replat petition that may not be more than 60 days after the petition is filed. Notice shall be published by the platting authority stating when and by whom the petition was filed, its purpose, and the time and place of the hearing. The notice shall generally describe the alteration or replat sought. The platting authority shall also mail a copy of the notice to each affected property owner who did not sign the petition.

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

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

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

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

(b) If the municipality acquired the street or other public area vacated for legal consideration or by express dedication to the municipality other than as a subdivision platting requirement, before the

final act of vacation the fair market value of the street or public area shall be deposited with the platting authority to be paid to the municipality on final vacation.

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

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

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

(1) one or more members of the planning commission or platting authority;

(2) other boards or commissions;

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

Sec. 29.40.180. VIOLATIONS. It is unlawful for the owner of land located in a subdivision to transfer, sell, offer to sell, or enter into a contract to sell land in a subdivision before a plat of the subdivision has been prepared, approved, and filed in accordance with this chapter. It is unlawful for a person to file a plat or other document

depicting subdivided land in a public recorder's office unless the plat or document has been approved by the platting authority. A person convicted of violating a provision of this chapter, a subdivision regulation adopted under this chapter, or a term, condition, or limitation imposed by a platting authority in the exercise of its powers under this chapter is guilty of a class B misdemeanor.

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

(b) Each day that an unlawful act or condition continues constitutes a separate violation.

Sec. 29.40.200. SUBDIVISIONS OF STATE LAND. (a) The subdivision requirements adopted under this chapter apply to a subdivision plat of undeveloped state land for disposal under AS 38.05 or AS 38.08 filed with the platting authority. The platting authority may not disapprove the subdivision plat on the basis of requirements for capital improvements on or to state land included in the subdivision plat. Subdivision ordinances and regulations adopted after the platting authority is notified by the commissioner of natural resources of a proposed sale of subdivided state land under AS 38.05 or AS 38.08 do not apply to the state land in the proposed sale.

(b) The platting authority must approve and sign a subdivision plat of state land within 60 days after its receipt from the commis-

sioner of natural resources unless the platting authority

(1) determines that the plat does not comply with subdivision requirements other than those requiring capital improvements to state land; and

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

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

(d) Notwithstanding any other provision of law, the provisions of this section apply to all disposals of land under AS 38.05 or AS 38.08.

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

(f) As used in this section, "capital improvements" includes but is not limited to access roads, other physical improvements, and their design and engineering.

(g) This section applies to home rule and general law municipalities.

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

CHAPTER 45. MUNICIPAL TAXATION.

ARTICLE 1. MUNICIPAL PROPERTY TAX.

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

(1) an areawide property tax for areawide functions;

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

(3) a property tax in a service area for functions limited to

the service area.

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

(c) A tax if levied on real property and personal property must be assessed, levied, and collected as provided in this chapter.

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

"NOTICE TO TAXPAYER

For the current fiscal year the (city)(borough) has been allocated the following amount of state aid for school and municipal purposes under the applicable financial assistance Acts:

PUBLIC SCHOOL FOUNDATION PROGRAM ASSISTANCE
(AS 14.17) $

STATE AID FOR RETIREMENT OF SCHOOL CONSTRUCTION DEBT (AS 43.18.100) $

MUNICIPAL TAX RESOURCE EQUALIZATION ASSISTANCE
(AS 29.60.010 - 29.60.080) $

STATE AID FOR MISCELLANEOUS MUNICIPAL SERVICES (AS 29.60.100 - 29.60.180) $

TOTAL AID $

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

	MILLAGE EQUIVALENT	
	PREVIOUS YEAR	THIS YEAR
PUBLIC SCHOOL FOUNDATION PROGRAM ASSISTANCE	....MILLS	....MILLS

STATE AID FOR RETIREMENT OF		
SCHOOL CONSTRUCTION DEBT	....MILLS	....MILLS
MUNICIPAL TAX RESOURCE EQUALI-		
ZATION ASSISTANCE	....MILLS	....MILLS
STATE AID FOR MISCELLANEOUS		
MUNICIPAL SERVICES	....MILLS	....MILLS
TOTAL MILLAGE EQUIVALENT	....MILLS	....MILLS"

Notice shall be provided

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

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

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

Sec. 29.45.030. REQUIRED EXEMPTIONS. (a) The following property is exempt from general taxation:

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

(2) household furniture of the head of a family or household;

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

(4) property of a nonbusiness organization or its auxiliary

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

(5) money on deposit;

(6) the real property of certain residents of the state to the extent and subject to the conditions provided in (e) of this section;

(7) forest land as defined in AS 41.17.950(6);

(8) real property or interests in real property that are exempt from taxation under 43 U.S.C. 1620(d), as amended, as more fully provided in (k) and (l) of this section.

(b) "Property used exclusively for religious purposes" includes the following property owned by a religious organization:

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

(2) a structure, its furniture, and its fixtures used solely for public worship, charitable purposes, religious administrative offices, religious education, or a nonprofit hospital;

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

(c) Property described in (a)(3) or (4) or (b) of this section from which income is derived is exempt only if that income is solely from use of the property by nonprofit religious, charitable, hospital, or educational groups. If used by nonprofit educational groups, the property is exempt only if used exclusively for classroom space.

(d) Laws exempting certain property from execution under the Code of Civil Procedure (AS 09) do not exempt the property from taxes levied and collected by municipalities.

(e) The real property owned and occupied as a permanent place of

abode by a resident 65 years of age or over is exempt from taxation of the assessed value of the real property. Real property may not be exempted under this subsection that the assessor determines, after notice and hearing to the parties concerned, has been conveyed to the applicant primarily for the purpose of obtaining the exemption. The determination of the assessor is appealable under AS 44.62.560 and 44.62.570.

(f) An exemption may not be granted under (e) of this section except upon written application for the exemption on a form prescribed by the state assessor for use by local assessors. The claimant must file the application no later than January 15, or a date provided by ordinance that is not later than March 31, of the assessment year for which the exemption is sought. The governing body of the municipality for good cause shown may waive during a year the claimant's failure to make timely application for exemption for that year and authorize the assessor to accept the application as if timely filed. The claimant must file a separate application for each assessment year in which the exemption is sought. If an application is filed within the required time and is approved by the assessor, he shall allow an exemption in accordance with the provisions of this section. If a failure to file by January 15, or a date provided by ordinance that is not later than March 31, of the assessment year has been waived as provided in this subsection and the application for exemption is approved, the amount of tax that the claimant has already paid for the assessment year for the property exempted shall be refunded to him. The assessor may at any time require proof in the form he considers necessary of the right and amount of an exemption claimed under (e) of this section.

(g) The state shall reimburse a borough or city, as appropriate, for the real property tax revenues lost to it by the operation of (e) of

this section. However, reimbursement will be made to a municipality for revenue lost to it only to the extent that the loss exceeds an exemption that was granted by the municipality, or that on proper application by an individual would have been granted under AS 29.45.050(a).

(h) Except as provided in (g) of this section, nothing in (e) - (i) of this section affects similar exemptions from property taxes granted by a municipality on September 10, 1972, or prevents a municipality from granting similar exemptions by ordinance as provided in AS 29.45.050.

(i) In (e) - (i) of this section "real property" includes but is not limited to mobile homes, whether classified as real or personal property for municipal tax purposes.

(j) Two percent of the assessed value of a structure is exempt from taxation if the structure contains a fire protection system approved under AS 19.70.081, in operating condition, and incorporated as a fixture or part of the structure. The exemption granted by this subsection is limited to

(1) an amount equal to two percent of the value of the structure based on the assessment for 1981, if the fire protection system is a fixture of the structure on January 1, 1981; or

(2) an amount equal to two percent of the value of the structure based on the assessment as of January 1 of the year immediately following the installation of the fire protection system if the fire protection system becomes a fixture of the structure after January 1, 1981.

(k) The tax exemption required by 43 U.S.C. 1620(d), as amended, shall be implemented according to the following conditions and interpretations:

(1) "developed" means a purposeful modification of the prop-

erty from its original state that effectuates a condition of gainful or productive present use without further substantial modification; surveying, construction of roads, providing utilities or other similar actions normally considered to be component parts of the development process, but which do not create the above condition, do not constitute a developed state within the meaning of this paragraph; developed property, in order to remove the exemption, must be developed for purposes other than exploration, and be limited to the smallest practicable tract of the property actually used in the developed state;

(2) "exploration" means the examination and investigation of undeveloped land to determine the existence of subsurface nonrenewable resources;

(3) "lease" means a grant of primary possession entered into for gainful purposes with a determinable fee remaining in the hands of the grantor; with respect to a lease that conveys rights of exploration and development, this exemption shall continue with respect to that portion of the leased tract that is used solely for the purpose of exploration.

(l) If the property or interest in the property reverts to an undeveloped state, or if the lease is terminated, the exemption shall be reinstated, subject to the provisions of (k) of this section.

Sec. 29.45.040. PROPERTY TAX EQUIVALENCY PAYMENTS. (a) A resident of the state 65 years of age or older who rents a permanent place of abode is eligible for tax equivalency payments from the state through the department.

(b) For purposes of determining payments to eligible persons, the department shall calculate a property tax equivalent percentage for each municipality that levies a property tax at the rate of one percent per mill. The property tax equivalent percentage applied to the annual rent

charged to the applicant equals the property tax equivalency payment payable under this section.

(c) To obtain tax equivalency payments the eligible resident must apply to the department for payment for the preceding year by January 15 of each year on forms and in the manner prescribed by the department. Each applicant shall submit with the application rental receipts or, if rental receipts are not available, other evidence satisfactory to the department for determination of the fact of payment of rent and the amount paid.

(d) If two or more persons occupy a residence as tenants, not all of whom are eligible for tax equivalency payments under this section, the assessor shall determine equitable partial payments to be made to the eligible tenants. However, tax equivalency payments to an eligible applicant may not be reduced because the spouse is less than 65 years of age. If all occupants in a residence are eligible for tax equivalency payments under this section, the occupants shall decide between and among themselves which shall receive payment.

Sec. 29.45.050. OPTIONAL EXEMPTIONS AND EXCLUSIONS. (a) A municipality may exclude or exempt or partially exempt residential property from taxation by ordinance ratified by the voters at an election. An exclusion or exemption authorized by this section may not exceed the assessed value of $10,000 for any one residence.

(b) A municipality may by ordinance

(1) classify boats and vessels for the purposes of taxation and may establish the assessed valuation of boats and vessels on the basis of their registered or certificated net tonnage;

(2) classify and exempt from taxation

(A) the property of an organization not organized for business or profit-making purposes and used exclusively for commun-

ity purposes if the income derived from rental of that property does not exceed the actual cost to the owner of the use by the renter;

(B) historic sites, buildings, and monuments;

(C) land of a nonprofit organization used for agricultural purposes if rights to subdivide the land are conveyed to the state and the conveyance includes a covenant restricting use of the land to agricultural purposes only; rights conveyed to the state under this subparagraph may be conveyed by the state only in accordance with AS 38.05.069(c);

(3) exempt personal property from taxation.

(c) The provisions of (a) of this section notwithstanding,

(1) a borough may, by ordinance, adjust its property tax structure in whole or in part to the property tax structure of a city in the borough, including but not limited to, excluding personal property from taxation, establishing exemptions, and extending the redemption period;

(2) a home rule or first class city has the same power to grant exemptions or exclude property from borough taxes that it has as to city taxes if

(A) the exemptions or exclusions have been adopted as to city taxes; and

(B) the city appropriates to the borough sufficient money to equal revenues lost by the borough because of the exemptions or exclusions, the amount to be determined annually by the assembly;

(3) a city in a borough may, by ordinance, adjust its property tax structure in whole or in part to the property tax structure of the borough, including but not limited to exempting or partially exempt-

ing property from taxation.

(d) Exemptions or exclusions from property tax that have been granted by a home rule municipality in addition to exemptions authorized or required by law, and that are in effect on September 10, 1972, and not later withdrawn, are not affected by this chapter.

(e) A municipality may by ordinance classify and exempt or partially exempt from taxation privately owned land, wet land and water areas for which a scenic, conservation, or public recreation use easement is granted to a governmental body. To be eligible for a tax exemption, or partial exemption, the easement must be in perpetuity. However the easement is automatically terminated before an eminent domain taking of fee simple title or less than fee simple title to the property, so that the property owner is compensated at a rate that does not reflect the easement grant.

(f) A municipality may by ordinance exempt from taxation all or part of the increase in assessed value of improvements to real property if an increase in assessed value is directly attributable to alteration of the natural features of the land, or new maintenance, repair, or renovation of an existing structure, and if the alteration, maintenance, repair, or renovation, when completed, enhances the exterior appearance or aesthetic quality of the land or structure. An exemption may not be allowed under this subsection for the construction of an improvement to a structure if the principal purpose of the improvement is to increase the amount of space for occupancy or nonresidential use in the structure or for the alteration of land as a consequence of construction activity. An exemption provided in this subsection may continue for up to four years from the date the improvement is completed, or from the date of approval for the exemption by the local assessor, whichever is later.

(g) A municipality may by ordinance exempt from taxation all or

part of the increase in assessed value of improvements to a single-family dwelling if the principal purpose of the improvement is to increase the amount of space for occupancy. An exemption provided in this subsection may continue for up to two years from the date the improvement is completed, or from the date of approval of an application for the exemption by the local assessor, whichever is later.

Sec. 29.45.060. FARM OR AGRICULTURAL LAND AND GREENHOUSES. (a) Farm use land included in a farm unit and not dedicated or being used for nonfarm purposes shall be assessed on the basis of full and true value for farm use and may not be assessed as if subdivided or used for some other nonfarm purpose. A farm use greenhouse, whether classified as real or personal property for municipal tax purposes, shall be assessed on the basis of full and true value for farm use. The assessor shall maintain records valuing the land or greenhouse for both full and true value and farm use value. If the land or greenhouse is sold, leased, or otherwise disposed of for uses incompatible with farm use or converted to a use incompatible with farm use by the owner, the owner is liable to pay an amount equal to the additional tax at the current mill levy together with eight percent interest for the preceding seven years, as though the land or greenhouse had not been assessed for farm use purposes. Payment by the owner shall be made to the state to the extent of its reimbursement for revenue loss under (e) of this section for the preceding seven years. The balance of the payment shall be made to the municipality.

(b) An owner of farm use land or a farm use greenhouse must, to secure the assessment under this section, apply to the assessor before May 15 of each year in which the assessment is desired. The application shall be made upon forms prescribed by the state assessor for the use of the local assessor, and shall include information that may reasonably be

required to determine the entitlement of the applicant. If the land or greenhouse is leased for farm use purposes, the applicant shall furnish to the assessor a copy of the lease bearing the signatures of both lessee and lessor along with the completed application. The applicant shall furnish the assessor a copy of the lease covering the period for which the exemption is requested.

(c) In this section "farm use" means the use of land or a greenhouse for profit for raising and harvesting crops or ornamental plants, for the feeding, breeding, and management of livestock, for dairying, or another agricultural use, or any combination of these. To be farm use land, the owner or lessee must be actively engaged in farming the land, and derive at least 10 percent of his yearly gross income from the land. To be a farm use greenhouse, the owner or lessee must derive at least 10 percent of his yearly gross income from the greenhouse or from the greenhouse together with other commercial greenhouses or farm use land. This section does not apply to land for which the owner has granted, and has outstanding, a lease or option to buy the surface rights. A property owner wishing to file for farm use classification having no history of farm-related income may submit a declaration of intent at the time of filing the application with the assessor setting out the intended use of the land or greenhouse and the anticipated percentage of income. An applicant using this procedure shall file with the assessor before February 1 of the following year a notarized statement of the percentage of gross income attributable to the land or greenhouse. Failure to make the filing required in this subsection forfeits the exemption.

(d) In the event of a crop failure by an act of God the previous year, the owner or lessee may submit an affidavit affirming that 10 percent of his gross income for the past three years was from farming.

(e) Subject to legislative appropriations for the purpose, the

state shall reimburse a borough or city, as appropriate, for the property tax revenues lost to it by the operation of this section.

Sec. 29.45.070. MOBILE HOMES. Mobile homes, trailers, house trailers, trailer coaches and similar property used or intended to be used for residential, office, or commercial purposes and attached to the land or connected to water, gas, electric, or sewage facilities are classified as real property for tax purposes unless expressly classified as personal property by ordinance. This section does not apply to house trailers and mobile homes that are unoccupied and held for sale by persons engaged in the business of selling mobile homes.

Sec. 29.45.080. TAX ON OIL AND GAS PRODUCTION AND PIPELINE PROPERTY. (a) A municipality may levy and collect taxes on property taxable under AS 43.56 only by using one of the methods set out in (b) or (c) of this section.

(b) A municipality may levy and collect a tax on the full and true value of property taxable under this chapter and under AS 43.56 as valued by the Department of Revenue at a rate not to exceed that which produces an amount of revenue from the total municipal property tax equivalent to $1,500 a year for each person residing in its boundaries.

(c) A municipality may levy and collect a tax on the full and true value of that portion of property taxable under this chapter and under AS 43.56 as assessed by the Department of Revenue which value, when combined with the value of property otherwise taxable by the municipality, does not exceed the product of 225 percent of the average per capita assessed full and true value of property in the state multiplied by the number of residents of the taxing municipality. For purposes of this subsection, the average per capita assessed full and true value of property in the state shall be calculated without regard to the assessed value of taxable property under AS 43.58.

(d) By February 1 of each assessment year a taxing municipality must inform the Department of Revenue which method of taxation the municipality will use.

(e) For purposes of this section, population shall be determined by the commissioner based on the latest statistics of the United States Bureau of the Census or on other reliable population data, and the commissioner shall advise each municipality of its population by January 15 of each year.

Sec. 29.45.090. TAX LIMITATION. (a) A municipality may not, during a year, levy and tax for any purpose in excess of three percent of the assessed value of property in the municipality. All property on which a tax is levied shall be taxed at the same rate during the year.

(b) A municipality, or combination of municipalities occupying the same geographical area, in whole or in part, may not levy taxes (1) that will result in tax revenues from all sources exceeding $1,500 a year for each person residing within the municipal boundaries; or (2) upon value that, when combined with the value of property otherwise taxable by the municipality, exceeds the product of 225 percent of the average per capita assessed full and true value of property in the state multiplied by the number of residents of the taxing municipality. If two or more municipalities occupying the same geographical area, in whole or in part, attempt to levy a tax (1) the combined levy of which would result in tax revenues from all sources exceeding $1,500 a year for each person residing within the municipal boundaries; or (2) upon value that, when combined with the value of property otherwise taxable by the municipality, exceeds the product of 225 percent of the average per capita assessed full and true value of property in the state multiplied by the number of residents of the taxing municipality, the commissioner shall apportion the lawful levy and equitably divide these revenues on the

basis of need, services performed, and other considerations in the public interest. For the purpose of this subsection, population shall be determined by the commissioner based on the latest statistics of the United States Bureau of the Census or on other reliable population data. For purposes of this subsection, the average per capita assessed full and true value of property in the state shall be calculated without regard to the assessed value of taxable property under AS 43.58.

Sec. 29.45.100. NO LIMITATIONS ON TAXES TO PAY BONDS. The limitations provided for in AS 29.45.080 - 29.45.090 do not apply to taxes levied or pledged to pay or secure the payment of the principal and interest on bonds. Taxes to pay or secure the payment of principal and interest on bonds may be levied without limitation as to rate or amount, regardless of whether the bonds are in default or in danger of default.

Sec. 29.45.110. FULL AND TRUE VALUE. (a) The assessor shall assess property at its full and true value as of January 1 of the assessment year, except as provided in this section, AS 29.45.060, and 29.45.230. The full and true value is the estimated price that the property would bring in an open market and under the then prevailing market conditions in a sale between a willing seller and a willing buyer both conversant with the property and with prevailing general price levels.

(b) Assessment of business inventories may be based on the average monthly method of assessment rather than the value existing on January 1. The method used to assess business inventories shall be prescribed by the governing body.

(c) In the case of cessation of business during the tax year, the municipality may provide for reassessment of business inventories using the average monthly method of assessment for the tax year rather than the value existing on January 1 of the tax year, and for reduction and

refund of taxes. In enacting an ordinance authorized by this section, the municipality may prescribe procedures, restrictions, and conditions of assessing or reassessing business inventories and of remitting or refunding taxes.

Sec. 29.45.120. RETURNS. (a) The municipality may require each person having ownership or control of or an interest in property to submit a return in the form prescribed by the assessor, based on property values existing on January 1, except as otherwise provided in this chapter.

(b) The assessor may, by written notice, require a person to provide additional information within 30 days.

Sec. 29.45.130. INDEPENDENT INVESTIGATION. (a) The assessor is not bound to accept a return as correct. He may make an independent investigation of property returned or of taxable property on which no return has been filed. In either case, the assessor may make his own valuation of the taxable property and this valuation is prima facie evidence.

(b) For investigation, the assessor or his agent may enter a premise during reasonable hours and may examine property on the premise. He may examine all property records involved. A person shall, on request, furnish to the assessor or his agent every facility and assistance for the investigation. The assessor may seek a court order to compel entry and production of records needed for assessment purposes.

(c) An assessor may examine a person on oath. On request, the person shall present himself for examination by the assessor.

Sec. 29.45.140. VIOLATIONS. A person who knowingly fails to file a statement required by ordinance or who knowingly makes a false affidavit to a statement required by a tax ordinance relative to the amount, location, kind or value of property subject to taxation with intent to

evade the taxation, is guilty of a class B misdemeanor.

Sec. 29.45.150. REEVALUATION. A systematic reevaluation of taxable real and personal property undertaken by the assessor, whether of specific areas in which real property is located or of specific classes of real or personal property to be assessed, shall be made only in accordance with a resolution or other act of the municipality directing a systematic reevaluation of all taxable property in the municipality over the shortest period of time practicable, as fixed in the resolution or act.

Sec. 29.45.160. ASSESSMENT ROLL. (a) The assessor shall prepare an annual assessment roll. The roll shall contain

(1) a description of all taxable property;

(2) the assessed value of all taxable property;

(3) the names and addresses of persons with property subject to assessment and taxation.

(b) The assessor may list real property by any description that may be made certain. Real property is assessed to the record owner. The district recorder shall at least monthly provide the assessor a copy of each recorded change of ownership showing the name and mailing address of the owner and the name and mailing address of the person recording the change of ownership. Other persons having an interest in the property may be listed on the assessment records with the owner. The person in whose name property is listed as owner is conclusively presumed to be the legal record owner. If the property owner is unknown, the property may be assessed to "unknown owner". An assessment is not invalidated by a mistake, omission, or error in the name of the owner, if the property is correctly described.

Sec. 29.45.170. ASSESSMENT NOTICE. (a) The assessor shall give each person named in the assessment roll a notice of assessment, showing

the assessed value of his property. On each notice is printed a brief summary of the dates when taxes are payable, delinquent, and subject to penalty and interest, and the dates when the board of equalization will sit.

(b) Sufficient assessment notice is given if mailed by first class mail 30 days before the equalization hearings. If the address is not known to the assessor, the notice may be addressed to the person at the post office nearest the property. Notice is effective on the date of mailing.

Sec. 29.45.180. CORRECTIONS. (a) A person receiving an assessment notice shall advise the assessor of errors or omissions in the assessment of his property. The assessor may correct errors or omissions in the roll before the board of equalization hearing.

(b) If errors found in the preparation of the assessment roll are adjusted, the assessor shall mail a corrected notice allowing 30 days for appeal to the board of equalization.

Sec. 29.45.190. APPEAL. (a) A person whose name appears on the assessment roll or his agent or assigns may appeal to the board of equalization for relief from an alleged error in valuation not adjusted by the assessor to the taxpayer's satisfaction.

(b) The appellant shall, within 30 days after the date of mailing of notice of assessment, submit to the assessor a written appeal specifying grounds in the form that the board of equalization may require. Otherwise, the right of appeal ceases unless the board of equalization finds that the taxpayer was unable to comply.

(c) The assessor shall notify an appellant by mail of the time and place of his hearing.

(d) The assessor shall prepare for use by the board of equalization a summary of assessment data relating to each assessment that is

appealed.

(e) A city in a borough may appeal an assessment to the borough board of equalization in the same manner as a taxpayer. Within five days after receipt of the appeal, the assessor shall notify the person whose property assessment is being appealed by the city.

Sec. 29.45.200. BOARD OF EQUALIZATION. (a) The governing body sits as a board of equalization for the purpose of hearing an appeal from a determination of the assessor, or it may delegate this authority to one or more boards appointed by it. An appointed board may be composed of not less than three persons, who may be members of the governing body, municipal residents, or a combination of members of the governing body and residents. The governing body shall by ordinance establish the qualifications for membership.

(b) The board of equalization is governed in its proceedings by rules adopted by ordinance that are consistent with general rules of administrative procedure. The board may alter an assessment of a lot only pursuant to an appeal filed as to the particular lot.

(c) Notwithstanding other provisions in this section, a determination of the assessor as to whether property is taxable under law may be appealed directly to the superior court.

Sec. 29.45.210. HEARING. (a) If an appellant fails to appear, the board of equalization may proceed with the hearing in his absence.

(b) The appellant bears the burden of proof. The only grounds for adjustment of assessment are proof of unequal, excessive, improper, or under valuation based on facts that are stated in a valid written appeal or proven at the appeal hearing. If a valuation is found to be too low, the board of equalization may raise the assessment.

(c) The board of equalization shall certify its actions to the assessor within seven days. Except as to supplementary assessments, the

assessor shall enter the changes and certify the final assessment roll by June 1.

(d) An appellant or the assessor may appeal a determination of the board of equalization to the superior court as provided by rules of court applicable to appeals from the decisions of administrative agencies. Appeals are heard on the record established at the hearing before the board of equalization.

Sec. 29.45.220. SUPPLEMENTARY ASSESSMENT ROLLS. The assessor shall include property omitted from the assessment roll on a supplementary roll, using the procedures set out in this chapter for the original roll.

Sec. 29.45.230. TAX ADJUSTMENTS ON PROPERTY AFFECTED BY A NATURAL DISASTER. (a) The municipality may provide for assessment or reassessment and reduction of taxes for property destroyed, damaged, or otherwise reduced in value as a result of a natural disaster.

(b) An assessment or reassessment under this section may be made by the assessor only upon the receipt of a sworn statement of the taxpayer that his losses exceed $1,000. A reduction of taxes may be made only on losses in excess of $1,000 for the remainder of the year following the disaster. On reassessment, the municipality shall recompute this tax and refund taxes that have already been paid.

(c) The municipality shall give notice of assessment or reassessment under this section and shall hold an equalization hearing as provided in this chapter, except that a notice of appeal must be filed with the board of equalization within 10 days after notice of assessment or reassessment is given to the person appealing. Otherwise, the right of appeal ceases unless the board finds that the taxpayer is unable to comply.

(d) In enacting an ordinance or resolution authorized by this

section the municipality may, consistent with this section, prescribe procedures, restrictions, and conditions of assessing or reassessing property and of remitting, refunding, or forgiving taxes.

(e) In this section "disaster" means a major disaster declared by the President of the United States under the provisions of the Federal Disaster Act of 1950, Title 42, United States Code, sec. 1855-1855g, or other federal law, or a disaster declared by the governor under AS 26.-23.010 - 26.23.110.

Sec. 29.45.240. TAX LEVY AND RATE. (a) The power granted to a municipality to assess, levy, and collect a property tax shall be exercised by means of an ordinance. The rate of levy, the date of equalization, and the date when taxes become delinquent shall be fixed by resolution.

(b) A municipality shall annually determine the rate of levy before June 15. By July 1 the tax collector shall mail tax statements setting out the levy, dates when taxes are payable and delinquent, and penalties and interest.

Sec. 29.45.250. RATES OF PENALTY AND INTEREST. (a) A penalty not to exceed 20 percent of the tax due may be added to all delinquent taxes, and interest not to exceed 15 percent a year shall accrue upon all unpaid taxes, not including penalty, from the due date until paid in full. A municipality may impose a penalty not to exceed 20 percent of the tax due upon the late return of personal property assessment forms. A penalty under this section may be imposed according to a formula that increases the amount of the penalty as the length of time increases during which payment is delinquent or assessment forms are not returned.

(b) If a taxpayer is given the right to pay the tax in two installments, penalty and interest on an unpaid installment accrues from the date the installment becomes due.

ARTICLE 2. ENFORCEMENT OF TAX LIENS.

Sec. 29.45.290. VALIDITY. Certified assessment and tax rolls are valid and binding on all persons, notwithstanding a defect, error, omission, or invalidity in the assessment rolls or proceedings pertaining to the assessment roll.

Sec. 29.45.300. TAX LIABILITY. (a) The owner of assessed personal property is personally liable for the amount of taxes assessed against his property. The tax, together with penalty and interest, may be collected in a personal action brought in the name of the municipality.

(b) Property taxes, together with penalty and interest, are a lien upon the property assessed, and the lien is prior and paramount to all other liens or encumbrances against the property.

Sec. 29.45.310. ENFORCEMENT OF PERSONAL PROPERTY TAX LIENS BY DISTRAINT AND SALE. (a) A lien for personal property taxes may be enforced by distraint and sale of the property. The municipality shall provide the procedure for distraint and sale by ordinance. A seizure, levy, or distraint is not legal unless demand is first made of the person assessed for the amount of the tax, penalty, and interest, and a sale is not valid unless made at public auction no sooner than 15 days after notice is published. The seizure is made by virtue of a warrant issued by the municipal clerk to a peace officer.

(b) If the personal property sold is not sufficient to satisfy the tax, penalty, and interest, and costs of sale, the warrant may authorize the seizure of other personal property sufficient to satisfy the tax, penalty, interest, and costs of sale. If the property is sold for more money than is needed to satisfy the tax, the municipality shall remit the excess to the former record owner upon presentation of a proper claim. A claim for the excess filed after six months of the date of

sale is forever barred.

Sec. 29.45.320. REAL PROPERTY TAX COLLECTION. (a) The municipality shall enforce delinquent real property tax liens by annual foreclosure, unless otherwise provided by ordinance.

(b) If the tax on property described in AS 29.45.070 or on a taxable interest in tax-exempt property is not paid when due, a municipality may enforce the tax by a personal action against the delinquent taxpayer brought in the district or superior court, in addition to other remedies available to enforce the lien.

Sec. 29.45.330. FORECLOSURE LIST. (a) A municipality shall

(1) annually present a petition for judgment and a certified copy of the foreclosure list for the previous year's delinquent taxes in the superior court for judgment;

(2) publish the foreclosure list for four consecutive weeks in a newspaper of general circulation distributed in the municipality or, if there is no newspaper of general circulation distributed in the municipality, post the list at three public places for at least 30 days;

(3) within 10 days after the first publication or posting, mail to the last known owner of each property as his name and address appear on the list a notice advising of the foreclosure proceeding in which a petition for judgment of foreclosure has been filed and describing the property and the amount due as stated on the list.

(b) The list shall be arranged in alphabetical order as to the last name and shall include

(1) the last known owner;

(2) the property description as stated on the assessment roll;

(3) years and amounts of deliquency;

(4) penalty and interest due;

(5) a statement that the list is available for public inspection at the clerk's office;

(6) a statement that the list has been presented to the superior court with a petition for judgment and decree.

(c) Completion of the requirements of (a) of this section constitutes and has the same force and effect as the filing of an individual and separate complaint and service of summons to foreclose a lien against each property described on the foreclosure list.

Sec. 29.45.340. CLEARING DELINQUENCIES. During the publication or posting of the foreclosure list and up to the time of transfer to the municipality a person may pay the taxes, together with the penalty, interest, and costs. The collector shall note payment on the foreclosure list.

Sec. 29.45.350. LIST TO LIENHOLDER. A holder of a mortgage or other lien on real property may request the clerk to send by certified mail notice of a foreclosure list that includes the real property.

Sec. 29.45.360. GENERAL FORECLOSURE. A municipality shall bring one general foreclosure proceeding in rem against the properties included in the foreclosure list. If the owner is unknown, the property is proceeded against as belonging to "unknown owner". Tax foreclosure proceedings have priority over all other civil proceedings except appeals under AS 29.40.060.

Sec. 29.45.370. ANSWER AND OBJECTION. A person having an interest in a lot on the foreclosure list may file an answer within 30 days of the date of last publication, specifying his objection. The court shall make its decision in summary proceedings. The foreclosure list is prima facie evidence that the assessment and levy of the tax is valid and that the tax is unpaid.

Sec. 29.45.380. JUDGMENT. The court shall in a proper case give

judgment and decree that the tax liens be foreclosed. It is a several judgment against each lot and a lien on each lot.

Sec. 29.45.390. TRANSFER AND APPEAL. (a) Foreclosed properties are transferred to the municipality for the lien amount. When answers are filed the court may enter judgment against and order the transfer to the municipality of all other properties on the list pending determination of the matters in controversy. The court shall hear and determine the issues raised by the complaint and answers in the same manner and under the same rules as it hears and determines other actions.

(b) The court clerk shall deliver a certified copy of the judgment and decree to the municipal clerk. The certified judgment and decree constitutes a transfer to the municipality.

(c) The judgment and decree stops objections to it that could have been presented before judgment and decree. Appeal from a judgment and decree of foreclosure, or from a final order in the proceeding, may be taken in the manner provided for appeals in civil actions.

Sec. 29.45.400. REDEMPTION PERIOD. Properties transferred to the municipality are held by the municipality for at least one year. During the redemption period a party having an interest in the property may redeem it by paying the lien amount plus penalties, interest, and costs, including all costs incurred under AS 29.45.440(a). Property redeemed is subject to all accrued taxes, assessments, liens, and claims as though it had continued in private ownership. Only the amount applicable under the judgment and decree must be paid in order to redeem the property.

Sec. 29.45.410. EFFECT. Receipt of redemption money by the municipality releases the judgment obtained under AS 29.45.380. The clerk or his designee shall record the redemption and issue a certificate

containing a property description, the redemption amount, and the dates of judgment and decree of foreclosure. The clerk or his designee shall collect the recording fee at the time of redemption and shall file the certificate with the record as part of the judgment roll.

Sec. 29.45.420. ADDITIONAL LIENS. If a property included in a foreclosure list is removed after payment of delinquencies or redemption by another lienholder, the payment represented by receipt for payment constitutes an additional lien on the property, collectible by the lienholder in the same manner as the original lien.

Sec. 29.45.430. POSSESSION DURING REDEMPTION PERIOD. Foreclosure does not affect the former owner's right to possession during the redemption period. If waste is committed by the former owner or by anyone acting under his permission or control, the municipality may declare an immediate forfeiture of the right to possession.

Sec. 29.45.440. EXPIRATION. (a) At least 30 days before the expiration of the redemption period the clerk or his designee shall publish a redemption period expiration notice. The notice shall contain the date of judgment, the date of expiration of the period of redemption, and a warning that all properties ordered sold under the judgment, unless redeemed, shall be deeded to the municipality immediately on expiration of the period of redemption and that every right or interest of a person in the properties will be forfeited forever to the municipality. The notice appears once a week for four consecutive weeks in a newspaper of general circulation distributed in the municipality. If there is no newspaper of general circulation distributed in the municipality, the notice is posted in three public places for at least four consecutive weeks. The clerk shall send a copy of the notice by certified mail to each record owner of property against which a judgment of foreclosure has been taken and, if the assessed value of the property is

more than $100,000, to all holders of mortgages or other liens of record on the property. The notice shall be mailed within five days after the first publication. The mailing shall be sufficient if mailed to the property owner and to the holder of a mortgage or recorded lien at the last address of record.

(b) The right of redemption expires 30 days after the date of the first notice publication.

(c) Costs incurred in the determination of holders of mortgages and other liens of record and costs of notice publication incurred by a municipality under (a) of this section are a lien on the property and may be recovered by the municipality.

Sec. 29.45.450. DEED TO BOROUGH OR CITY. (a) Unredeemed property in the area of the borough outside all cities is deeded to the borough by the clerk of the court. Unredeemed property in a city is deeded to the city subject to the payment by the city of unpaid borough taxes and costs of foreclosure levied against the property before foreclosure. The deed shall be recorded in the recording district in which the property is located.

(b) Conveyance gives the municipality clear title, except for prior recorded tax liens of the United States and the state.

(c) If unredeemed property lies in a city and if the city has no immediate public use for the property but the borough does have an immediate public use, the city shall deed the property to the borough. If unredeemed property lies in the borough outside all cities and if the borough does not have an immediate public use for the property but a city does have an immediate public use, the borough shall deed the property to the city.

(d) No deed is invalid for irregularities, omissions, or defects in the proceedings under this chapter unless the former owner has been

misled to his injury. Two years after the date of the deed, its validity is conclusively presumed and a claim of the former owner or other person having an interest in the property is forever barred.

Sec. 29.45.460. DISPOSITION AND SALE OF FORECLOSED PROPERTY. (a) The municipality shall determine by ordinance whether foreclosed property deeded to the municipality shall be retained for a public purpose. The ordinance shall contain the legal description of the property, the address or a general description of the property sufficient to provide the public with notice of its location, and the name of the last record owner of the property as his name appears on the assessment rolls.

(b) Tax-foreclosed property conveyed to a municipality by tax foreclosure and not required for a public purpose may be sold. Before the sale of tax-foreclosed property held for a public purpose, the municipality, by ordinance, shall determine that a public need does not exist. The ordinance shall contain the information required under (a) of this section.

(c) The clerk or his designee shall send a copy of the published notice of hearing of an ordinance to consider a determination required under (a) or (b) of this section by certified mail to the former record owner of the property that is the subject of the ordinance. The notice shall be mailed within five days after its first publication and shall be sufficient if mailed to the last record owner of the property as his name appears on the assessment rolls of the municipality.

(d) The provisions of (c) of this section do not apply with respect to property that has been held by the municipality for a period of more than 10 years after the close of the redemption period.

Sec. 29.45.470. REPURCHASE BY RECORD OWNER. (a) The record owner at the time of tax foreclosure of property acquired by a municipality, or his assigns, may, within 10 years and before the sale or contract of

sale of the tax-foreclosed property by the municipality, repurchase the property. The municipality shall sell the property for the full amount applicable to the property under the judgment and decree, with interest not to exceed 15 percent a year from the date of entry of the judgment of foreclosure to the date of repurchase, delinquent taxes assessed and levied as though it had continued in private ownership, and costs of foreclosure and sale.

(b) After adoption of an ordinance providing for the retention of tax-foreclosed property by the municipality for a public purpose, the right of the former record owner to repurchase the property ceases.

Sec. 29.45.480. PROCEEDS OF TAX SALE. (a) On sale of foreclosed real or personal property the municipality shall divide the proceeds less cost of collection, between the borough and the city having unpaid taxes against the property. The division is in proportion to the respective municipal taxes against the property at the time of foreclosure.

(b) The former record owner of tax-foreclosed real property that has been held by a municipality for less than 10 years after the close of the redemption period and never designated for a public purpose that is sold at a tax-foreclosure sale is entitled to the portion of the proceeds of the sale that exceeds the amount sufficient to satisfy unpaid taxes, delinquent taxes assessed and levied as if the property had continued in private ownership, penalty, interest, and costs of property sold, including costs incurred under AS 29.45.440(a). If the proceeds of the sale of tax-foreclosed property exceed the total of unpaid and delinquent taxes, penalty, interest, and costs, the municipality shall provide the former owner of the property written notice advising of the amount of the excess and the manner in which a claim for the balance of the proceeds may be submitted. Notice is sufficient

under this subsection if mailed to the former owner at his last address of record. On presentation of a proper claim, the municipality shall remit the excess to the former record owner. A claim for the excess filed after six months of the date of sale is forever barred.

Sec. 29.45.490. PAYMENT OF TAXES UPON PUBLIC UTILIZATION. If a municipality takes title to tax-foreclosed property for a public purpose, the municipality shall satisfy unpaid taxes and assessments against the property held by other municipalities, with accrued interest but without penalty. If the amount required to satisfy the unpaid taxes and assessments exceeds the assessed value of the property, the municipality shall pay the other municipalities the assessed value, which shall be divided between the other municipalities in proportion to their respective taxes and assessments against the property at the time of foreclosure.

Sec. 29.45.500. REFUND OF TAXES. (a) If a taxpayer pays taxes under protest, he may bring suit in the superior court against the municipality for recovery of the taxes. If judgment for recovery is given against the municipality, or, if in the absence of suit, it becomes obvious to the governing body that judgment for recovery of the taxes would be obtained if legal proceedings were brought, the municipality shall refund the amount of the taxes to the taxpayer with interest at eight percent from the date of payment plus costs.

(b) If, in payment of taxes legally imposed, a remittance by a taxpayer through error or otherwise exceeds the amount due, and the municipality, on audit of the account in question, is satisfied that this is the case, the municipality shall refund the excess to the taxpayer with interest at eight percent from the date of payment. A claim for refund filed one year after the due date of the tax is forever barred.

(c) The governing body may correct manifest clerical errors at anytime.

ARTICLE 3. CITY PROPERTY TAX.

Sec. 29.45.550. CITIES OUTSIDE BOROUGHS. Home rule and first class cities outside boroughs may assess, levy, and collect a property tax. A property tax if levied must be assessed, levied, and collected as provided by AS 29.45.010 - 29.45.500.

Sec. 29.45.560. CITIES INSIDE BOROUGHS. Home rule and first class cities inside boroughs may levy a property tax. A property tax, if levied, is subject to AS 29.45.010 - 29.45.050, 29.45.090 - 29.45.100, 29.45.250, 29.45.400 - 29.45.440 and 29.45.460 - 29.45.500. The council shall by June 15 of each year present to the assembly a statement of the city's rate of levy unless a different date is agreed upon by the borough and city.

Sec. 29.45.570. APPLICATION. AS 29.45.010 - 29.45.570 apply to home rule and general law municipalities.

Sec. 29.45.580. DIFFERENTIAL TAX ZONES. A city may by ordinance establish, alter, and abolish differential tax zones to provide and levy property taxes for services not provided generally in the city or a different level of service than that provided generally in the city.

Sec. 29.45.590. LIMITED PROPERTY TAXING POWER FOR SECOND CLASS CITIES. A second class city may by referendum levy property taxes as provided for first class cities. However, levy by a second class city may not exceed one-half of one percent of the assessed value of the property taxed, except that the limit does not apply to a levy necessary to avoid a default upon payment of principal and interest of bonded or other indebtedness that is secured by a pledge to levy ad valorem or other taxes without limit to meet debt payments.

Sec. 29.45.600. COMBINING PROPERTY TAX WITH INCORPORATION OF A

SECOND CLASS CITY. A petition for second class city incorporation may request that a property tax proposal be placed on the same ballot. The petition must state the proposed tax rate. The petition may request that incorporation be dependent on the passage of the property tax proposition. If so, the incorporation proposition fails if the property tax fails.

ARTICLE 4. BOROUGH SALES AND USE TAX.

Sec. 29.45.650. SALES AND USE TAX. (a) A borough may levy and collect a sales tax not exceeding six percent on sales, rents, and on services made in the borough. The sales tax may apply to any or all of these sources. Exemptions may be granted by ordinance.

(b) A borough levying a sales tax may also by ordinance levy a use tax on the storage, use, or consumption of tangible personal property in the borough. The use tax rate must equal the sales tax rate and the use tax shall be levied only on buyers.

(c) A person who furnishes proof, in the form required by the borough tax collector, that he has paid a sales tax on the source on which a use tax is levied by the borough is required to pay the use tax only to the extent of the difference between the amount of the sales tax paid and the amount of the use tax levied by the borough. This subsection applies to a sales tax levied in any taxing jurisdiction whether inside or outside the state.

(d) If the assembly charges interest on sales taxes not paid when due, the rate of interest may not exceed 15 percent a year on the delinquent taxes and shall be charged from the due date until paid in full. This subsection applies to home rule and general law municipalities.

(e) A borough may provide for the creation, recording, and notice of a lien on real or personal property to secure the payment of a sales

and use tax, and the interest, penalties, and administration costs in the event of delinquency. When recorded, a lien authorized under this section has priority over other liens except those for property taxes and special assessments.

Sec. 29.45.660. NOTICE OF SALES AND USE TAX. (a) If the borough levies and collects only a sales tax and use tax, the assembly shall provide a notice substantially in the form set out in AS 29.45.020. In providing notice under this subsection, the assembly shall substitute for the millage equivalency its estimate of the equivalent sales tax rate for each of the categories of financial assistance set out in AS 29.45.020. Notice shall be provided

(1) by publishing in a newspaper of general circulation in the borough a copy of the notice once each week for a period of three successive weeks, with publication to occur not later than 45 days after the final adoption of the borough's budget; or

(2) if there is no newspaper of general circulation in the borough, by posting a copy of the notice for at least 20 days in at least two public places in the borough, with posting to occur not later than 45 days after the final adoption of the borough's budget.

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

Sec. 29.45.670. REFERENDUM, ADOPTION, AND MODIFICATION. A new sales and use tax or an increase in the rate of levy of a sales tax approved by ordinance does not take effect until ratified by a majority of the voters at an election.

ARTICLE 5. CITY SALES AND USE TAXES.

Sec. 29.45.700. POWER OF LEVY. (a) A city in a borough that levies and collects areawide sales and use taxes may levy sales and use taxes on all sources taxed by the borough in the manner provided for boroughs, except that the assembly may by ordinance authorize a city to levy and collect sales and use taxes on other sources.

(b) A city in a borough that does not levy and collect sales and use taxes for areawide borough functions may levy and collect sales and use taxes in the manner provided for boroughs.

(c) A city outside a borough may levy and collect sales and use taxes in the manner provided for boroughs.

Sec. 29.45.710. COMBINING SALES AND USE TAX WITH INCORPORATION OF A SECOND CLASS CITY. A petition for incorporation of a second class city may request that a sales and use tax proposal be placed on the same ballot. The petition must state the proposed tax rate. The petition may request that incorporation be dependent on the passage of the tax proposition. If so, the incorporation proposition fails if the tax fails.

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

CHAPTER 46. SPECIAL ASSESSMENTS.

Sec. 29.46.010. ASSESSMENT AND PROPOSAL. The municipality may assess against the property of a state or federal governmental unit and private real property to be benefited by an improvement all or a portion of the cost of acquiring, installing, or constructing capital improvements. The state shall pay an assessment levied, except as otherwise provided by law and subject to its right of protest under AS 29.46.020-(a)(8). If a governmental unit other than the state benefited by an improvement refuses to pay the assessment, it shall be denied the benefit of the improvement. An improvement proposal may be initiated by

(1) petition to the governing body of the owners of one-half in value of the property to be benefited; or

(2) the governing body.

Sec. 29.46.020. PROCEDURE. (a) The municipality may prescribe by ordinance the procedures relating to creating special assessment districts, making local improvements, levying and collecting assessments, and financing improvements, including the following:

(1) a procedure for filing petitions;

(2) a survey and report by the mayor concerning the need for, desirable extent of, and estimated cost of each proposed local improvement;

(3) a public hearing on the necessity for the proposed local improvement;

(4) a resolution or ordinance determining to proceed or not to proceed with the proposed local improvement;

(5) a public hearing by the governing body on the special assessment roll for the proposed local improvement;

(6) published notice of each public hearing required by this section and mailing notice to each record owner of real property in the special assessment district;

(7) a resolution or ordinance confirming the special assessment roll for the proposed local improvement;

(8) if protests as to the necessity of a proposed local improvement are made by owners of property that will bear 50 percent or more of the estimated cost of the improvement, the governing body may not proceed with the improvement until the objections have been reduced to less than 50 percent, except on approval of not fewer than three-fourths of the governing body.

(b) To the extent that the municipality does not prescribe a

procedure for special assessments as permitted by this section, the municipality shall comply with the special assessment procedures set out in AS 29.46.030 - 29.46.100.

Sec. 29.46.030. CREATION OF DISTRICT. (a) When an improvement proposal is filed with the municipal clerk and presented to the governing body, the municipality shall find by resolution or ordinance whether (1) the improvement requested is necessary and should be made, and (2) if by petition, the request has sufficient and proper petitioners. The findings under this section are conclusive.

(b) If the municipality approves an improvement proposal, it shall develop a proposed improvement plan including the total cost estimate and the percentage of the cost to be assessed against the benefited property. The improvement plan shall be filed with the municipal clerk.

(c) The governing body shall set a time for public hearing on the improvement plan and the period for filing objections to the plan. The governing body shall publish a notice of the hearing and of the period during which objections may be filed at least once a week for four consecutive weeks in a newspaper of general circulation if distributed in the municipality and shall send notice by mail to every record owner of property in the special assessment district.

Sec. 29.46.040. RECORD OWNER. The person in whose name property is listed on the municipal property tax roll as owner is conclusively presumed to be the legal owner of record. If the owner is unknown, the assessment roll may designate "unknown owner".

Sec. 29.46.050. OBJECTIONS AND REVISION. (a) Objections to an improvement plan may be filed during a period of 60 days after publication of notice. The municipality may by resolution or ordinance approve the plan and order the improvement subject to the limitation of (b) of this section.

(b) If objections are made in writing during the period set for objections by the owners of property bearing 50 percent or more of the estimated total cost of the improvement, the governing body may not proceed with the improvement unless it revises the plan to meet the objections and the objections are reduced to less than 50 percent. A revised plan shall be approved and adopted as an original plan in accordance with AS 29.46.030.

Sec. 29.46.060. ASSESSMENT ROLL. (a) At any time after approval of an improvement plan, the governing body shall assess the authorized percentage of the cost against property in the district included in the plan in proportion to the benefit received.

(b) The special assessment roll shall contain property descriptions, names of record owners, and assessment amounts.

(c) The governing body shall fix a time to hear objections to the roll. The municipal clerk shall send an assessment and hearing notice by mail to each record owner of an assessed property not less than 15 days before the hearing.

Sec. 29.46.070. HEARING AND SETTLEMENT. After the public hearing, the governing body shall correct errors and inequalities in the roll. If an assessment is increased, a new hearing shall be set and notice published, except that a new hearing and notice is not required if all record owners of property subject to the increased assessment consent in writing to the increase. Objections to the increased assessment shall be limited to record owners of property on which the assessment was increased. When the roll is corrected, it shall be confirmed by resolution or ordinance.

Sec. 29.46.080. PAYMENT. (a) The governing body shall fix times of payment, penalties on delinquent payments, and the rate of interest on the unpaid balance of the assessment. Payment may be in one sum or

by installments. If payment is to be in one sum, payment may not be required sooner than 60 days after mailing of the assessment statement. The entire assessment may be prepaid without interest or penalty within 30 days after mailing of the assessment statement, and thereafter the assessment may be prepaid in whole or in part with interest to the payment date.

(b) Within 30 days after fixing the time of payment the municipal clerk shall mail a statement to the record owner of each property assessed. The statement designates the property, the assessment amount, method of payment, rate of interest on the unpaid balance of the assessment, the time of delinquency, and penalties on delinquent payments. Within five days after the statements are mailed, the clerk shall have notice published that the statements have been mailed.

(c) Assessments are liens on the property assessed and are prior and paramount to all liens except municipal tax liens. They may be enforced as provided in AS 29.45.320 - 29.45.470 for enforcement of property tax liens.

Sec. 29.46.090. EXEMPTION. (a) The real property owned and occupied by a resident 65 years of age or over, or the spouse, widow, widower, or minor heir of the original applicant, on which is located only his permanent abode that is a single-family residence, is exempt from (1) special sewer assessments levied by a municipality after September 2, 1975, and (2) special water assessments levied by a municipality after September 2, 1975. Only one exemption may be granted with respect to the same property, and, if two or more persons are eligible for an exemption with respect to the same property, the parties shall decide between or among themselves which shall receive the benefit of the exemption. Real property may not be exempted under this subsection that the municipality determines, after notice and hearing to

the parties concerned, has been conveyed to the applicant primarily for the purpose of obtaining the exemption. The determination of the municipality is appealable under AS 44.62.560 - 44.62.570.

(b) An exemption may not be granted under this section except upon written application for the exemption on a form prescribed by the state assessor for use by local assessors and in accordance with the following requirements:

(1) The claimant must file the initial application during the period of time between the date the assessment roll is confirmed and the time of payment fixed by the governing body. Within one year after the date the assessment roll is confirmed the governing body for good cause shown may waive the claimant's failure to make timely initial application for the exemption and authorize the assessor to accept the application as if timely filed.

(2) A claimant receiving the exemption must file with the assessor by March 15 of each subsequent year a separate application proving eligibility as of January 1 in order to retain the exemption. Within the same year the assessor for good cause shown may waive the claimant's failure to make timely application and approve the application as if timely filed.

(3) If an application is filed within the required time under this subsection and is approved by the governing body, the exemption shall be allowed in accordance with the provisions of this section. If a waiver under this subsection is granted and the application for exemption approved, the amount of any assessment, penalty, or interest that the claimant has already paid on the assessment shall be refunded to him. The municipality may at any time require proof in the form considered necessary of the right and amount of an exemption claimed under this section.

(c) The state shall reimburse a municipality for the sewer and water assessment revenues that it would receive but for the operation of this section. Reimbursement under this subsection is a lien in favor of the state against the property exempted to the extent of the assessment against the property exempted. When properly recorded, the lien is prior and superior to other liens against the property except for property taxes or other special assessments and may be enforced by lien foreclosure. The lien becomes immediately due and payable

(1) upon sale or other transfer of the property except to a spouse, widow, widower, or minor heir; however, if the property is transferred to a minor heir the lien becomes due and payable on the date the minor heir reaches the age of 25 years;

(2) when property exempted under (a)(1) or (2) of this section receives more than one sewer connection or more than one water connection; or

(3) when the claimant fails to prove eligibility under (b)(2) of this section.

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

(e) In this section

(1) "minor heir" means a person who, at the time of transfer of the property, has not attained the age of 19 years or who, if he has not attained the age of 22 years, is a full-time student at an educational institution or a member of the armed forces of the United States;

(2) "real property" includes, but is not limited to, mobile homes, whether classified as real or personal property for municipal tax purposes;

(3) "resident" means a person who for 12 consecutive months has maintained his permanent place of abode in the state.

Sec. 29.46.100. REASSESSMENT. (a) The governing body shall within one year correct any deficiency in a special assessment found by a court. Notice and hearing must conform to the initial assessment procedures.

(b) Payments on the initial assessment are credited to the property upon reassessment. The reassessment becomes a charge upon the property notwithstanding failure to comply with any provision of the assessment procedure.

Sec. 29.46.110. ALLOWABLE COSTS. (a) When a special assessment district is created, there may be included in the assessments

(1) all of the cost of acquiring, installing, making, or constructing the local improvement;

(2) the costs of all engineering and surveying to be done in connection with creating the district or improvement;

(3) the cost of mailing and publishing notices;

(4) interest on interim financing;

(5) the cost of legal services and other expenses incurred in the formation of the special assessment district;

(6) the cost of completing the improvement and financing the improvement, including the issuance of bonds.

(b) The total amount of the assessment roll may not exceed actual costs, but actual costs may include reasonable estimates of the costs to be incurred in connection with issuance of bonds.

Sec. 29.46.120. OBJECTION AND APPEAL. (a) The validity of an assessment may not be contested by a person who did not file with the municipal clerk a written objection to the assessment roll before its confirmation.

(b) The decision of the governing body on an objection may be appealed to the superior court within 30 days after the date of confir-

mation of the assessment roll. If no objection is filed or appeal taken within that time, the assessment procedure is considered valid in all respects.

Sec. 29.46.130. INTERIM FINANCING. (a) A municipality may provide by resolution or ordinance for the issuance of notes in payment of the costs of a local improvement project, payable out of special assessments for the improvement. The notes shall bear interest at a rate or rates authorized by the resolution or ordinance, and shall be redeemed either in cash or bonds for the improvement project.

(b) Notes issued against assessments shall be claims against the assessments that are prior and superior to a right, lien or claim of a surety on the bond given to the municipality to secure the performance of its contract for a local improvement project, or to secure the payment of persons who have performed work or furnished materials under the contract.

(c) The municipal treasurer may accept notes against special assessments on conditions prescribed by the governing body in payment of

(1) assessments against which the notes were issued in order of priority;

(2) judgments rendered against property owners who have become delinquent in the payment of assessments; and

(3) certificates of purchase when property has been sold under execution or at tax sale for failure to pay the assessments.

Sec. 29.46.140. SPECIAL ASSESSMENT BONDS. (a) The municipality may by ordinance authorize the issuance and sale of special assessment bonds to pay all or part of the cost of an improvement in a special assessment district. The principal and interest of bonds issued shall be payable solely from the levy of special assessments against the property to be benefited. The assessments shall constitute a sinking

fund for the payment of principal and interest on the bonds. The benefited property may be pledged by the governing body to secure a payment.

(b) On default in a payment due on a special assessment bond, a bondholder may enforce payment of principal, interest, and costs of collection in a civil action in the same manner and with the same effect as actions for the foreclosure of mortgages on real property. Foreclosure shall be against all property on which assessments are in default. The period for redemption is the same as for a mortgage foreclosure on real property.

(c) Before the governing body may issue special assessment bonds, it shall establish a guarantee fund and appropriate to the fund annually a sum adequate to cover a deficiency in meeting payments of principal and interest on bonds if the reason for the deficiency is nonpayment of assessments when due. Money received from actions taken against property for nonpayment of assessments shall be credited to the guarantee fund.

* Sec. 13. AS 29 is amended by adding a new chapter to read:

CHAPTER 47. MUNICIPAL DEBT.

ARTICLE 1. REVENUE ANTICIPATION NOTES.

Sec. 29.47.010. BORROWING IN ANTICIPATION OF REVENUE. A municipality that is authorized to incur indebtedness may borrow money to meet appropriations for any fiscal year in anticipation of the collection of the revenues for that year, but all debt so contracted shall be paid before the end of the next fiscal year. Negotiable or nonnegotiable revenue anticipation notes may be issued as evidence of the borrowing.

Sec. 29.47.020. ISSUANCE OF NOTES. A municipality may by ordinance or resolution authorize the issuance of revenue anticipation notes. The governing body may delegate to its chief fiscal officer the power to issue the notes from time to time under the terms and condi-

tions of the ordinance or resolution that provides for the manner of their sale.

Sec. 29.47.030. ISSUANCE OF NOTES IN ANTICIPATION OF STATE, FEDERAL GRANTS. (a) A municipality, on adoption of a long-range capital improvement budget by ordinance or resolution, may by resolution provide for negotiable or nonnegotiable revenue anticipation notes in an amount not to exceed the total amount of any state or federal grants finally committed for these projects. The notes mature no later than the end of the next fiscal year. The notes may be for single or multiple projects outlined in the adopted capital improvement budget.

(b) If the state or federal grants for capital improvement projects have not been paid to the municipality before maturity of the notes issued in anticipation of the receipt of the revenue, the governing body may issue new notes in order to meet payment of the notes then maturing or may renew the outstanding revenue anticipation notes. New notes issued or renewals of outstanding revenue anticipation notes mature not later than the end of the next fiscal year.

Sec. 29.47.040. PRIORITY OF REPAYMENT. The payment of the principal and interest on revenue anticipation notes is payable from revenues, and their payment additionally shall be secured by a pledge of the full faith and credit of the municipality issuing them.

ARTICLE 2. BOND ANTICIPATION NOTES.

Sec. 29.47.080. BOND ANTICIPATION BORROWING. A municipality may borrow money in anticipation of the sale of general obligation and revenue bonds if

(1) the general obligation bonds to be sold have been authorized by ordinance and ratified by a majority vote at an election;

(2) the revenue bonds to be sold have been authorized by ordinance.

Sec. 29.47.090. ISSUANCE OF NOTES. The governing body shall issue negotiable or nonnegotiable notes for the amounts borrowed with a maturity date not to exceed one year from the date of issue. All notes and the interest on them are payable at fixed places on or before a fixed time from the proceeds of the sale of bonds in anticipation of which the original note or notes were issued, unless the bonds have not been sold by the maturity date of the notes.

Sec. 29.47.100. ISSUANCE OF NEW NOTES. If the sale of the bonds has not occurred before the maturity of the notes issued in anticipation of the sale, the governing body shall issue new notes in order to meet payment of the notes then maturing, or shall renew the outstanding bond anticipation notes. New notes issued or renewals of outstanding bond anticipation notes bear a maturity date not to exceed one year from the date of issue. Notes, new notes, and renewals of notes may not be outstanding for a total elapsed time of more than three years.

Sec. 29.47.110. REPAYMENT OF NOTES. Every note is payable from the proceeds of the sale of bonds that the notes anticipated or from the proceeds of the sale of new bond anticipation notes.

Sec. 29.47.120. SECURITY. (a) Notwithstanding other provisions of this chapter as to payment of notes, notes issued in anticipation of the sale of general obligation bonds and the interest on them are secured by the full faith and credit of the municipality. The municipality may levy ad valorem taxes for payment without limitation of rate or amount.

(b) Notes issued in anticipation of the sale of revenue bonds and the interest on them are secured in the same manner as are the revenue bonds in anticipation of which the notes are issued.

Sec. 29.47.130. LIMITATION. The total amount of notes issued and outstanding may at no time exceed the total amount of bonds authorized to be issued.

Sec. 29.47.140. USE OF PROCEEDS. The proceeds from the sale of notes shall be used only for the purposes for which the proceeds from the sale of bonds may be used, or to meet payment of outstanding bond anticipation notes.

ARTICLE 3. GENERAL OBLIGATION BONDS.

Sec. 29.47.180. GENERAL OBLIGATION BONDS. A municipality may acquire, construct, improve, and equip capital improvements and issue negotiable or nonnegotiable general obligation bonds for these purposes.

Sec. 29.47.190. VOTE AND NOTICE OF EXISTING INDEBTEDNESS REQUIRED. (a) A municipality may incur general obligation bond debt only after a bond authorization ordinance is approved by a majority vote at an election. Any municipal voter may vote in the bond election, except as otherwise provided by law.

(b) Before a general obligation bond issue election, the governing body shall have published a notice of the total existing bond indebtedness at least once a week for three consecutive weeks. The first notice shall be published at least 20 days before the date of the election. A notice shall include

(1) the current total general obligation bonded indebtedness, including authorized but unsold bonds of the municipality;

(2) the cost of the debt service on the current indebtedness;

(3) the total assessed value of property in the municipality.

Sec. 29.47.200. PAYMENT. (a) The full faith and credit of a municipality are pledged for the payment of principal and interest on general obligation bonds. The municipality may levy ad valorem taxes for payment without limitation of rate or amount to pay or secure the payment of the principal and interest on bonds, regardless of whether the bonds are in default or in danger of default.

(b) General obligation bonds issued for acquiring, constructing,

improving and equipping a municipally owned utility or other revenue-generating enterprise may be additionally secured by a pledge of the revenue derived from operation. Bonds so secured are not subject to a debt limitation imposed by a home rule charter. This subsection applies to home rule and general law municipalities.

ARTICLE 4. REVENUE BONDS.

Sec. 29.47.240. REVENUE BONDS. (a) A municipality may issue negotiable or nonnegotiable revenue bonds for a public enterprise or public corporation of the municipality where the only security is the revenue of the public enterprise or corporation.

(b) A municipality may issue its revenue bonds to finance the purchase of residential mortgage loans. The revenue bonds issued under this subsection are payable solely from the principal and interest of the mortgage loans and from other amounts pledged by the municipality, except the pledge of revenues derived from taxes. Revenue bonds issued under this subsection do not constitute a general obligation of the municipality.

Sec. 29.47.250. NO ELECTION REQUIRED. An election is not required to authorize the issuance and sale of revenue bonds, unless otherwise provided by ordinance.

Sec. 29.47.260. CONSTRUCTION. The prohibitions of AS 37.10.085 do not apply to the issuance of revenue bonds or the use of proceeds from revenue bonds by a home rule or general law municipality.

ARTICLE 5. REFUNDING BONDS.

Sec. 29.47.300. AUTHORIZATION. If a municipality has outstanding general obligation or revenue bonds and the governing body determines that it would be financially advantageous to refund the bonds, the municipality may provide by ordinance or resolution for the issuance of negotiable or nonnegotiable

(1) general obligation refunding bonds; or

(2) revenue refunding bonds.

Sec. 29.47.310. EFFECT OF BONDS. The refunding bonds may take up and refund all or part of outstanding bonds at or before their maturity or redemption date. The governing body may include various series and issues of bonds in a single issue of refunding bonds.

Sec. 29.47.320. NO ELECTION REQUIRED. An election is not required to authorize the issuance and sale of refunding bonds. Their issuance may be authorized and all proceedings with reference to them prescribed by ordinance. However, when it is desirable to use general obligation bonds to refund a revenue bond issue, the governing body shall call an election on the question.

Sec. 29.47.330. PAYMENT OF REFUNDING BONDS. General obligation refunding bonds are payable according to AS 29.47.200. Revenue refunding bonds are payable according to AS 29.47.240.

Sec. 29.47.340. SALE OF REFUNDING BONDS. General obligation or revenue refunding bonds may, at the discretion of the governing body, be exchanged for the bonds being refunded, or may be sold at public or private sale. They may be issued and delivered at any time before the date of maturity or redemption of the refunded bonds.

ARTICLE 6. MISCELLANEOUS PROVISIONS.

Sec. 29.47.390. OTHER MUNICIPAL FINANCING. (a) A municipality may authorize by ordinance or resolution the issuance of negotiable or nonnegotiable revenue bonds to finance any project that serves a public purpose, and the bonds shall be secured and payable from any source except revenues of the municipality, including tax revenue.

(b) Bonds issued under this section are not a debt or liability of the municipality and do not create or constitute an indebtedness, liability, or obligation of the municipality, nor do they constitute a

pledge of faith, credit, or taxing power of the municipality. Each bond must contain on its face a statement that the municipality is not obligated to pay the principal or the interest on the bonds except from those sources indicated, and that neither the faith and credit nor the taxing power of the municipality is pledged to the payment of principal or interest on the bond.

(c) A municipality may

(1) loan the proceeds of the bonds issued under this section;

(2) pledge, mortgage or assign money, leases, agreements, property, or other assets of the project being financed;

(3) enter into covenants and agreements concerning bonds issued under this section that the municipality determines to be desirable;

(4) provide for any matter that affects the security of the bonds.

(d) In this section

(1) "bonds" means bonds, notes, or other evidence of indebtedness;

(2) "project" includes but is not limited to commercial, manufacturing, agricultural, industrial, residential housing, recreation, tourism, and medical projects and programs.

Sec. 29.47.400. SALE. Bonds and notes issued under this chapter may be sold at either public or private sale by the municipality in the manner and at the price it determines.

Sec. 29.47.410. FORMS AND TERMS. The municipality may by ordinance or resolution fix the date, denominations, maturities, rate or rates of interest, redemption terms, registration privileges, manner of execution, signatures required, purchase price, manner of sale, and other requirements for issuing bonds or notes under this chapter. If an

official whose signature appears on the bonds or coupons ceases to be an official before delivery of the bonds, his signature is valid as if he had remained in office until delivery.

Sec. 29.47.420. INTEREST RATE. The interest rate payable on a bond or note issued under this chapter shall be determined by the municipality and is not subject to the usury rate limitations of AS 45.-45.010.

Sec. 29.47.430. REDEMPTION BEFORE MATURITY. A bond or note issued under this chapter may be made subject to redemption before maturity as stated in the authorization or in the bond or note.

Sec. 29.47.440. BOROUGH INDEBTEDNESS. (a) A borough may incur indebtedness

(1) on an areawide basis for areawide functions; or

(2) on a nonareawide basis for functions performed only in the borough area outside all cities; or

(3) on a service area basis for functions performed only in a service area.

(b) Payment of debt principal and interest as well as other costs shall be derived from the area incurring the debt under (a)(2) or (a)(3) of this section, except that the full faith and credit of the entire borough may be pledged to guarantee payment of principal and interest.

(c) If the bonded debt to be incurred by a borough is an areawide debt, the vote is areawide. If the full faith and credit of the entire borough is pledged for the payment of the debt of the borough area outside all cities or of a service area, an areawide election is held and the proposition must pass both areawide and in the area that will benefit from the improvement. If the bonded indebtedness to be incurred is limited to the borough area outside all cities, the vote is limited to voters outside all cities. If the indebtedness to be incurred is

limited to a service area, the vote is limited to voters in the service area. Only the full faith and credit of the area voting on the indebtedness is pledged for the payment of the debt.

(d) The indebtedness of a municipality reclassified under AS 29.04.040 is not affected by reclassification. All property in a municipality that is reclassified remains subject to taxation to amortize bonded or other indebtedness affecting the municipality and authorized on the effective date of reclassification.

Sec. 29.47.450. SERVICE AREA DEBT. The indebtedness of a service area acquired under AS 29.47.440 remains the indebtedness of the area that incurred the debt, notwithstanding a subsequent court determination that the service area was not validly formed under law or by virtue of a defect in the proceedings creating the service area. All property in the service area remains subject to taxation to pay the bonded indebtedness.

* Sec. 14. AS 29 is amended by adding a new chapter to read:

CHAPTER 55. MUNICIPAL PROGRAMS.

Sec. 29.55.010. CREATION OF LOCAL HISTORICAL DISTRICT COMMISSIONS. The governing body of a municipality may establish a local historical district commission or designate the planning commission or itself to serve as the historical district commission.

Sec. 29.55.020. ESTABLISHMENT OF HISTORICAL DISTRICTS. (a) In addition to existing municipal authority providing for the preservation, protection, and maintenance of historic sites, the local historical district commission, in consultation with the Historic Sites Advisory Committee in the Department of Natural Resources, may establish a historical district in the boundaries of the municipality.

(b) A historical district shall be a reasonably compact area of historical significance in which two or more structures important in

state or national history, and related by physical proximity or historical association, are located. For purposes of this section, "structures important in state or national history" means properties recommended by historical district commissions that are listed in the National Register of Historic Places or are characteristic of the Russian-American period before October 18, 1867, the early territorial period before 1930, or early Native heritage, reflecting the indigenous characteristics of Native culture in Alaska. On recommendation of the governing body of a municipality and the Historic Sites Advisory Committee, the Department of Natural Resources may by regulation formulate additional criteria for the establishment of historical districts not inconsistent with this subsection.

(c) The establishment of a historical district under this section shall be consistent with any applicable comprehensive plan for the municipality.

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

CHAPTER 60. STATE PROGRAMS.

ARTICLE 1. MUNICIPAL TAX RESOURCE EQUALIZATION.

Sec. 29.60.010. STATE EQUALIZATION OF TAX RESOURCES FOR MUNICIPAL SERVICES. (a) During each fiscal year the department shall compute an equalization entitlement for municipal services provided by a taxing unit.

(b) The equalization entitlement computed for a taxing unit is based on the population, relative ability to generate revenue, and local tax burden of the taxing unit and is determined by the application of the formula

Entitlement = P x R

where P = population, and

R = millage rate equivalent, determined by dividing the sum of

the locally generated revenue of the taxing unit by one-tenth of one percent of the full and true value of assessed property of the taxing unit determined under AS 29.60.030(d); however, the per capita property value used under this subsection may not be less than 15 percent of the statewide average per capita full and true assessed property value.

(c) For purposes of this section, locally generated revenue

(1) includes

(A) the actual revenue derived from the levy and collection of local taxes in the taxing unit for municipal services during the preceding fiscal year of the taxing unit;

(B) motor vehicle payments received by the municipality during the preceding fiscal year under AS 28.10.431;

(C) revenue from fees, rentals, leases, penalties, licenses or permits received during the preceding fiscal year by the municipality for a function or service over which it has control, including revenues derived from parks and recreation services, mass transit, offstreet parking, and garbage and solid waste disposal services;

(D) special assessments received during the preceding fiscal year; and

(E) payments received by a municipality from a utility that are in place of taxes levied and collected by the municipality;

(2) excludes

(A) revenue derived from the levy and collection of municipal taxes and appropriated for the operating expenses and debt service of utilities;

(B) revenue from interest earned on investments and from the sale and lease of land or equipment; and

(C) all other revenue from whatever service derived.

Sec. 29.60.020. DETERMINATION OF POPULATION. (a) For purposes of AS 29.60.010 - 29.60.080, the population of a taxing unit shall be determined annually by the latest figures of the United States Bureau of the Census or other population data that in the judgment of the department is reliable.

(b) The population of the taxing unit includes the population of any military reservation that is a part of the taxing unit. The population of a taxing unit includes persons working in isolated job sites located within the taxing unit regardless of where the persons reside. For purposes of this subsection, the number of persons working in isolated job sites are those persons working in the sites on July 1 of each year as determined by the commissioner based on data that in the judgment of the commissioner is reliable, including data supplied by employers.

Sec. 29.60.030. DETERMINATION OF MILLAGE RATE EQUIVALENT. (a) The department may require a municipality to return a certification, signed by the municipal treasurer or manager and the mayor, that provides an estimate of the locally generated revenue received by the municipality during the preceding fiscal year.

(b) By October 15 of each year, the department shall make an initial determination of the millage rate equivalent of each taxing unit to be used for computing and distributing equalization entitlements for the current fiscal year under AS 29.60.010 - 29.60.080. The department shall base the initial determination on the estimates in the certification returned by a municipality under (a) of this section.

(c) As early as possible, but not later than December 15 of each year, the department shall make a final determination of the millage rate equivalent of each taxing unit to use to compute and distribute equalization entitlements under AS 29.60.010 - 29.60.080. The depart-

ment shall base the determination on audits, financial statements and other financial reports prepared and submitted by a municipality. The department shall adjust the locally generated revenue reported by a municipality to exclude the municipal revenue claimed that does not qualify for inclusion in or recognition as locally generated revenue for municipal purposes under AS 29.60.010(c)(1). The adjustment shall be made by deducting from total revenue claimed by the municipality the amount of the department's estimate of revenue that is not recognized for municipal purposes.

(d) The full and true assessed property value shall be determined by the department in the manner provided for the computation of state aid to education under AS 14.17.140. When the determination of locally generated revenue includes revenue of a utility received under AS 29.-60.010(c)(1)(E), the full and true assessed property value shall include the computed assessed value of the utility, determined by dividing the amount of the payment in place of taxes made by the utility by the millage rate that would apply to the utility if the utility were subject to levy and collection of taxes under AS 29.45.

(e) In addition to the computation for municipalities that levy and collect a property tax, the department shall determine an estimated full and true assessed property value under (d) of this section for

(1) each municipality that is a school district and that does not levy and collect a property tax;

(2) each second class city with a population of 750 or more persons; however, a computation is not required under this paragraph more often than once during a period of three successive calendar years; and

(3) all other second class cities, by determining the average per capita full and true assessed property value of all cities having a

population of less than 750 persons in which an assessment has been completed by a municipality or for which a determination is not made under (1) or (2) of this subsection.

(f) The department shall annually compute a statewide average per capita full and true assessed property value.

Sec. 29.60.040. REPORTS. A payment of an equalization entitlement may not be made to a municipality under AS 29.60.010 - 29.60.080 until the municipality has submitted its certificate of estimated revenue and its financial report to the department for the fiscal year preceding the year for which the equalization entitlement is sought, together with a budget for the municipality's current fiscal year. The financial report shall include a listing of general revenue collected from taxes levied and assessed and any other revenue that, in the opinion of the municipal officials, is eligible for inclusion in computations of the locally generated revenue of the taxing unit.

Sec. 29.60.050. LIMITATION ON COMPUTATION AND USE OF PAYMENTS. (a) An equalization entitlement generated by the tax levy of a taxing unit may be used only for authorized expenditures of that taxing unit, but up to 15 percent of the payment of an equalization entitlement generated by areawide revenue of a municipality may be used by the municipality for areawide or nonareawide purposes at the discretion of its governing body. This subsection applies to home rule and general law municipalities.

(b) An equalization entitlement determined with reference to revenue other than revenue obtained from the levy and collection of taxes may be used for areawide or nonareawide purposes, at the discretion of the governing body.

Sec. 29.60.060. TAX EQUALIZATION ACCOUNT. The tax equalization account is established. Money to carry out the provisions of AS 29.60.-

010 - 29.60.080 shall be allocated by the department to the account. The amount allocated to the account shall be fully distributed by the department as payments to municipalities to fulfill each share authorized under AS 29.60.010. The amount allocated to the account shall be distributed by the department pro rata among eligible municipalities.

Sec. 29.60.070. ADMINISTRATION. (a) The department may adopt regulations necessary to implement AS 29.60.010 - 29.60.080. The regulations shall include, among other provisions,

(1) procedures and filing dates for submitting certification and financial reports;

(2) procedures for obtaining information required to compute and determine the municipality's millage rate equivalent; and

(3) procedures by which the department shall notify a municipality in writing of the reasons for a proposed disallowance or adjustment of any factor bearing upon the determination of the municipality's entitlement and by which the municipality will be provided reasonable time in which to respond or to challenge the department's determination.

(b) The department shall make reasonable efforts to advise and assist municipalities in collecting information and completing reports necessary for the determination of entitlements under AS 29.60.010 - 29.60.080.

(c) The department shall, by regulation, classify for inclusion or exclusion as a component of a municipality's millage rate equivalent under AS 29.60.010 any tax revenue appropriated for a utility not included in the definition set out in AS 29.60.080(4).

Sec. 29.60.080. DEFINITIONS. In AS 29.60.010 - 29.60.080

(1) "taxing unit" means a municipality and

(A) in a borough or unified municipality, a service area or the entire area outside cities;

(B) in a city, a differential tax zone;

(2) "utility" means electric, water, sewer, gas heat, telephone, or refuse and garbage collection service.

ARTICLE 2. STATE AID FOR MISCELLANEOUS PURPOSES.

Sec. 29.60.100. REVENUE SHARING PAYABLE. In addition to the equalization entitlements paid under AS 29.60.010 - 29.60.080, during each fiscal year the department shall pay aid

(1) to a municipality or other eligible recipient that has the power to provide the services described in AS 29.60.030 - 29.60.070 and exercises the power in the manner required by AS 29.60.100 - 29.60.-180;

(2) to an unincorporated community under AS 29.60.140.

Sec. 29.60.110. STATE AID TO MUNICIPALITIES FOR ROADS. (a) The department shall pay to a municipality that has power to provide for road maintenance and exercises that power, $2,500 a mile for each mile of road, street, or highway maintained by the municipality, excluding (1) the official state highway system, (2) roads, streets, or highways not dedicated to public use, (3) roads, streets, or highways maintained under the local service road program (AS 19.30.111 - 19.30.251), and (4) alleyways, in accordance with regulations adopted by the Department of Transportation and Public Facilities. A payment may not be made under this subsection for maintenance of a road that is not used by automotive equipment.

(b) A frozen waterway and a connection from an inhabited area to a waterway that may be safely used for public transportation by automotive equipment and is so used during a portion of a year is eligible for a payment of $1,500 per mile if the waterway and connection are maintained during the period of use by a municipality or combination of municipalities. The department, after consultation with the Department of Trans-

portation and Public Facilities, shall determine which waterways and connections qualify and, where the waterways or connections lie outside the corporate limits of a municipality, which municipalities shall receive the payments under this subsection, unless the municipalities involved have agreed in writing to a particular distribution.

Sec. 29.60.120. STATE AID TO MUNICIPALITIES AND OTHER ELIGIBLE RECIPIENTS FOR HEALTH FACILITIES AND HOSPITALS. (a) The department shall pay

(1) to a municipality that has the power to provide hospital facilities and services and that exercises that power, $1,000 per bed for each bed actually used for patient care, limited to the number of beds provided for in the construction design of the hospital, or $250,000 a hospital for those hospitals with 10 or more beds, or $50,000 a hospital for those hospitals with less than 10 beds, as the municipality may elect; money received under this paragraph may be used only for hospitals and shall be apportioned among qualifying hospitals as the municipality determines;

(2) on the basis set out in (1) of this subsection to a municipality for a nonprofit hospital not operated by a municipality if the municipality first certifies to the department that the nonprofit hospital is in compliance with all standards for hospitals that have been adopted by the municipality; money may not be paid on behalf of a nonprofit hospital without this certification; payments to the municipality shall be transferred to the nonprofit hospital in accordance with the basis by which the payment was generated by the hospital, and shall be applied to the annual cost of operation and maintenance of the hospital or for the provision of health care service at the hospital as the directors of the hospital determine;

(3) to a municipality in which a health facility is operated,

$2,000 per bed for each bed actually used for patient care, limited to the number of beds provided for in the construction design of the health facility, or $8,000 per health facility as the municipality determines.

(b) A hospital may not receive payment under both (a)(1) and (a)(2) of this section.

(c) Money received by a municipality under (a)(3) of this section shall be used for expenses of health services or operation and maintenance of health facilities as the municipality determines.

(d) Before money may be distributed under this section, the commissioner of health and social services shall certify to the commissioner of community and regional affairs that any accumulation of assets by nonprofit corporations or other recipients under this section is dedicated irrevocably to a public purpose.

(e) Subsections (a) and (c) of this section apply to home rule and general law municipalities.

Sec. 29.60.130. STATE AID TO VOLUNTEER FIRE DEPARTMENTS NOT IN ORGANIZED MUNICIPALITY. (a) The department shall pay to a volunteer fire department registered with the state fire marshal and serving an area not in an organized municipality a sum for protection purposes equal to $10 per capita for the population served by the fire department, as determined by the state fire marshal.

(b) A grant shall be made under (a) of this section to facilitate the organization of a volunteer fire department in an area not in an organized municipality, upon application of the proposed fire protection group to the state fire marshal and upon approval of applications according to standards of organization and service prescribed by regulations adopted by the state fire marshal.

Sec. 29.60.140. STATE AID TO UNINCORPORATED COMMUNITIES. (a) The Department of Community and Regional Affairs shall pay an entitlement of

$25,000 each fiscal year to each unincorporated community. The Department of Community and Regional Affairs with advice from the Department of Law shall determine whether there is in each unincorporated community an incorporated nonprofit entity or a Native village council that will agree to receive and spend the entitlement. If there is more than one qualified entity in an unincorporated community, the Department of Community and Regional Affairs shall pay the money under the entitlement to the entity that the department finds most qualified to receive and spend the money. The Department of Community and Regional Affairs may not pay money under an entitlement to a Native village council unless the council waives immunity from suit for contract claims arising out of activities of the council related to the entitlement. A waiver of immunity from suit under this subsection must be on a form provided by the Department of Law. Neither this subsection nor any action taken under it enlarges or diminishes the governmental authority or jurisdiction of a Native village council. If there is no qualified incorporated nonprofit entity or Native village council in an unincorporated community that is willing to receive money under an entitlement, the entitlement for that unincorporated community may not be paid.

(b) In this section "unincorporated community" means a place in the unorganized borough that is not incorporated as a city and in which 25 or more persons reside as a social unit.

Sec. 29.60.150. POPULATION DETERMINATION. For purposes of AS 29.-60.100 - 29.60.180, population shall be determined by the latest figures of the United States Bureau of the Census or other reliable population data, including but not limited to public school enrollment figures, public utility connection, registered voters, or certified employment payrolls.

Sec. 29.60.160. AREA COST-OF-LIVING DIFFERENTIAL. (a) Payments

to a municipality or other eligible recipient under AS 29.60.110 - 29.60.120 shall reflect area cost-of-living differentials. Payments shall be based on the sum of per capita, per mile and per bed or facility grants due each municipality or other recipient multiplied by the appropriate area cost-of-living differential. The area cost-of-living differential for each recipient shall be determined annually by election district under the provisions of AS 39.27.030. Application of the area cost-of-living differential may not result in distribution of an amount less than the amount of the payment determined without reference to application of this section.

(b) The election districts used to establish area cost-of-living differentials under (a) of this section are those designated by the proclamation of reapportionment and redistricting of December 7, 1961, and retained for the house of representatives by proclamation of the governor September 3, 1965.

Sec. 29.60.170. MISCELLANEOUS SERVICES ACCOUNT. The miscellaneous services account is established. Money to carry out the provisions of AS 29.60.100 - 29.60.180 shall be allocated by the department to the account in accordance with AS 29.60.280. If amounts in the account are insufficient to pay each municipality's or other recipient's share authorized under AS 29.60.100 - 29.60.180, the amounts that are available shall be distributed pro rata among eligible municipalities and other recipients.

Sec. 29.60.180. REGULATIONS. The department shall adopt regulations necessary to carry out the purposes of AS 29.60.100 - 29.60.180. The regulations shall include minimum standards required to qualify a municipality or other recipient for payments for each service. The department may require a municipality or other recipient to submit a performance report adequate to demonstrate to the department that a

service for which payment is requested under AS 29.60.100 - 29.60.180 was performed by the municipality or other recipient and meets minimum standards of service prescribed by regulation.

ARTICLE 3. STATE AID FOR HOSPITAL AND HEALTH FACILITY CONSTRUCTION.

Sec. 29.60.230. STATE AID FOR HOSPITAL AND HEALTH FACILITY CONSTRUCTION. (a) If construction of a hospital began after January 1, 1968, or if construction of a health facility began after January 1, 1980, and before July 1, 1980, and state matching aid for construction approved for payment to a municipality or other hospital or health facility sponsor constitutes less than 25 percent of the total project cost, the department shall pay to the municipality or other hospital or health facility sponsor each fiscal year $2,500 a bed for the maximum number of beds provided for in the construction design of the hospital or health facility or five percent of the total project cost, whichever is greater. State aid provided for in this section shall continue until the municipality or other hospital or health facility sponsor has received an amount that, combined with state matching money for construction of the hospital or health facility, equals 25 percent of the total project cost. Money received for construction may not be used for any other purpose.

(b) In this section "total project cost" means

(1) costs directly related to the project; and

(2) the total of all costs of financing and carrying out the project, including but not limited to,

(A) the costs of all necessary studies, surveys, plans and specifications, architectural, engineering or other special services, acquisition of real property, site preparation and development, purchase, construction, reconstruction and improvement

of real property, and the acquisition of machinery and equipment as may be necessary in connection with the project;

(B) an allocable portion of the administrative and operating expenses of the municipality or other hospital or health facility sponsor;

(C) the cost of financing the project, including interest on bonds issued to finance the project; and

(D) the cost of other items, including any indemnity and surety bonds and premiums on insurance, legal fees, fees and expenses of trustees, depositaries, financial advisors, and paying agents for the bonds issued as the issuer considers necessary.

(c) This section applies to home rule and general law municipalities.

Sec. 29.60.240. HOSPITAL AND HEALTH FACILITY CONSTRUCTION ASSISTANCE ACCOUNT. The hospital and health facility construction assistance account is established. Money to carry out the provisions of AS 29.60.230 - 29.60.240 shall be allocated by the department to the account in accordance with AS 29.60.280. If amounts in the account are insufficient to pay each recipient's share authorized under AS 29.60.230 - 29.60.240, the amounts that are available shall be distributed pro rata among eligible recipients.

ARTICLE 4. ADMINISTRATION OF STATE AID PROGRAMS.

Sec. 29.60.280. ALLOCATION AND DISTRIBUTION. (a) Each year, the department shall allocate money appropriated to the accounts established in AS 29.60.060, 29.60.170, and 29.60.240 in the amounts determined by the legislature.

(b) Money in the miscellaneous services account established in AS 29.60.170 that exceeds the amount required to fully fund distributions authorized by AS 29.60.100 - 29.60.180 shall be reallocated to the

tax equalization account established in AS 29.60.060 and distributed according to the provisions of AS 29.60.010 - 29.60.080.

(c) Money in the hospital and health facility construction assistance account established in AS 29.60.240 that exceeds the amount required to fully fund distributions authorized by AS 29.60.230 - 29.60.240 shall be reallocated to the tax equalization account established in AS 29.60.060 and distributed according to the provisions of AS 29.60.010 - 29.60.080.

Sec. 29.60.290. QUALIFICATION FOR MINIMUM PAYMENT. (a) A municipality qualifying for an entitlement under AS 29.60.010 - 29.60.080 or 29.60.100 - 29.60.180 shall receive a minimum payment of $25,000 plus an area cost-of-living differential for each fiscal year if

(1) the municipality has conducted a regular election during the fiscal year preceding the year for which payment of an entitlement is authorized by AS 29.60.010 - 29.60.080 or 29.60.100 - 29.60.180 and has reported the results of the election to the commissioner;

(2) regular meetings of the governing body are held in the municipality during the fiscal year preceding the year for which payment of an entitlement is authorized by AS 29.60.010 - 29.60.080 or 29.60.100 - 29.60.180 and a record of the proceedings is maintained;

(3) a municipal budget has been adopted for the fiscal year during which payment of an entitlement is authorized by AS 29.60.010 - 29.60.080 or 29.60.100 - 29.60.180 and an audit or financial statement for the preceding fiscal year has been prepared and furnished to the department in accordance with AS 29.20.640(a); and

(4) local ordinances adopted by the municipality have been codified in accordance with AS 29.25.050.

(b) The area cost-of-living differential payable to each municipality under this section shall be determined annually by election

district under the provisions of AS 39.27.030. Except as provided in AS 29.60.300, application of the area cost-of-living differential may not result in a payment that is less than the minimum payment determined under (a) of this section. For purposes of this subsection, the election districts used are those designated by the proclamation of reapportionment and redistricting of December 7, 1961, and retained for the house of representatives by proclamation of the governor September 3, 1965.

(c) The department shall pay to each municipality eligible to receive a minimum payment under this section an amount equal to the difference between the minimum payment determined under (a) and (b) of this section and the sum of the amounts payable for the same fiscal year under AS 29.60.010 - 29.60.080 and 29.60.100 - 29.60.180.

(d) A payment under this section may be prorated and reduced under AS 29.60.300.

(e) Payments under this section shall be made from the money allocated to the tax equalization account established in AS 29.60.060.

Sec. 29.60.300. PRORATION OF PAYMENTS. (a) Payments under AS 29.60.290 and 29.60.010 - 29.60.180 shall equal the amount allocated to the tax equalization account (AS 29.60.060), adjusted in accordance with AS 29.60.280.

(b) Adjustments of payments shall be determined by prorating amounts payable under AS 29.60.290 and amounts payable under AS 29.60.010 - 29.60.180 by a factor that, when applied, reduces all payments in equal proportion so that payment under AS 29.60.290 and payments under AS 29.60.010 - 29.60.180 equal the amount allocated to the tax equalization account established in AS 29.60.060.

ARTICLE 5. MUNICIPAL ASSISTANCE.

Sec. 29.60.350. MUNICIPAL ASSISTANCE FUND. (a) There is estab-

lished in the department the municipal assistance fund. The legislature may appropriate to the municipal assistance fund during each fiscal year an amount equal to or greater than 10 percent of the income tax revenue received by the state under AS 43.20.011(e) and AS 43.21 for the previous fiscal year.

(b) The department shall distribute money from the municipal assistance fund to each municipality on an annual basis as provided in AS 29.60.360 and 29.60.370. A municipality may not receive payment until it submits to the department a resolution approved by the governing body of the municipality that requests the money. Distribution of money from the municipal assistance fund to a municipality with a fiscal year beginning on January 1 shall be made on February 1 of the state fiscal year for which the appropriation to the fund is made. Distribution of money from the municipal assistance fund to all other municipalities shall be made on June 1 of the state fiscal year for which the appropriation to the fund is made. A municipality that incorporates after December 31 of a state fiscal year is not eligible for a distribution under this section until the following state fiscal year.

Sec. 29.60.360. BASE AMOUNT OF ASSISTANCE. (a) The base amount to be distributed from the municipal assistance fund to each municipality for the fiscal year shall be the amount received by the municipality during fiscal year 1978 under AS 43.70.080. A city incorporated within a borough after June 30, 1977, shall receive as a base amount a share of the amount distributed to the borough in which it is located based on the ratio of population in the city to the total population in the borough. A city incorporated outside a borough after June 30, 1977, shall receive as a base amount the amount received by the city in the state most closely approximating it in population at the time of its incorporation. A borough incorporated after June 30, 1977, shall receive

as a base amount the amount received by the borough in the state most closely approximating it in population at the time of its incorporation.

(b) If the amount appropriated to the municipal assistance fund by the legislature during a fiscal year is insufficient for distribution of the full base amount to each municipality, the department shall prorate the amount available for distribution on the basis of amounts received during the fiscal year 1978 under AS 43.70.080.

Sec. 29.60.370. INCREASED ASSISTANCE. (a) If the amount in the municipal assistance fund at the time of distribution exceeds the base amount to be distributed under AS 29.60.360, the excess amount shall be distributed to each municipality on the basis of population. Population for the purpose of this section shall be as certified by the commissioner of community and regional affairs. In determining the population of a borough, the population of all cities in the borough shall be deducted from the total population of the borough.

(b) The intent of (a) of this section is that a municipality that levies property taxes reduce those levies in reasonable proportion to the amount of increased state aid received by the municipality. The governing body of each municipality shall furnish a notice with each tax statement describing its use of this increased state aid.

ARTICLE 15. GENERAL PROVISIONS.

Sec. 29.60.~~370~~ 500. DEFINITIONS. In this chapter

(1) "health facility"

(A) means a facility is licensed, when required, by the state under AS 18.20.010 - 18.20.130 and that is owned or operated or both by a municipality or by a nonprofit corporation or other nonprofit sponsor;

(B) includes a public health center, maternity home, community mental health center, facility for the mentally or

physically handicapped, nursing home, or convalescent center;

(C) excludes a facility operated or wholly supported by the state or the federal government;

(2) "hospital" means a licensed hospital determined by the Department of Health and Social Services to be a general hospital; the term excludes a facility operated or wholly supported by the state or the federal government.

* Sec. 16. AS 29 is amended by adding a new chapter to read:

CHAPTER 65. GENERAL GRANT LAND.

Sec. 29.65.010. DETERMINATION OF ENTITLEMENT OF BOROUGHS AND UNIFIED MUNICIPALITIES. The general grant land entitlement of each of the municipalities in this section is the amount set out opposite each:

(1) Municipality of Anchorage - 44,893 acres;

(2) City and Borough of Juneau - 19,584 acres;

(3) City and Borough of Sitka - 10,500 acres;

(4) Bristol Bay Borough - 2,898 acres;

(5) Fairbanks North Star Borough - 112,000 acres;

(6) Haines Borough - 2,800 acres;

(7) Kenai Peninsula Borough - 155,780 acres;

(8) Ketchikan Gateway Borough - 11,593 acres;

(9) Kodiak Island Borough - 56,500 acres;

(10) Matanuska-Susitna Borough - 355,210 acres;

(11) North Slope Borough - 89,850 acres.

Sec. 29.65.020. DETERMINATION OF ENTITLEMENT FOR CITIES. The general grant land entitlement of a city formerly eligible to receive general grant land under the provisions of AS 29.18.190 and 29.18.200 is 10 percent of the maximum total acreage of vacant, unappropriated, unreserved land in the boundaries of each city at any time between the initial date of eligibility under former AS 29.18.190 and 29.18.200 and

July 1, 1978. Within six months after July 1, 1978, the director shall determine the entitlement for each city eligible to receive general grant land under this section and certify that entitlement to the city.

Sec. 29.65.030. DETERMINATION OF ENTITLEMENT FOR NEWLY INCORPORATED MUNICIPALITIES. (a) The general grant land entitlement of a municipality incorporated after July 1, 1978, is 10 percent of the total acreage of vacant, unappropriated, unreserved land within the boundaries of the municipality on the date of its incorporation.

(b) Within six months after the date of incorporation of a municipality that is incorporated after July 1, 1978, the director shall determine the entitlement of each municipality eligible to receive general grant land under (a) of this section and certify the entitlement to the municipality.

Sec. 29.65.040. STATUS OF ENTITLEMENTS. (a) After July 1, 1978, general grant land entitlements provided in AS 29.65.010 and 29.65.020 are vested property rights that must be fulfilled as provided in AS 29.65.050 or 29.65.080.

(b) General grant land entitlements provided by AS 29.65.030 are property rights that vest on the date of incorporation of the municipality. The entitlement must be fulfilled as provided in AS 29.65.050.

(c) Land may be selected or nominated for selection by a municipality to satsify a general grant land entitlement under AS 29.65.010 and 29.65.020 at any time before October 1, 1980. However, if a municipal selection or nomination or a part of a municipal selection or nomination is rejected by the director, the municipality may, not later than 90 days after receipt of the director's rejection, select additional state land as necessary to satisfy its entitlement.

(d) Land may be selected by a municipality to satisfy a general grant land entitlement under AS 29.65.030 at any time within one year

after the director certifies the entitlement to the municipality.

(e) The time limitations imposed by (c) and (d) of this section for exercising a vested general grant land entitlement do not apply to

(1) the portion of an entitlement that cannot be satisfied by that date because of a shortage of land suitable for residential, commercial, and industrial purposes that is vacant, unappropriated, unreserved land;

(2) payments for land deficiency under AS 29.65.080;

(3) the portion of an entitlement that cannot be satisfied because the land selected by a municipality has been selected by a party entitled to select land owned by the United States or the state; or

(4) the portion of an entitlement that cannot be satisfied because the land nominated for selection by the municipality is not tentatively approved for patent to the state.

Sec. 29.65.050. FULFILLMENT OF LAND ENTITLEMENTS. (a) The acreage of each municipality's land selections for which patent has been issued before July 1, 1978, shall be credited toward fulfillment of the entitlement of that municipality.

(b) All approved selections under former AS 29.18.190 and 29.18.200 for which patent has not been issued to a municipality on July 1, 1978, shall be reviewed by the director within nine months after July 1, 1978. Any approved selection of land that was vacant, unappropriated, or unreserved on the date of selection is valid as of the date of the approval under former AS 29.18.190 and 29.18.200, and a patent shall be issued to the municipality within three months after approval by the director of a plat of survey. The acreage shall be credited toward fulfillment of the municipality's entitlement. A municipality is not entitled to receive patent under this chapter to more than its entitlement determined under AS 29.65.010 - 29.65.030. Any prior approval by

the director of municipal selections for land that was not vacant, unappropriated, or unreserved on the date of selection shall be rescinded, and patent may not be issued except when disposal to a third party by sale or lease has occurred. Transfers of land to municipalities under this chapter are subject to AS 38.05.321. Classification actions as reflected on the land status records of the Department of Natural Resources are determinative of land classification status for purposes of this chapter.

(c) The director shall approve each selection for patent within nine months of its selection by a municipality, and a patent shall be issued to the municipality for land selected in satisfaction of a general grant land entitlement vested under AS 29.65.010 - 29.65.030 within three months after approval by the director of a plat of survey.

Sec. 29.65.060. SCHOOL, UNIVERSITY, AND MENTAL HEALTH LAND. (a) If an entitlement determined in AS 29.65.010 or 29.65.020 results in a per capita entitlement for the municipality of less than one and one-half acre, the municipality may select vacant school, university, or mental health land in the municipality in partial fulfillment of its land entitlement under this chapter. School, university, or mental health land may be selected notwithstanding the fact that these lands are not unappropriated and unreserved within the meaning of this chapter and under former AS 29.18.190 and 29.18.200, but each selection of school, university, or mental health land by a municipality must be vacant, unappropriated, or unreserved land as defined in this chapter, except that it need not be general grant land.

(b) The acreage of school, university, or mental health land, if any, in a municipality may not be included in the determination of entitlement under AS 29.65.010 or 29.65.020.

(c) Land conveyed under this section will be credited against a

municipality's remaining land entitlement under this chapter.

(d) Within six months after approval of a municipal selection of school, university, or mental health land, the director shall identify state general grant land of approximately equal value to the land requested by the municipality and shall propose the replacement land for the concurrence of the appropriate board. If a proposal by the director is rejected by the board, the director shall meet with the board as often as necessary to determine the type and amount of equal value replacement land that would be required to obtain the board's concurrence, and shall propose the replacement land for consideration by the board. The replacement land shall thereafter be managed for the purposes for which the land selected by the municipality was acquired by the Territory and State of Alaska.

(e) The notice and review provisions of AS 38.05.305 and 38.05.345 apply to the designation of other general grant land as school, university, or mental health land in replacement of land selected under this section. The provisions of AS 38.50 and AS 38.05.032 do not apply to such designations under this section. The provisions of AS 38.05.-030(a), 38.05.030(e), and 38.05.035(a)(13) that require the approval of the respective trust board before disposal of land by the director do not apply to selections of school, university, or mental health land by a local government under this section.

(f) For purposes of determining the per capita entitlement under (a) of this section, the population of a municipality shall be the population determined by the commissioner under former AS 43.18.010 for the program year beginning July 1, 1978, for a municipality whose entitlement is determined under AS 29.65.010.

Sec. 29.65.070. SELECTION AND CONVEYANCE PROCEDURE. (a) If land selected by a municipality is unsurveyed at the time of approval, the

director shall survey, or may approve the municipality's survey of, the exterior boundaries of an approved selection without interior subdivision, and shall issue patent in terms of the exterior boundary survey. The cost of the survey shall be borne by the municipality. If land selected by a municipality has been surveyed at the time of its selection, the boundaries shall conform to the public land subdivisions established by the approved survey.

(b) The director may approve municipal selections of land that have been tentatively approved or patented to the state by the federal government, but he may not issue patent to a municipality until the land has first been patented to the state. After approval of a selection by the director, but before patent to a municipality, the municipality may execute conditional leases and make conditional sales only with the consent of the director. Conditional sales and conditional leases made before July 1, 1978, do not require the consent of the director.

(c) Nothing in this chapter affects a valid existing claim, location, or entry under the laws of the state or the United States whether for homestead, mineral, right-of-way, or other purposes. Nothing in this chapter affects the rights of an owner, claimant, locater, or entryman to the full use and enjoyment of the land so occupied.

Sec. 29.65.080. PAYMENT FOR LAND DEFICIENCY. (a) The Alaska municipal land account is established in the general fund for the following purposes:

(1) providing payment to the boroughs and unified municipalities designated in AS 29.65.010 for a deficiency of land physically suitable for residential, commercial, or industrial purposes; or

(2) providing payment to the boroughs and unified municipalities designated in AS 29.65.010 for certain general grant lands selected by the state and conveyed to a Native corporation under the provisions

of the Alaska Native Claims Settlement Act.

(b) A municipality shall receive payment for its land deficiency from the municipal land account. A municipality is eligible to receive payment for land deficiency if, after July 1, 1980, the amount of land selected by a municipality that is physically suitable for residential, commercial, or industrial purposes amounts to less than one-third acre per capita. Any entitlement under AS 29.65.010 that is less than one-third acre per capita will, for the purposes of this subsection, be considered a land deficiency. An unselected remaining entitlement will, for the purpose of deficiency payment under this subsection, be considered as land physically suitable for residential, commercial, or industrial purposes. A municipality eligible under this subsection is entitled to receive a payment for land deficiency equal to $1,000 per acre for a number of acres equal to the difference between one-third of the population of the municipality less the number of acres physically suitable for residential, commercial or industrial purposes that has been selected by the municipality. For the purpose of this subsection, the population of the municipality shall be the population determined in accordance with AS 29.65.060(f). No payment may be made to a municipality under this subsection in excess of $9,000,000.

(c) If a municipality selected vacant, unappropriated, unreserved land on or before December 18, 1971, to which the state had received tentative approval or patent, and that land was also selected by a Native corporation organized under the Alaska Native Claims Settlement Act (P.L. 92-203), and title to that land is ultimately vested in that Native corporation, the municipality may, at its option, request payment for land deficiency from the municipal land account. The acceptance of payment under this subsection by a municipality constitutes a relinquishment of any other right, title, or claim to the land by that muni-

cipality. The total payment to a municipality under this subsection may not exceed $1,000 per acre to a maximum of 8,000 acres.

(d) The governor shall annually submit to the legislature a request for an appropriation to the municipal land account for the municipalities that have elected to receive payments under (b) or (c) of this section. The request for appropriation shall distinguish between amounts necessary to make payments for land deficiency under (b) of this section and those required to make payments for land deficiency under (c) of this section.

(e) For purposes of fulfilling entitlements under this section, the legislature is authorized to appropriate

(1) not more than $4,000,000 per fiscal year, and not more than $12,000,000 in total, for the purpose of paying entitlements under (b) of this section;

(2) not more than $1,000,000 per fiscal year, and not more than $8,000,000 in total, for the purpose of paying entitlements under (c) of this section.

(f) If an annual appropriation is not sufficient to meet the amount due to all municipalities that have elected to accept payment for land deficiency under (b) or (c) of this section, the governor shall apportion the appropriation among the municipalities in proportion to the payment calculated for each municipality for that year. When a distribution of payments is made under (c) of this section, the remaining entitlement of a municipality to which payment is made shall be reduced in an amount equal to the number of acres for which payment was received. An appropriation made under this section is in addition to other grants and entitlements authorized to eligible municipalities.

(g) Payments authorized by this section may not be made to a municipality eligible for an entitlement under AS 29.65.020 or 29.65.030.

(h) Payments made under this section shall be used by a municipality that levies property taxes to reduce the levy in proportion to the amount of state payments received by the municipality for a given fiscal year. The governing body of each municipality shall furnish a notice with the tax statement describing the effect on property tax levies of payments received under this section.

Sec. 29.65.090. AUTHORIZATION FOR LAND EXCHANGES. The director, with the concurrence of the commissioner, and a municipality are authorized to exchange land or interests in land when it is in the public interest. Land or interests in land exchanged under this section must be of approximately equal value, including the nonmonetary value of public benefits. Exchange procedures shall comply with applicable law and municipal ordinances. The notice and review provisions of AS 38.05.305 and 38.05.345 apply to exchanges of land under this section. The provisions of AS 38.50 do not apply to exchanges of land under this section.

Sec. 29.65.100. PUBLIC PURPOSE AND EXPANSION NEEDS. (a) Consistent with the best interests of the state, if a municipality does not contain and cannot reasonably acquire sufficient nonfederal land within its boundaries to meet its legitimate needs for public or private settlement or development, it shall be the policy of the state to select federal land reasonably necessary to meet the needs of the municipality and to make the land selected available to the municipality under AS 38.05.315 or (b) of this section.

(b) Where state land is the most logical location for demonstrated municipal expansion for nonpublic settlement and development purposes, and when an exchange of land under AS 29.65.090 is not possible or is not in the public interest, it is the policy of the state to sell or lease the land at public auction. The state may contract with a muni-

cipality to act as its agent in an auction of state land under applicable statutes. When a municipality acts as the agent of the state in an auction, the municipality may retain from the proceeds of the auction the expenses that the director determines to be necessary and reasonable.

(c) Nothing in this chapter limits or impairs the authority of the director to transfer land to municipalities, without limit or consideration, for public purposes in accordance with AS 38.05.315. If there is a remaining entitlement of the municipality, land transferred under AS 38.05.315 shall be credited toward fulfillment of the entitlement.

Sec. 29.65.110. ELECTION OF BENEFITS. (a) A municipality that on July 1, 1978, is engaged in litigation, or that becomes engaged in litigation, regarding a claim to state land under former AS 29.18.190 and 29.18.200 shall elect either to obtain the benefits provided in this chapter or to pursue the litigation and waive any claim to entitlement under this chapter. An election shall be made by filing a motion for dismissal with prejudice in the court in which the litigation is pending. If the claim involves a municipality identified in AS 29.65.010, the municipality shall file its motion for dismissal within 60 days after July 1, 1978. If a claim involves a city eligible to receive an entitlement under AS 29.65.020 the city shall file its motion for dismissal within 60 days after receiving the certificate of entitlement provided by the director under AS 29.65.020. Failure of the municipality to file a motion for dismissal during the time period provided in this subsection is considered a waiver of entitlement under this chapter.

(b) A municipality that was eligible to file land selections under former AS 29.18.190 and 29.18.200 and that does not enter into litigation over a claim to rights under those sections before the expiration of the time period within which it could make an election under (a) of

this section is considered to have elected to receive benefits under this chapter and to have waived any claim that might have been raised under former AS 29.18.190 and 29.18.200.

(c) The provisions of this chapter do not affect the rights of a party to litigation regarding the former AS 29.18.190, 29.18.200 or 29.18.420 maintained by a municipality that has elected not to obtain the benefits provided by this chapter.

Sec. 29.65.120. ADMINISTRATION. The commissioner of natural resources may adopt regulations in accordance with the Administrative Procedure Act (AS 44.62) necessary to carry out the purposes of this chapter.

Sec. 29.65.130. DEFINITIONS. In this chapter, unless the context otherwise requires,

(1) "approved selection" means a municipal land selection that has been approved in writing by the director for transfer by patent to a municipality;

(2) "director" means the director of the division of lands, Department of Natural Resources, or his designee;

(3) "general grant land" means land patented or tentatively approved to the state from the United States under sec. 6(a) or (b) of the Alaska Statehood Act;

(4) "mental health land" means land granted under Title II, sec. 202 of P.L. 84-830, as amended before or after July 1, 1978;

(5) "municipal land selection" means a request by a municipality, filed in writing with the director under authority of former AS 29.18.190 and 29.18.200 or under this chapter for vacant, unappropriated, unreserved general grant land within its municipal boundaries in partial fulfillment of its municipal entitlement;

(6) "patent" means a document, issued by the director to a

municipality for a previously approved selection, that conveys and quitclaims all the right, title, and interest of the state without reservation or condition except as may be required by law;

(7) "remaining entitlement" means the general grant land entitlement determined in accordance with this chapter, reduced by the total acreage of approved selections, including both patented and unpatented parcels;

(8) "school land" means those rectangular sections 16 and 36 within each township surveyed on or before January 3, 1959, and confirmed and transferred to the State of Alaska upon its admission under sec. 6(k), Alaska Statehood Act, 72 Stat. 339, and any other land designated solely for school revenues;

(9) "university land" means all sections 33 reserved to the university under 38 Stat. 1214, as amended (48 U.S.C. 353) and all land granted to or reserved for the benefit of the university;

(10) "vacant, unappropriated, unreserved land" means general grant land as defined in (4) of this section, excluding minerals as required by sec. 6(i) of the Alaska Statehood Act, that

(A) has not been set aside by statute for one or more particular uses or purposes;

(B) has not been approved for patent to a municipality under this chapter or former AS 29.18.190 and 29.18.200; or

(C) is unclassified or, if classified under AS 38.05.300, is classified for agricultural, grazing, commercial, industrial, private recreational, residential, utility, or open-to-entry purposes, or is classified in accordance with an agreement between a municipality and the state providing for state management of land of the municipality.

Sec. 29.65.140. APPLICATION. This chapter applies to home rule

and general law municipalities.

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

CHAPTER 71. GENERAL PROVISIONS.

Sec. 29.71.010. ADVERSE POSSESSION. A municipality may not be divested of title to real property by adverse possession.

Sec. 29.71.020. DEDICATION OF MUNICIPAL PROPERTY. Dedication of streets, rights-of-way, easements or other areas for public use may not be construed to require the municipality to maintain, improve or provide for municipal services in the area dedicated and the dedication does not impose any liability on the municipality for the condition of the area dedicated.

Sec. 29.71.030. TAXATION OF MUNICIPALITIES. No state law or regulation may assess or tax, or be construed to assess or tax, a municipality unless the law or regulation expressly provides that the municipality is to be assessed or taxed by the particular law or regulation.

Sec. 29.71.040. DEFINITIONS. In this title, unless otherwise provided or the context otherwise requires,

(1) "areawide" means throughout a borough, both inside and outside all cities in the borough;

(2) "assembly" means the governing body of a borough;

(3) "borough" means a general law first or second class borough or a home rule borough;

(4) "city" means a general law first or second class city or a home rule city;

(5) "commissioner" means the commissioner of community and regional affairs;

(6) "consolidation" means dissolution of two or more municipalities and their incorporation as a new municipality;

(7) "council" means the governing body of a city;

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

(9) "election" means a regular or special municipal election and does not include a state election;

(10) "governing body" means the legislative body of a municipality that is the assembly of a borough or the council of a city;

(11) "majority" means a simple majority;

(12) "merger" means dissolution of a municipality and its absorption by another municipality;

(13) "municipality" means a political subdivision incorporated under the laws of the state that is a home rule or general law city, a home rule or general law borough, or a unified municipality;

(14) "nonareawide" means throughout the area of a borough outside all cities in the borough;

(15) "owner" or "record owner" means the owner of record or purchaser of record as shown in the records of the district recorder;

(16) "personal property" means tangible property other than real property, such as merchandise, stock in trade, machinery, equipment, furniture, fixtures, vehicles, boats, and aircraft;

(17) "property" means real and personal property;

(18) "published" means appearing at least once in a newspaper of general circulation distributed in the municipality or, if there is no newspaper of general circulation distributed in the municipality, posting in three public places for at least five days;

(19) "real property" means land and improvements, all possessory rights and privileges appurtenant to the property, and includes personal property affixed to the land or improvements;

(20) "regular election" means the municipal election held on the first Tuesday of October annually, or on a different date or inter-

val of years provided by ordinance or charter;

(21) "special election" means a municipal election and does not include a regular election or a state election;

(22) "street" includes streets, avenues, boulevards, roads, lanes, alleys, and other ways;

(23) "subdivision" means the division of a parcel of land into two or more lots or other divisions for the purpose of sale or building development, includes resubdivision, and relates to the process of subdividing or to the land subdivided;

(24) "unified municipality" means a municipality unified in accordance with AS 29.06.190 - 29.06.410;

(25) "voter" means a United States citizen who is qualified to vote in state elections, has been a resident of the municipality for 30 days immediately preceding the election, is registered to vote in state elections, and is not disqualified under art. V of the state constitution.

* Sec. 18. AS 01.10.060 is amended by adding a new paragraph to read:

(15) "municipality" means a political subdivision incorporated under the laws of the state that is a home rule or general law city, a home rule or general law borough, or a unified municipality.

* Sec. 19. AS 09.55.275 is amended to read:

Sec. 09.55.275. REPLAT APPROVAL. No agency of the state or municipality may acquire property located within a municipality exercising the powers conferred by <u>AS 29.40.070 - 29.40.160 that</u> [AS 29.33.-150 - 29.33.245 WHICH] results in a boundary change unless the agency or municipality first obtains from the municipal platting authority preliminary approval of a replat showing clearly the location of the proposed public streets, easements, rights-of-way, and other taking of private property. Final approval of replat shall be similarly obtained.

However, if a state agency clearly demonstrates an overriding state interest, a waiver to the approval requirements of this section may be granted by the governor. The platting authority shall treat applications for replat made by state or local governmental agencies in the same manner as replat petitions originated by private landowners.

* Sec. 20. AS 09.65.070(e)(1) is amended to read:

(1) "municipality" means a home rule borough or city, a general law borough or city of any class, or a unified municipality [ESTABLISHED UNDER AS 29.68.240 - 29.68.440, OR A MUNICIPALITY ESTABLISHED BY MERGER OR CONSOLIDATION UNDER AS 29.68.030 - 29.68.110]; the term includes a public corporation established by a municipality;

* Sec. 21. AS 14.08.071(b) is amended to read:

(b) Except for the first election of regional school members under (a) of this section, elections [ELECTION] shall be held annually on the first Tuesday in October. Elections shall be supervised by the director of elections in the office of the lieutenant governor, but shall be administered within second class cites as part of the regular municipal election. The lieutenant governor shall adopt [PROMULGATE] regulations for the conduct of the election of regional school board members comparable, as far as practicable, to those prescribed for election of school board members under AS 14.12 and AS 29.20.300 [AS 29.28] except that the majority election requirements of AS 29.26.060 [AS 29.28.040] do not apply to, nor may the regulations require runoff elections for, the first election of regional school board members under (a) of this section or, if a school board by resolution so requests, to subsequent elections in the regional educational attendance area served by that school board.

* Sec. 22. AS 14.08.081 is amended to read:

Sec. 14.08.081. RECALL. The members of a regional school board

are subject to recall in accordance with AS 29.26.240 - 29.26.360 [AS 29.28.130 - 29.28.250], except that the director of the division of elections shall perform the functions of a municipal clerk, and the lieutenant governor shall perform the functions of the assembly or council under those sections.

* Sec. 23. AS 14.12.030(c) is amended to read:

(c) The [NOTWITHSTANDING THE] provisions of (a) and (b) of this section do not apply if [, WHERE] the [BOROUGH] assembly serves as the school board of the borough school district [UNDER AS 29.41.020 THE NUMBER OF MEMBERS OF THE ASSEMBLY-SCHOOL BOARD SHALL BE DETERMINED IN THE MANNER PRESCRIBED BY AS 29.23.020].

* Sec. 24. AS 14.12.110 is amended to read:

Sec. 14.12.110. SINGLE BODY AS ASSEMBLY AND SCHOOL BOARD. Notwithstanding the provisions of this chapter or other law, a single body may serve as both the [BOROUGH] assembly and [BOROUGH] school board in the manner provided for third class boroughs under AS 29.20.300(b) [AS 07.17.030], if

(1) an [A BOROUGH] ordinance for that purpose is approved by the assembly and ratified by a referendum of a majority of the qualified borough voters voting on the question at a regular or special election; [,] and

(2) [IF] the public school population within the borough is 500 pupils or less.

* Sec. 25. AS 14.14.020 is amended to read:

Sec. 14.14.020. BOND REQUIRED. Before the officer responsible for custody [OF], investment, or management of school district money enters upon the duties of office, the district, or the municipality if the treasury is centralized, shall obtain a bond with sufficient sureties in an amount equal to the money that may come into the officer's official

custody, but not to exceed $50,000. The bond shall be conditioned on the officer's honest and faithful disbursement and accounting of all money that may come into his official custody. The bond shall be filed with the clerk of the school board. This section does not apply to an officer who has been bonded under AS 29.20.610 [AS 29.23.520].

* Sec. 26. AS 14.14.050(d) is amended to read:

(d) The school board shall not make the audit if an audit that [WHICH] satisfies the requirements of this section and that [WHICH] is filed and posted as required by this section [,] is made according to AS 29.35.110 [AS 29.48.220].

* Sec. 27. AS 14.17.140(a) is amended to read:

(a) To determine the equalized percentage to be applied to basic need under AS 14.17.021, and the matching ratio for required local effort under AS 14.17.071, the Department of Community and Regional Affairs, in consultation with the assessor for each district, shall determine the full value of the taxable real and personal property in each district. Exemptions granted under ch. 129, SLA 1957, known as the Alaska Industrial Incentive Act (AS 43.25), shall be honored. If there is no local assessor or current local assessment for a district, then the Department of Community and Regional Affairs shall make the determination of full value from information available. In making the determination, the Department of Community and Regional Affairs shall be guided by AS 29.45.110 [AS 29.53.060]. The determination of full value shall be made before October 1 and sent by certified mail, return receipt requested, before that date to the president of the school board in each district. Duplicate copies shall be sent to the commissioner. The governing body of the municipality that [BOROUGH OR CITY WHICH] is the district may obtain judicial review of the determination by filing a motion in the superior court of the judicial district in which the

district is located within 30 days after receipt of the determination. The superior court may modify the determination of the Department of Community and Regional Affairs only upon a finding of abuse of discretion or upon a finding that there is no substantial evidence to support the determination.

* Sec. 28. AS 15.13.010(a) is amended to read:

(a) This chapter applies in every election for governor, lieutenant governor, a member of the state legislature, a delegate to a constitutional convention, or judge seeking electoral confirmation. It also applies to every candidate for election to a municipal office in a municipality [CITY OR BOROUGH] with a population of more than 1,000 inhabitants according to the latest United States census figures or estimates of population certified as correct for administrative purposes by the Department of Community and Regional Affairs. A municipality may exempt its elected municipal officers from the requirements of this chapter if a majority of the voters voting on the question at a [ANY] regular election, as defined by AS 29.71.040(20) [AS 29.78.010(14)], or a special municipality-wide election called for that purpose, vote to exempt its elected municipal officers from the requirements of this chapter. The question of exemption from the requirements of this chapter may be submitted by the governing body [CITY COUNCIL OR BOROUGH ASSEMBLY] by ordinance or by initiative election [ORDINANCE]. Nothing in this chapter prohibits a municipality from regulating by ordinance campaign contributions and expenditures.

* Sec. 29. AS 15.56.110(b)(2) is amended to read:

(2) a borough assemblyman under AS 29.20.170(6) [AS 29.23.060(c)];

* Sec. 30. AS 15.56.110(b)(3) is amended to read:

(3) a borough mayor under AS 29.20.280(6) [AS 29.23.130(f)];

* Sec. 31. AS 15.56.110(b)(4) is amended to read:

(4) a city councilman under AS 29.20.170(6) [AS 29.23.-210(b)];

* Sec. 32. AS 15.56.110(b)(5) is amended to read:

(5) a city mayor under AS 29.20.280(6) [AS 29.23.255];

* Sec. 33. AS 16.20.036(g) is amended to read:

(g) The establishment of a refuge under this section does not impair or alter existing rights of a municipality [BOROUGH OR CITY] to state land selected [SELECT STATE LAND] under former AS 29.18.190 - 29.18.200.

* Sec. 34. AS 16.20.038(g) is amended to read:

(g) The establishment of a refuge under this section does not impair or alter existing rights of a municipality [BOROUGH OR CITY] to state land selected [SELECT STATE LAND] under former AS 29.18.190 - 29.18.200.

* Sec. 35. AS 18.26.250(2) is amended to read:

(2) municipality [MUNICIPAL CORPORATION OR POLITICAL SUB-DIVISION OF THE STATE AS THE TERMS ARE USED IN AS 29];

* Sec. 36. AS 18.80.290(d) is amended to read:

(d) The governing [LEGISLATIVE] body of a general law or home rule municipality has the authority under AS 29.20.320 [AS 29.48.035] to grant to local commissions powers and duties similar to those exercised by the Alaska Human Rights Commission under the provisions of this Act.

* Sec. 37. AS 19.30.241(2) is amended to read:

(2) "home rule city" means a city as defined in AS 29.04.010 [AS 29.08.010];

* Sec. 38. AS 19.30.241(3) is amended to read:

(3) "local government" means an organized borough of any class, a unified municipality [ORGANIZED UNDER AS 29.68.240 - 29.68.440]

a home rule city, or a first class city [OF THE FIRST CLASS];

* Sec. 39. AS 23.30.005 is amended by adding a new subsection to read:

(m) The board shall adopt regulations that permit two or more municipalities to form an employer group for the purpose of providing self-insurance under this chapter.

* Sec. 40. AS 26.23.230(5) is amended to read:

(5) "political subdivision" means a home rule or general law borough or city [, WHETHER HOME RULE OR OTHERWISE,] including a unified municipality [MUNICIPALITIES UNIFIED UNDER AS. 29.68.240 - 29.68.440], an unincorporated village, or other unit of local government;

* Sec. 41. AS 28.15.051(d) is amended to read:

(d) The department may issue a special driver's permit to a person who is at least 14 years of age with the consent of his parents or guardians for the purpose of driving a motor-driven cycle. This permit may be issued upon application and successful completion of all prescribed tests and fees, and is valid for the same period of time as a driver's license. The permit is not valid in a municipality that [WHICH] by ordinance prohibits the driving of a motor-driven cycle by a person under the age of 16 years; a borough may adopt the ordinance on a nonareawide basis only, unless the power to adopt it on an areawide basis is acquired under AS 29.35.300 - 29.35.330 or former AS 29.33.250 - 29.33.290.

* Sec. 42. AS 38.04.020(b)(1) is amended to read:

(1) land nominated for selection or selected by a municipality to satisfy a general grant land entitlement under AS 29.65 or former AS 29.18.201 - 29.18.213;

* Sec. 43. AS 38.04.020(e)(4) is amended to read:

(4) for preliminary feasibility studies, engineering design work, and construction of access roads and capital improvements required

by municipal subdivision ordinance or regulation of the platting authority [BOARD UNDER AS 29.33.150]; if an accurate determination of the amounts necessary for access roads or capital improvements cannot be made at the time the estimate is submitted, a schedule for obtaining the estimates, constructing the access roads or capital improvements, and disposing of the land shall be submitted;

* Sec. 44. AS 38.04.021(a) is amended to read:

(a) A municipality may apply for financial assistance for the execution of a land disposal program of general grant land entitlements received from the state under AS 29.65 or former AS 29.18.201 - 29.18.213 by submitting a request to the commissioner for inclusion in the request submitted to the legislature under AS 38.04.020(e). A municipality may request financial assistance for expenses of surveying land, designing subdivision plats, installing improvements required by municipal ordinance or regulation of the local platting authority [BOARD], and other reasonable direct costs of land disposal.

* Sec. 45. AS 38.04.021(d) is amended to read:

(d) A grant made under this section may not exceed five times the amount of money appropriated by a first class city, a borough, or a unified municipality [UNIFIED UNDER AS 29.68.240 - 29.68.440] for the disposal of municipal land in the current fiscal year unless the commissioner exempts the municipality from this subsection.

* Sec. 46. AS 38.04.021(e)(2) is amended to read:

(2) a first class city, a borough, or a unified municipality that [UNIFIED UNDER AS 29.68.240 - 29.68.440 WHICH] is exempted by the commissioner under (d) of this section.

* Sec. 47. AS 38.04.900(b) is amended to read:

(b) A municipality has standing to petition the commissioner for the adoption of a regulation, or for the amendment or repeal of an

existing regulation, or to appeal a decision of the commissioner with respect to classification, management, or disposal of land made under authority of a regulation adopted under (a) of this section with respect to state land outside the corporate boundaries of the municipality to protect any interest which the municipality is authorized to regulate outside its boundaries under AS 29.35.020 [AS 29.48.037].

* Sec. 48. AS 38.05.127(d) is amended to read:

(d) Upon application by a municipality or an affected owner of land, the department may vacate, release, modify, or relocate an easement and right-of-way for public access to or along navigable or public waters reserved by the department in a patent issued under AS 29.18.510 - 29.18.610, AS 29.05, AS 29.65, or former AS 29.18.011 - 29.18.460, [AS 29.18] if the commissioner determines the action is consistent with the public interest.

* Sec. 49. AS 38.05.290(b) is amended to read:

(b) Consistent with the best interests of the state, in the selection of general grant land it is the policy of the state to make available the maximum land area from which municipalities may fulfill land entitlements under AS 29.65 or former AS 29.18.201 - 29.18.213.

* Sec. 50. AS 38.05.321(b) is amended to read:

(b) State land classified as agricultural land that [WHICH] has been selected by a municipality under former AS 29.18.190 - 29.18.200 or former AS 29.18.205(e) may be approved by the director for patent under AS 29.65.050(c) or former AS 29.18.205(f); however, only rights in the land for agricultural purposes may be transferred and all other interests in the land will remain with the state. Agricultural land approved for patent to a municipality [UNDER AS 29.18.205(f)] shall be credited, acre for acre, toward fulfillment of that municipality's entitlement under AS 29.65.010 - 29.65.030 or former AS 29.18.201 - 29.18.203. If

the director later determines it to be in the best interests of the state to transfer some or all of the additional rights in that approved or patented agricultural land, those rights shall pass without consideration to the municipality in which the land is located. The notice and review provisions of [AS 38.05.305 AND] AS 38.05.345 are applicable to conveyance of rights under this section.

* Sec. 51. AS 38.05.321(c) is amended to read:

(c) The provisions of this section do not apply to state land classified as agricultural land which has been selected by a municipality under the provisions of former AS 29.18.190 - 29.18.200 if the selection is an approved selection before April 1, 1978 and is otherwise valid under AS 29.65.050(b) or former AS 29.18.205(b).

* Sec. 52. AS 38.05.362(b) is amended to read:

(b) Nothing in this section affects the selection rights of a municipality [BOROUGH OR CITY] under former AS 29.18.190 - 29.18.200 for areas selected as of July 1, 1977, or a valid existing claim, location, or entry under law, as of July 1, 1976.

* Sec. 53. AS 39.50.145 is amended to read:

Sec. 39.50.145. PARTICIPATION BY MUNICIPALITIES. A municipality may exempt its municipal officers from the requirements of this chapter if a majority of the voters voting on the question at a [ANY] regular election, as defined by AS 29.71.040(20) [AS 29.78.010(14)], or a special municipality-wide election, vote to exempt its municipal officers from the requirements of this chapter. The question of exemption from the requirements of this chapter may be submitted by the city council or borough assembly by ordinance or by initiative election [ORDINANCE].

* Sec. 54. AS 39.50.200(a)(6) is amended to read:

(6) "municipal officer" includes a borough or city mayor,

borough assemblyman, city councilman, school board member, elected utility board member, city or borough manager, members of a city or borough planning or zoning commission within a home rule or general law city or borough or [INCLUDING BUT NOT LIMITED TO] a unified municipality [UNDER AS 29.68];

* Sec. 55. AS 40.15.075 is amended to read:

Sec. 40.15.075. AUTHORITY IN THE UNORGANIZED BOROUGH AND THIRD CLASS BOROUGHS. The division of lands is the platting authority in the area outside organized boroughs and outside cities in the unorganized borough and in the third class borough for only the purposes of hearing and acting on petitions for the change or vacation of plats and shall execute this function substantially in conformity with the provisions of AS 29.40.130 - 29.40.160 [AS 29.33.210 - 29.33.240]. Costs of publication and mailing [AS WELL AS OTHER COSTS] authorized in AS 29.40.130 [AS 29.33.210] shall be paid to the division by the petitioner. The Department of Natural Resources shall adopt reasonable regulations governing the exercise of the authority conferred by this section upon the division of lands.

* Sec. 56. AS 40.15.200 is amended to read:

Sec. 40.15.200. APPLICATION TO STATE AND POLITICAL SUBDIVISIONS. All subdivisions of land made by the state, its agencies, instrumentalities and political subdivisions are subject to the provisions of this chapter and AS 29.40.070 - 29.40.160 [AS 29.33.150 - 29.33.240], or home rule ordinances or regulations governing subdivisions, and shall comply with ordinances and other local regulations adopted under this chapter and AS 29.40.070 - 29.40.160 or former AS 29.33.150 - 29.33.240, or under home rule authority, in the same manner and to the same extent as subdivisions made by other landowners.

* Sec. 57. AS 41.22.020(d) is amended to read:

(d) In (a) of this section "municipalities" includes cities or organized boroughs of any class and unified municipalities exercising powers to initiate projects described in AS 41.22.020 and acquire parks and open space land, as otherwise authorized by law [, AND INCLUDES BUT IS NOT LIMITED TO UNIFIED MUNICIPALITIES ORGANIZED UNDER AS 29.68.240 - 29.68.440].

* Sec. 58. AS 41.35.180(5) is amended to read:

(5) consult with local historical district commissions regarding the establishment of historical districts under AS 29.55.010 - 29.55.020 [AS 29.48.108 - 29.48.110] and the approval of project alterations under AS 45.98.040; recommend, if appropriate, the formulation of additional criteria for the designation of historical districts under AS 29.55.020(b) [AS 29.48.110(b)]; approve plans for and evaluate the suitability of specific structures for purposes of loan eligibility and continuance under the historical district revolving loan fund (AS 45.98); and consult with the Department of Commerce and Economic Development relative to the adoption of regulations for historical district loans under AS 45.98.

* Sec. 59. AS 43.18.430 is amended to read:

Sec. 43.18.430. POWER OF MUNICIPALITY. A municipality may own, maintain and employ a facility constructed under AS 43.18.400 - 43.18.-460. The exercise of this power on an areawide basis is at the option of the borough and is not subject to the restrictions on acquiring additional areawide powers in AS 29.35.300 - 29.35.330 [AS 29.33.250 - 29.33.290].

* Sec. 60. AS 43.18.500(d)(2)(A) is amended to read:

(A) has the authority under AS 29.35 [AS 29.41 OR AS 29.-48] to provide and maintain a cultural facility;

* Sec. 61. AS 43.56.010(b) is amended to read:

(b) A municipality may levy and collect a tax under AS 29.45.080 [AS 29.53.045] at the rate of taxation that applies to other property taxed by the municipality. The tax shall be levied at a rate no higher than the rate applicable to other property taxable by the municipality. No municipality may exempt from taxation property authorized to be taxed under this chapter. Exemptions shall be limited to those in AS 29.45.030, 29.45.050, [AS 29.53.020 AND AS 29.53.025] and AS 43.56.020.

* Sec. 62. AS 43.56.010(c) is amended to read:

(c) If the total value of assessed property of a municipality taxing under AS 29.45.080(c) [AS 29.53.045(c)] exceeds the product of 225 percent of the average per capita assessed full and true value of property in the state (to be determined by the department and reported to each municipality by January 15 of each year) multiplied by the number of residents of the taxing municipality, the department shall designate the portion of the tax base against which the local tax may be applied. For purposes of this subsection the average per capita assessed full and true value of property in the state shall be calculated without regard to the assessed value of taxable property under AS 43.58.

* Sec. 63. AS 43.56.010(d) is amended to read:

(d) A tax paid to a municipality under AS 29.45.080 [AS 29.53.045] on or before June 30 of the tax year shall be credited against the tax levied under (a) of this section for that tax year. If, however, a tax is not paid to a municipality until after June 30 of the taxable year, the department upon application shall refund to the taxpayer the amount of tax paid to the municipality under AS 29.45.080 [AS 29.53.045]. The credit or refund of taxes paid to a municipality may not exceed the total amount of tax levied by the department upon the taxpayer for the tax year, under (a) of this section.

* Sec. 64. AS 43.56.060(a) is amended to read:

(a) The department shall assess property for the tax levied under AS 43.56.010(b) and AS 29.45.080 [AS 29.53.045] on property used or committed by contract or other agreement for use for the pipeline transportation of gas or unrefined oil or for the production of gas or unrefined oil at its full and true value as of January 1 of the assessment year.

* Sec. 65. AS 43.75.130(1) is amended to read:

(1) to each unified municipality [UNIFIED UNDER AS 29.68.240 - 29.68.440,] and to each city located in the unorganized borough, 50 percent of the amount of tax revenue collected in the municipality from taxes levied by AS 43.75;

* Sec. 66. AS 44.07.360(8) is amended to read:

(8) "municipality" means a home rule or general law city or borough including but not limited to the capital city and a unified municipality [ORGANIZED UNDER AS 29.68.240 - 29.68.440];

* Sec. 67. AS 44.08.065(c) is amended to read:

(c) A property owner aggrieved by determination of his assessment may appeal under AS 29.45.190 [AS 29.53.130 - 29.53.135].

* Sec. 68. AS 44.08.065(d) is amended to read:

(d) All adjustments in valuation approved by the board of equalization are subject to review and final approval by the commissioner. A property owner may appeal the final determination in accordance with AS 29.45.210 [AS 29.53.140].

* Sec. 69. AS 44.83.162(m) is amended to read:

(m) For purposes of (c) of this section, the number of residents of the community equals the number of residents of the community determined by the Department of Community and Regional Affairs in accordance with AS 29.60.020 [AS 29.88.015].

* Sec. 70. AS 44.85.270(i) is amended to read:

(i) All references to the "reserve fund" in this section include special accounts within the reserve fund which may be created by the authority to secure the payment of particular bonds, including, without limitation, bonds issued by the capital city established under AS 29.-14.010 [AS 29.18.510]. The commissioner of revenue may lend surplus money in the general fund to the authority for deposit to any account in the reserve fund in an amount equal to the required debt service reserve. The loans shall be made on such terms and conditions as may be agreed upon by the commissioner of revenue and the authority, including, without limitation, terms and conditions providing that the loans need not be repaid until the obligations of the corporation secured and to be secured by the account in the reserve fund are no longer outstanding.

* Sec. 71. AS 44.85.410(3)(A) is amended to read:

(A) a general obligation bond that [WHICH] is a direct and general obligation of a political subdivision of the state, all the taxable property within which is subject to taxation to pay the bond, note or evidence of debt, and the interest without limitation, as to rate or amount generally to the extent permitted by law or to avoid a default as provided for second class cities under AS 29.45.590 [AS 29.53.410]; or

* Sec. 72. AS 44.85.410(3)(D) is amended to read:

(D) a bond of a borough issued as a general obligation of a service area under AS 29.47.440 or former AS 29.58.340; [.]

* Sec. 73. AS 45.98.020 is amended to read:

Sec. 45.98.020. HISTORICAL DISTRICT LOANS. Upon endorsement and plan approval by a local historical district commission established under AS 29.55.010 or former AS 29.48.108 and the recommendation of a majority of the members of the Historic Sites Advisory Committee, the

Department of Commerce and Economic Development may make loans to a person, firm, business or municipality subject to applicable laws for the restoration, improvement, rehabilitation, or maintenance of a structure that [WHICH] is

(1) within the boundaries of a historical district established under AS 29.55.020 or former AS 29.48.110;

(2) identified as important in state or national history as provided for in AS 29.55.020(b) or former AS 29.48.110(b); and

(3) another building or structure within a historical district, and suitable for superficial modification so that it can conform to the period or motif of the surrounding buildings or structures that are the reason for the area's designation as a historical district.

* Sec. 74. AS 46.03.210(a) is amended to read:

(a) A municipality with a population in excess of 1,000 may, within five years from August 5, 1969, establish and administer within its jurisdiction an air pollution control program. Organized boroughs may establish an air pollution control program on an areawide basis, and the exercise of powers with respect to the program is not subject to the restrictions on acquiring additional areawide powers specified in AS 29.35.300 - 29.35.330 [AS 29.33.250 - 29.33.290]. Local programs shall

(1) provide by ordinance for requirements compatible with those imposed by the provisions of AS 46.03.140 and 46.03.170 and applicable regulations;

(2) provide for the enforcement of the requirements imposed through appropriate administrative and judicial processes;

(3) provide for a local administrative organization, staff, and other resources necessary to effectively carry out the purposes of the program; and

(4) be approved by the department as being satisfactory to meet the requirements of AS 46.03.140 - 46.03.170 and the applicable regulations.

* Sec. 75. AS 46.11.040(3)(A) is amended to read:

(A) is constructed under an exception to the municipal building code granted <u>because the exception will result in increased energy efficiency</u> [UNDER AS 29.33.080(g)];

* Sec. 76. AS 46.11.900(8) is amended to read:

(8) "state financial assistance" means a loan, grant, guarantee, insurance, payment, rebate, subsidy, or other form of state assistance (other than aid under <u>AS 29.60</u> [AS 29.88, AS 29.89, AS 29.90, AS 29.95] and AS 43.18) including the purchase by a state agency of a loan to finance the construction of a new residential, commercial, or industrial building;

* Sec. 77. AS 46.35.200(3) is amended to read:

(3) "local government" means a city or borough including a <u>unified</u> municipality [UNIFIED UNDER AS 29.68.240 - 29.68.440];

* Sec. 78. AS 46.40.140(h) is amended to read:

(h) Members of coastal resource service area boards are subject to recall on the same grounds and in the same manner as provided for recall of municipal officials in <u>AS 29.26.240 - 29.26.350</u> [AS 29.28.130 - 29.28.250]. The lieutenant governor functions in place of the assembly or council and municipal clerk for receipt and review of recall petitions and the conduct of recall elections.

* Sec. 79. AS 46.40.210(2)(A) is amended to read:

(A) unified municipalities [ESTABLISHED UNDER AS 29.-68.240 - 29.68.440];

* Sec. 80. AS 47.35.010(b) is amended to read:

(b) The department shall, within 90 days after receiving a written

request that it do so, delegate its powers relating to nurseries under this section and under AS 47.35.040, 47.35.050 and 47.35.060 to a municipality which has adopted an ordinance providing for day care licensing under home rule powers or as authorized under AS 29.35.200 - 29.35.210 [AS 29.48.035(a)(20)]. A municipality to which these powers have been delegated may waive or modify any regulation or standard established by the department under the authority of AS 47.35.010 - 47.35.080 as it applies to nurseries or the application of any such regulation or standard as it applies to a particular day care licensee but must notify the department of any waiver.

* Sec. 81. The following laws are repealed: AS 04.11.340(4), 04.11.400(c); AS 04.21.080(11); AS 14.56.065(b), 14.56.180(3); AS 15.13.130(6); AS 18.55.950(10); AS 24.55.330(3); AS 28.35.260(10); AS 29.08; AS 29.13; AS 29.18.011 - 29.18.460; AS 29.23; AS 29.28; AS 29.33; AS 29.38; AS 29.41; AS 29.43; AS 29.48; AS 29.53; AS 29.58; AS 29.63; AS 29.68; AS 29.73; AS 29.78; AS 29.88; AS 29.89; AS 29.90; AS 29.95; AS 30.15.070(3); AS 30.30.170(2); AS 35.15.080(3), 35.15.120(3); AS 42.06.630(6); AS 43.18.500(j)(6); AS 43.20.016; AS 43.56.210(8); AS 44.47.310(5); and AS 44.85.410(4).

* Sec. 82. A right or liability of a municipality existing on July 1, 1982, is not affected by the enactment of this Act. Ordinances and regulations in effect on July 1, 1982, remain in effect unless they conflict with provisions of this Act. Ordinances and regulations in effect on July 1, 1982, that conflict with provisions of this Act remain in effect for 180 days after July 1, 1982. The terms of elected or appointed municipal officials in office on July 1, 1982, are not affected by this Act, and their terms expire as provided before July 1, 1982.

* Sec. 83. AS 29.45.030(a)(7), (k), and (l) as enacted in sec. 11 of this Act are retroactive to December 31, 1980.

* Sec. 84. AS 29.45.030(a)(7), (k), and (l) as enacted in sec. 11 of this

Act and sec. 83 of this Act take effect immediately in accordance with AS 01.10.070(c).

* Sec. 85. Except for AS 29.45.030(a)(7), (k), and (l) as enacted in sec. 11 of this Act and sec. 83 of this Act, this Act takes effect July 1, 1982.

Original sponsor: Rules/Legislative Council

Offered: 5/5/82
Referred: Finance

IN THE SENATE BY THE JUDICIARY COMMITTEE

HOUSE CS FOR CS FOR SENATE BILL NO. 180 (Judiciary)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to municipal government; and providing for an effective date."

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

* Section 1. AS 29.03 is amended by adding a new section to read:

Sec. 29.03.030. PLATTING AUTHORITY. Subject to AS 40.15.075, the Department of Natural Resources is the platting authority in the unorganized borough in the area outside all cities.

* Sec. 2. AS 29 is amended by adding a new chapter to read:

CHAPTER 04. CLASSIFICATION OF MUNICIPALITIES.

Sec. 29.04.010. HOME RULE. A home rule municipality is a municipal corporation and political subdivision. It is a city or a borough that has adopted a home rule charter, or it is a unified municipality. A home rule municipality has all legislative powers not prohibited by law or charter.

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

Sec. 29.04.030. CLASSES OF GENERAL LAW. General law municipalities are of five classes:

(1) first class boroughs;

(2) second class boroughs;

(3) third class boroughs;

(4) first class cities;

(5) second class cities.

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

(b) An election on the question of reclassification may be initiated in two ways:

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

(2) the council may propose reclassification.

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

(d) The council shall, within 30 days after its findings have been made public, order an election on the question of reclassification. The election shall be held at least 30 days after the order and not later than the next regular election occurring after the 30-day period. If more than one question is to be voted on at the election, each appears separately on the ballot.

(e) The council shall certify the election results to the department. If the majority of votes cast is favorable, the city shall be considered reclassified to first class status 30 days after certification of the election results.

(f) A second class borough may reclassify as a first class borough in the manner provided by AS 29.35.320 - 29.35.330 for the addition of an areawide power by a first or second class borough, except the petition or proposal requests reclassification instead of requesting addition of a power.

(g) A third class borough may reclassify as a first or second class borough in the manner provided by AS 29.35.320 - 29.35.330 for the addition of an areawide power by a first or second class borough, except the petition or proposal requests reclassification instead of requesting addition of a power.

(h) At the time of voting on reclassification of a third class borough to first or second class status, voters shall vote also on whether the borough shall on reclassification retain a combined assembly and school board or elect a separate assembly and board as otherwise provided for first and second class boroughs. If the majority of votes cast on the question favors retention of the combined assembly and board, the assembly serving at the time of the reclassification election continues to serve as the assembly and board on voter approval of reclassification and until terms of assemblymen expire as provided before reclassification. If a separate board and assembly are approved at the reclassification election, a school board shall be elected in conformity with AS 14.12.030 - 14.12.100 at the next regular election, if it occurs within 90 days of the date of the reclassification election, or otherwise at a special election within 90 days of the date of the reclassification election. Expiration dates of terms of school board members elected at a special election must coincide with the date of the regular election. Until a board is elected and qualified, the assembly continues to serve as the board.

* Sec. 3. AS 29 is amended by adding a new chapter to read:

CHAPTER 05. INCORPORATION.

ARTICLE 1. REQUIREMENTS.

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

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

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

(3) the economy of the community includes the human and financial resources necessary to provide municipal services; in considering the economy of the community, the Local Boundary Commission shall consider property values, economic base, personal income, resource and commercial development, anticipated functions, and the expenses and income of the proposed city, including the ability of the community to generate local revenue;

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

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

(b) A community that meets all the standards established in (a) of this section except (a)(1) may incorporate as a second class city.

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

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

Sec. 29.05.030. INCORPORATION OF A BOROUGH. An area may not incorporate as a third class borough. An area that meets the following standards may incorporate as a first or second class borough:

(1) the population of the area is interrelated and integrated as to its social, cultural, and economic activities, and is large and stable enough to support borough government;

(2) the boundaries of the proposed borough conform generally

to natural geography and include all areas necessary for full development of municipal services;

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

(4) land, water, and air transportation facilities allow the communication and exchange necessary for the development of integrated borough government.

ARTICLE 2. PROCEDURE.

Sec. 29.05.060. PETITION. Municipal incorporation is proposed by filing a petition with the department. The petition shall include the following information about the proposed municipality:

(1) class;

(2) name;

(3) boundaries;

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

(5) composition and apportionment of the governing body;

(6) a proposed operating budget for the municipality projecting sources of income and items of expenditure through the first full fiscal year of operation;

(7) for a first or second class borough, based on the number who voted in the respective areas in the last general election, the signature and resident address of 15 percent of the voters in

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

(B) the area of the proposed borough outside home rule

and first class cities;

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

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

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

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

(12) for a second class city, based on the number who voted in the area in the last general election, the signature and resident address of 25 voters in the proposed city or of 15 percent of the voters in the proposed city, whichever is greater.

Sec. 29.05.070. REVIEW. The department shall review an incorporation petition for content and signatures and shall return a deficient petition for correction and completion.

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

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

(c) The department shall report its findings to the Local Boundary Commission with its recommendations regarding the incorporation.

Sec. 29.05.090. HEARING. The Local Boundary Commission shall hold at least one public hearing in the area proposed to be incorporated for

the purpose of receiving testimony and evidence on the proposal.

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

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

Sec. 29.05.110. INCORPORATION ELECTION. (a) The Local Boundary Commission shall immediately notify the director of elections of its acceptance of an incorporation petition. Within 30 days after notification, the director of elections shall order an election in the proposed municipality to determine whether the voters desire incorporation and, if so, to elect the initial municipal officials. If incorporation is rejected, no officials are elected. The election must be held not less than 30 or more than 90 days after the date of the election order. The election order must specify the dates during which nomination petitions for election of initial officials may be filed.

(b) A voter who has been a resident of the area within the proposed municipality for 30 days before the date of the election order may vote.

(c) Areawide borough powers included in an incorporation petition are considered to be part of the incorporation question. In an election for the incorporation of a second class borough, each nonareawide power to be exercised is placed separately on the ballot. Adoption of a nonareawide power requires a majority of the votes cast on the question, and the vote is limited to the voters residing in the proposed borough

but outside all cities in the borough.

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

Sec. 29.05.120. ELECTION OF INITIAL OFFICIALS. (a) Nominations for initial municipal officials are made by petition. The petition shall be in the form prescribed by the director of elections and include the name and address of the nominee and a statement of the nominee that he is qualified under the provisions of this title for the office that he seeks. A person may file for and occupy more than one office, but he may not serve simultaneously as borough mayor and as a member of the assembly or as city mayor and as a member of the council.

(b) Except for a proposed second class city, petitions to nominate initial officials must include the signature and resident address of 50 voters in the area of the proposed municipality, or that area of the proposed municipality from which the officials are to be elected under the composition and apportionment set out in the accepted incorporation petition.

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

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

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

(f) The initial elected members of the governing body shall determine by lot the length of their terms of office so that a proportionate number of terms expire each year, resulting in staggered terms of office

for members subsequently elected.

Sec. 29.05.130. INTEGRATION OF SPECIAL DISTRICTS AND SERVICE AREAS. A service area in a newly incorporated municipality shall be integrated into the municipality within two years after the date of incorporation. On integration the municipality succeeds to all the rights, powers, duties, assets and liabilities of the service area. After integration, the municipality may exercise in a former service area all of the rights and powers exercised by the service area at the time of integration, and, as successor to the service area, may levy and collect special charges, taxes, or assessments to amortize bonded indebtedness incurred by the service area or by a municipality in which the service area was formerly located. On integration all property in the service area subject to taxation to pay the principal and interest on bonds at the time of integration remains subject to taxation for that purpose.

Sec. 29.05.140. TRANSITION. (a) The powers and duties exercised by cities and service areas that are succeeded to by a newly incorporated municipality continue to be exercised by the cities and service areas until the new municipality assumes the powers and functions, which may not exceed two years after the date of incorporation. Ordinances, rules, resolutions, procedures, and orders in effect before the transfer remain in effect until superseded by the action of the new municipality.

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

(c) After the incorporation of a new municipality, no service area in it may assume new bonded indebtedness, make a contract, or transfer

an asset without the consent of the governing body.

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

Sec. 29.05.150. CHALLENGE OF LEGALITY. A person may not challenge the formation of a municipality except within six months after the date of its incorporation.

ARTICLE 3. TRANSITIONAL ASSISTANCE.

Sec. 29.05.180. ORGANIZATION GRANTS. (a) For the purpose of defraying the cost of transition to municipal government and in order to provide for development and interim governmental operations, each first class borough, second class borough, and city incorporated after July 1, 1982, or, in the case of a second class city, incorporated or reclassified after July 1, 1982, is entitled to an organization grant equal to $10 for every voter who voted in the incorporation election. However, each first or second class borough and each first class city incorporated or established by reclassification outside an organized borough is entitled to at least $25,000.

(b) Within 30 days after the date of incorporation of a first class borough, second class borough, or city after July 1, 1982, the department shall determine the number of voters in the municipality who voted in the incorporation election.

(c) Within 30 days after the completion of its findings, or as soon after that as money is appropriated to it for the purpose, the department shall transmit to the municipality the total amount of money to which the municipality is entitled under this section.

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

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

CHAPTER 06. ALTERATION OF MUNICIPALITIES.

ARTICLE 1. CHANGE OF NAME.

Sec. 29.06.010. CHANGE OF MUNICIPAL NAME. (a) The governing body of a municipality may change the official municipal name by adopting an ordinance for the purpose and filing the ordinance with the office of the lieutenant governor. Upon receipt of an ordinance ratified by the voters, the lieutenant governor shall issue an order to the municipality changing its existing name. The name change shall become effective on a date fixed in the order and occurring within 45 days after receipt of the ordinance. A copy of the order shall be transmitted to the department.

(b) If an ordinance adopted under (a) of this section that results in a change of the municipal name is subsequently repealed, the lieutenant governor shall issue an order reinstating the former name within 45 days after the date of the order, unless a different name is adopted as provided in (a) of this section.

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

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

ARTICLE 2. ANNEXATION AND DETACHMENT.

Sec. 29.06.040. LOCAL BOUNDARY COMMISSION. (a) The Local Boundary Commission may consider any proposed municipal boundary change. It may reject the proposed change, accept the proposed change, or alter the boundaries and accept the proposal as altered. A Local Boundary Commission decision under this subsection may be appealed under the Adminis-

trative Procedure Act (AS 44.62).

(b) The Local Boundary Commission may present a proposed municipal boundary change to the legislature during the first 10 days of a regular session. The change becomes effective 45 days after presentation or at the end of the session, whichever is earlier, unless disapproved by a resolution concurred in by a majority of the members of each house.

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

(1) a proposed annexation and detachment must be approved by a majority of votes on the question cast by voters residing in the area proposed to be annexed or detached;

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

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

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

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

Sec. 29.06.060. APPLICATION. AS 29.06.040 - 29.06.060 apply to

home rule and general law municipalities.

ARTICLE 3. MERGER AND CONSOLIDATION.

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

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

(1) petition to the Local Boundary Commission under regulations adopted by the commission; or

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

Sec. 29.06.100. PETITION. (a) Residents of two or more municipalities may file a merger or consolidation petition with the department. The petition must be signed by a number of voters of each existing municipality equal to at least 25 percent of the number of votes cast in each municipality's last regular election.

(b) The petition includes

(1) the name and class of each existing municipality;

(2) the name and class of the proposed municipality;

(3) the proposed composition and apportionment of the governing body;

(4) maps, documents, and other information that shows that the proposed municipality meets the standards for municipal incorporation.

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

(b) If the petition contains the required information and signa-

tures, the department shall investigate the proposal.

(c) The department shall report its findings to the Local Boundary Commission with its recommendations regarding the merger or consolidation.

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

Sec. 29.06.130. DECISION. (a) If the Local Boundary Commission determines that the proposed municipality fails to meet the standards for incorporation, it shall reject the merger or consolidation petition. If the commission determines that the proposed municipality meets these standards, it shall accept the petition. If the commission determines that the proposed boundaries or the composition and apportionment of the governing body can be altered to meet the standards, it may change the proposal and accept the petition.

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

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

(b) The director of elections shall supervise the election in the general manner prescribed by the Alaska Election Code (AS 15). The

state shall pay all election costs.

(c) The director of elections shall certify the election results. If merger or consolidation is approved, he shall, within 10 days, set a date for election of officials of the new municipality. The election date must be not less than 60 or more than 90 days after the election order and it is the effective date for the merger or consolidation.

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

(b) When two or more municipalities consolidate, the newly incorporated municipality succeeds to the rights, powers, duties, assets, and liabilities of the consolidated municipalities.

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

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

ARTICLE 4. UNIFICATION OF MUNICIPALITIES.

Sec. 29.06.190. UNIFICATION OF MUNICIPALITIES AUTHORIZED. A borough and all cities in the borough may unite to form a single unit of home rule government by complying with AS 29.06.190 - 29.06.400.

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

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

Sec. 29.06.210. PETITION REQUIREMENTS. (a) A unification petition shall read:

"PETITION FOR ELECTION OF CHARTER COMMISSION TO PROPOSE UNIFICATION CHARTER. We, the undersigned, qualified voters of the borough do hereby petition that the following proposition be placed before the voters as provided by law: 'Shall a charter commission be formed (and charter commission members be elected as elsewhere provided on this ballot) to prepare, adopt and submit to the voters for their approval or rejection a proposed charter uniting the borough and all cities within it as a single unit of home rule government having the powers, duties and functions of a unified municipality as authorized by law? Yes [] No []'

Signature	Address	Inside First Class or Home Rule City	Outside First or Home Rule City"

(b) The petition shall be signed by at least

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

(2) the number of voters residing in home rule or first class cities in the borough equal to 25 percent of the votes cast in all home rule and first class cities in the borough in the last regular borough election.

Sec. 29.06.220. REVIEW OF PETITION. The assembly shall review a unification petition within 15 days to determine whether it complies with AS 29.06.210. If the petition does not meet the designated requirements, it shall be immediately returned to the person who initiated the petition with a statement indicating which requirements have not been satisfied.

Sec. 29.06.230. COMPOSITION OF CHARTER COMMISSION. The charter

commission shall consist of 11 voters, three of whom are residents elected at large from the borough and eight of whom, proportionate to the population as determined by the department, are

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

(2) residents of and elected from home rule or first class cities in the borough.

Sec. 29.06.240 CHARTER COMMISSION NOMINATIONS. (a) If the assembly determines that a unification petition meets the requirements of AS 29.06.210, or the assembly by its resolution proposes an election on formation of a charter commission, the assembly shall issue a call for the nomination of commission candidates, specifying the filing deadline and the procedure for making nominations.

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

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

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

Sec. 29.06.250. QUALIFICATIONS OF CANDIDATES. A person is eligible to be nominated as a candidate for the charter commission if he has been a voter of the area from which he seeks election for at least one year immediately preceding the date his nomination petition is

filed.

Sec. 29.06.260. ELECTION. (a) After receipt of a valid unification petition or adoption of an assembly resolution to propose formation of a charter commission, the assembly shall submit to the voters the question of whether a charter commission shall be formed to prepare a proposed unification charter. The vote shall be held at the next regular borough election scheduled at least 90 days after receipt of the petition or adoption of the resolution. The ballot shall be worded exactly as in AS 29.06.210(a).

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

(c) All costs incurred in conducting an election under AS 29.06.-190 - 29.06.400 shall be paid by the borough.

Sec. 29.06.270. REQUIREMENTS FOR APPROVAL OF FORMATION AND ELECTION OF CHARTER COMMISSION. (a) The votes on the question of formation of a charter commission shall be tabulated in two separate classifications. One classification consists of all votes cast in first class and home rule cities in the borough. The other classification consists of all votes cast in the remaining area of the borough. In order for formation of a charter commission to be approved, a majority of the votes in each classification must favor formation of the commission.

(b) If formation of a charter commission is approved, candidates who received the highest number of votes from their respective areas shall serve as members of the commission.

Sec. 29.06.280. CHARTER COMMISSION ORGANIZATION AND PROCEDURE. (a) The charter commission shall hold its first meeting within 30 days after certification of its election. The commission shall elect from among its members a chairman and a deputy chairman.

(b) A majority of the total membership of the charter commission constitutes a quorum. A decision of the commission is not valid or binding unless approved by the number of members necessary to constitute a quorum.

(c) The charter commission may elect other officials from among its membership, adopt rules governing its procedures that are consistent with AS 29.06.190 - 29.06.400 and hire and discharge employees.

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

Sec. 29.06.290. VACANCIES. (a) Vacancies on the charter commission shall be filled by a majority vote of the commission, except the assembly shall appoint members to fill vacancies if, after a proposed charter is rejected by the voters, more than one-half of the members resign.

(b) A person who fills a vacancy on the charter commission must be a voter of the same area as the person whom he succeeds and must have been a voter of that area for at least one year immediately preceding the date he fills the vacancy.

Sec. 29.06.300. PER DIEM. The assembly may grant a per diem allowance to members of the charter commission and may reimburse the members for travel expenses incurred in carrying out the duties prescribed by AS 29.06.190 - 29.06.400. Costs, fees, and other expenses incurred by the commission are a debt of the borough and shall be paid upon proper verification.

Sec. 29.06.310. CHARTER PREPARATION. The charter commission shall prepare, adopt, and submit a proposed home rule charter for the area to be unified to the voters for approval or rejection. The charter shall include

(1) provision for adjustment of existing bonded indebtedness and other obligations in a manner that will reserve a fair and equitable burden of taxation for debt service, subject to AS 29.06.370;

(2) provision for

(A) the establishment of service areas; and

(B) if election of members of the governing body is not areawide, the establishment of districts for the election of members of the governing body of the proposed unified municipality and procedures by which to reapportion the election districts;

(C) reapportionment of districts if they are established;

(3) provision for nonpartisan government, and the selection, organization, authority, and responsibilities of the governing body and its executive and administrator;

(4) the transfer or other disposition of property and other rights, claims, assets, and franchises of the municipalities to be unified under the charter;

(5) provision for exercise of the rights of initiative and referendum;

(6) a method of amending the charter;

(7) the date on which the charter, if approved at the charter election, is effective;

(8) designation of the proposed unified municipality's official name;

(9) other charter provisions that may be included in a home rule charter.

Sec. 29.06.320. PUBLIC HEARINGS. Both before and after drafting the proposed home rule charter, the charter commission shall hold a public hearing in each area represented on the assembly. Other public hearings may be held by the commission as it considers necessary.

Sec. 29.06.330. FILING OF PROPOSED CHARTER. Upon the adoption of a proposed home rule charter by the charter commission, the charter shall be signed by at least a majority of the total membership of the commission and shall be filed with the borough clerk. A copy of the charter with signatures affixed shall also be filed with the clerk of each city in the borough.

Sec. 29.06.340. PUBLICATION AND POSTING OF PROPOSED CHARTER. Within 10 days after filing the proposed home rule charter, the borough clerk shall have it published. In addition, the clerk shall have a copy of the proposed charter posted in at least three public places in each city and each unincorporated community in the borough. Copies of the proposed charter shall be made available by the assembly to the public at both the office of the borough clerk and the office of the clerk of each city in the borough. The clerk shall have notice of the publication, posting, and availability of the proposed charter published.

Sec. 29.06.350. ELECTION ON CHARTER. (a) The proposed home rule charter adopted by the charter commission shall be submitted to the voters at a borough election held within 60 days of the date of publication and posting of the proposed charter. The borough clerk shall prepare the ballots for use in the election and shall give notice of the election by radio and television in a manner intended to apprise the entire borough population of the election. The election shall be conducted under procedures applicable to regular elections.

(b) A person who is a voter of the borough may vote in the election on the proposed charter.

(c) If a majority of the votes in the area of the borough outside all home rule or first class cities, and a majority of the votes in all home rule and first class cities in the borough are cast in favor of the proposed charter, the charter is ratified. If the charter is ratified,

election results shall be certified to the commission and two copies of the charter shall be filed with

(1) the lieutenant governor;

(2) the commissioner of the department;

(3) the district recorder for the area of the borough;

(4) the clerk of the borough;

(5) the clerk of each city in the borough.

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

Sec. 29.06.360. EFFECT OF THE CHARTER AFTER RATIFICATION. Upon ratification, the home rule charter of a unified municipality operates to dissolve all municipalities in the area unified in accordance with the charter.

Sec. 29.06.370. ASSETS AND LIABILITIES. A unified municipality shall succeed to all the assets and liabilities of the municipalities it unified. A bonded indebtedness or other debt incurred before unification remains the tax obligation of the area that contracted the debt, except that by ordinance the tax obligation may be assumed by a larger area if the governing body determines that the asset for which the bonded indebtedness or other debt was incurred benefited the larger area before unification, or benefits the larger area after unification. However, bonded indebtedness or other debt for sewage collection systems, water distribution systems, and streets, even if determined to be benefiting a larger area than that which incurred the debt, remains the tax obligation of the area that incurred the debt.

Sec. 29.06.380. TRANSITION. Within two years after ratification of the home rule charter, the unified municipality shall revise, repeal, or reaffirm all municipal ordinances, resolutions, and orders in effect in the area of the unified municipality on the date of unification. Each ordinance, resolution, regulation, or order in effect on the date of unification remains in effect until superseded by action of the unified municipality.

Sec. 29.06.390. RIGHT TO STATE AND FEDERAL AID. All provisions of law authorizing aid from the state or federal government to a former municipality that was in the area of a unified municipality remain in effect after unification.

Sec. 29.06.400. POWERS OF A UNIFIED MUNICIPALITY. A municipality unified under AS 29.06.190 - 29.06.400 has all powers

(1) not prohibited by law or charter; and

(2) granted to a home rule borough.

Sec. 29.06.410. APPLICATION. AS 29.06.190 - 29.06.410 apply to home rule and general law municipalities.

ARTICLE 5. DISSOLUTION.

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

(1) petition to the Local Boundary Commission under regulations adopted by the commission; or

(2) the local option method specified in AS 29.06.460 - 29.06.520.

(b) The department shall investigate a municipality that it considers to be inactive and shall report to the Local Boundary Commission on the status of the municipality. The commission may submit its recommendation to the legislature that the municipality be dissolved in the manner provided for submission of boundary changes in art. X, sec.

12 of the state constitution.

(c) A borough is dissolved when its entire territory is included in a home rule or first class city or cities. A city is dissolved when all its powers become areawide borough powers.

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

(b) The petition must include

(1) the name of the municipality;

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

Sec. 29.06.470. STANDARDS. (a) Except as provided in (b) of this section, residents of a municipality may petition for dissolution when

(1) it is free of debt, or, if in debt, each of its creditors is satisfied with a method of repayment; and

(2) either it no longer meets the minimum standards prescribed for incorporation by AS 29.05, or former AS 29.18.030 if it is a third class borough, or it ceases to use each one of its mandatory powers.

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

Sec. 29.06.480. REVIEW. (a) The department shall review a dissolution petition for content and signatures, and shall return a deficient petition for correction or completion.

(b) If the petition contains the required information and signa-

tures, the department shall investigate the proposal.

Sec. 29.06.490. REPORT AND HEARING. (a) The department shall report its findings to the Local Boundary Commission with its recommendation regarding the dissolution of a municipality .

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

Sec. 29.06.500. DECISION. (a) If the Local Boundary Commission determines that a municipality fails to meet the standards for dissolution, it shall reject the petition. If the commission determines that the municipality meets the standards, it shall accept the petition.

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

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

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

(c) The director of elections shall certify the election results. If dissolution is approved, he shall declare that the municipality is dissolved effective on the date of certification.

Sec. 29.06.520. SUCCESSION. The government succeeding to a dissolved municipality succeeds to all its rights, powers, duties, assets, and liabilities.

Sec. 29.06.530. APPLICATION. AS 29.06.450 - 29.06.530 apply to

home rule and general law municipalities.

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

CHAPTER 10. HOME RULE MUNICIPALITIES.

ARTICLE 1. CHARTERS.

Sec. 29.10.010. MUNICIPAL CHARTER ADOPTION. (a) A general law borough or first class city may adopt a charter for its own government. A second class city may adopt a charter for its own government if the department determines from the best figures available that the population of the city is at least 600 permanent residents. A home rule municipality may adopt a new charter.

(b) A charter is prepared by a charter commission of seven elected members. A candidate for the commission shall be a voter of the municipality for three years immediately preceding the charter commission election.

(c) A charter commission election is called by filing a petition with the governing body or by resolution of the governing body. The petition shall be signed by a number of voters equal to 15 percent of the votes cast in the last regular election in the municipality.

Sec 29.10.020. NOMINATION. (a) A charter commission candidate is nominated by a petition signed by 50 voters or the number of voters equal to 10 percent of the number of votes cast in the municipality during the last regular election, whichever is less.

(b) A nomination petition shall be filed with the municipal clerk on or before a date fixed by the governing body. If at least seven nominations for qualified charter commission candidates are not filed, the petition or resolution calling for a charter commission is void and no election on the question may be held.

Sec. 29.10.030. ELECTION. At a charter commission election the voters shall consider the question "Shall a charter commission be elected

to prepare a proposed charter?" and shall elect the members of the commission. If the question is approved, the seven candidates receiving the highest number of votes shall immediately organize as a charter commission.

Sec. 29.10.040. PREPARATION OF CHARTER. The charter commission shall, within one year, prepare a proposed home rule charter. The proposed charter shall be signed by a majority of the members of the commission and filed in the office of the municipal clerk. Within 15 days, the clerk shall have the proposed charter published and make copies available. The commission shall give published notice of and hold at least one public hearing on the proposed charter before the signing and filing of the charter.

Sec. 29.10.050. INITIATIVE AND REFERENDUM. (a) A home rule charter shall provide procedures for initiative and referendum.

(b) A charter may not require an initiative or referendum petition to have a number of signatures greater than 25 percent of the total votes cast in the municipality at the last regular election.

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

Sec. 29.10.060. CHARTER ELECTION. The proposed home rule charter shall be submitted to the voters at an election held not less than 30 days or more than 90 days after the proposed charter is published.

Sec. 29.10.070. CHARTER ADOPTION. (a) If a majority of those voting on the question favor the proposed charter, it becomes the organic law of the municipality effective on the date the election is certified. Thereafter, a court shall take judicial notice of the charter. The new home rule municipality shall file the indicated number of copies of the charter with

(1) the lieutenant governor -- two copies;

(2) the department -- two copies;

(3) the district recorder -- one copy;

(4) the municipal clerk -- one copy.

(b) At the time of voting on the proposed charter in a third class borough, voters shall vote also on whether the borough shall on adoption of the charter retain a combined assembly and school board or elect a separate assembly and board as otherwise provided for home rule boroughs. If the majority of votes cast on the question favors retention of the combined assembly and board, the assembly serving at the time of the charter election continues to serve as the assembly and board on voter approval of the charter and until terms of assemblymen expire as provided before adoption of the charter. If a separate board and assembly are approved at the charter election, a school board shall be elected in conformity with AS 14.12.030 - 14.12.100 at the next regular election, if it occurs within 90 days of the date of the charter election, or otherwise at a special election within 90 days of the date of the charter election. Expiration dates of terms of school board members elected at a special election must coincide with the date of the regular election. Until a board is elected and qualified, the assembly continues to serve as the board.

(c) If a proposed charter is rejected, the charter commission shall prepare another proposed charter to be submitted to the voters at an election to be held within one year after the date of the first charter election. If the second proposed charter is also rejected, the charter commission shall be dissolved and the question of adoption of a charter shall be treated as if it had never been proposed or approved.

Sec. 29.10.080. CHARTER AMENDMENT. (a) A home rule charter may be amended as provided in the charter except that no amendment is effec-

tive unless ratified by the voters.

(b) This section applies to home rule municipalities.

ARTICLE 2. HOME RULE LIMITATIONS.

Sec. 29.10.110. LIMITATION OF HOME RULE POWERS. Only the following provisions of this title apply to home rule municipalities as prohibitions on acting otherwise than as provided. These provisions supersede existing and prohibit future home rule enactments that provide otherwise:

(1) AS 29.05.140 (transition)

(2) AS 29.06.010 (change of municipal name)

(3) AS 29.06.040 - 29.06.060 (annexation and detachment)

(4) AS 29.06.090 - 29.06.170 (merger and consolidation)

(5) AS 29.06.190 - 29.06.410 (unification of municipalities)

(6) AS 29.06.450 - 29.06.530 (dissolution)

(7) AS 29.10.080 (charter amendment)

(8) AS 29.20.010 (conflict of interest)

(9) AS 29.20.020 (meetings public)

(10) AS 29.20.050 (legislative power)

(11) AS 29.20.060 - 29.20.120 (assembly composition and apportionment)

(12) AS 29.20.140 (qualifications of members of governing bodies)

(13) AS 29.20.150 (term of office)

(14) AS 29.20.220 (executive power)

(15) AS 29.20.630 (prohibitions)

(16) AS 29.20.640 (reports)

(17) AS 29.25.010(a)(10) (municipal exemption on contractor bond requirements)

(18) AS 29.25.050 (codification)

(19) AS 29.25.060 (resolutions)

(20) AS 29.26.030 (notice of elections)

(21) AS 29.26.050 (voter qualification)

(22) AS 29.26.240 - 29.26.360 (recall)

(23) AS 29.35.020 (extraterritorial jurisdiction)

(24) AS 29.35.030 (eminent domain)

(25) AS 29.35.050 (garbage and solid waste services)

(26) AS 29.35.070 (public utilities)

(27) AS 29.35.110 (post audit)

(28) AS 29.35.150(b) (effect of areawide exercise of borough powers)

(29) AS 29.35.160 (education)

(30) AS 29.35.170(b) (assessment and collection of taxes)

(31) AS 29.35.180(b) (land use regulation)

(32) AS 29.35.250 (cities inside boroughs)

(33) AS 29.35.260 (cities outside boroughs)

(34) AS 29.35.340 (acquisition of areawide power)

(35) AS 29.40.160(a) - (c) (title to vacated areas)

(36) AS 29.40.200 (subdivisions of state land)

(37) AS 29.45.010 - 29.45.570 (property taxes)

(38) AS 29.45.650(c) and (d) (sales and use tax)

(39) AS 29.46.090 (exemption from special assessment)

(40) AS 29.47.200(b) (security for bonds)

(41) AS 29.47.260 (construction)

(42) AS 29.60.050(a) (limitation on computation and use of payment)

(43) AS 29.60.120(a) and (c) (state aid for health facilities and hospitals)

(44) AS 29.60.230 (state aid for hospital and health facility

construction)

(45) AS 29.65.010 - 29.65.140 (general grant land)

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

CHAPTER 20. MUNICIPAL OFFICERS AND EMPLOYEES.

ARTICLE 1. CONFLICT OF INTEREST, PUBLIC MEETINGS.

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

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

(2) the presiding officer shall rule on a request to be excused from a vote; and

(3) the decision of the presiding officer on a request to be excused from a vote may be overidden by the majority vote of the governing body.

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

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

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

ARTICLE 2. GOVERNING BODIES.

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

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

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

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

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

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

(e) This section applies to home rule and general law municipalities.

Sec. 29.20.070. COMPOSITION AND FORM OF REPRESENTATION. (a) The assembly shall provide for its composition and for the form of its representation.

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

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

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

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

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

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

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

(d) The assembly shall, within 30 days after certification of the results of the election held under this section, adopt an ordinance providing for

(1) composition of the assembly;

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

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

(e) This section does not apply to a

(1) unified municipality;

(2) home rule borough if the home rule charter contains procedures for changing assembly composition and form of representation.

Sec. 29.20.080. ASSEMBLY RECOMPOSITION AND REAPPORTIONMENT. (a) Not later than two months after the official report of a federal decennial census, the assembly shall determine and declare by resolution whether the existing apportionment of the assembly meets the standards

of AS 29.20.060. If the assembly submits to the voters a form of representation that includes election of assembly members under AS 29.-20.070(b)(2) or (b)(3) the assembly shall submit with the proposition a proposed plan of apportionment that corresponds to the form of representation proposed. The assembly shall describe the plan of apportionment in the ballot proposition, and may present the plan in any manner that it believes accurately describes the apportionment that is proposed under the form of representation. If the assembly determines that its existing apportionment meets the standards of AS 29.20.060, the assembly may include the existing apportionment as a proposed plan of apportionment of assembly seats that corresponds to a form of representation that is proposed.

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

(c) If a petition signed by not less than 50 voters requests the assembly to determine whether the existing apportionment meets the standards for apportionment in AS 29.20.060, and the petition contains evidence that the existing apportionment does not meet those standards, the assembly may make the determination requested. The assembly shall make a determination required by this subsection within two months of receipt of a petition that meets the requirements of this subsection.

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

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

Sec. 29.20.090. APPORTIONMENT APPEALS. (a) A reapportionment ordinance approved by the voters, or a decision of the assembly that the standards of AS 29.20.060 do not require a change in apportionment, may be appealed to the commissioner. Fifty voters may submit a petition to the commissioner requesting the commissioner to determine whether the proposed reapportionment ordinance approved by the voters meets the standards of AS 29.20.060 or whether a decision of the assembly that the standards of AS 29.20.060 do not require a change of apportionment is correct. If the petition asks the commissioner to review an ordinance approved by the voters under AS 29.20.080(e), the petition shall be delivered to the commissioner not later than 20 days after certification of the election. If the petition asks the commissioner to review a decision of the assembly under AS 29.20.080(c), the petition shall be delivered to the commissioner within 20 days of the decision of the assembly.

(b) The commissioner shall review the petition and may make the determination requested. The commissioner shall provide copies of his determination to the persons petitioning for appeal and to borough officials not later than 60 days after he receives the petition.

(c) If the commissioner determines that the proposed reapportion-

ment ordinance approved by the voters does not meet the standards of AS 29.20.060, or if he determines that the decision of the assembly that the standards of AS 29.20.060 do not require a change of apportionment is not correct, the commissioner shall, by order, direct the assembly to prepare a reapportionment ordinance that meets the standards of AS 29.-20.060 and submit the ordinance to the voters.

(d) When the assembly has been directed by the commissioner to prepare a reapportionment ordinance under (c) of this section, the assembly shall, within two months after its receipt of the commissioner's order, adopt an ordinance providing for reapportionment. The assembly shall submit an ordinance adopted under this subsection to the voters at an election held within 60 days after the date of adoption of the reapportionment ordinance.

(e) If at the end of the time period provided under (d) of this section an ordinance providing for reapportionment has not been approved by the voters, the commissioner shall provide for the reapportionment of the assembly in accordance with the standards of AS 29.20.060 by preparing an order of reapportionment and delivering the order to the borough mayor.

Sec. 29.20.100. JUDICIAL REVIEW AND RELIEF. (a) The commissioner may request the superior court to enforce a reapportionment order issued under AS 29.20.090(e).

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

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

(2) a determination by the assembly under AS 29.20.080 that the standards of AS 29.20.060 do not require a change in apportionment;

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

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

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

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

Sec. 29.20.110. EFFECTIVE DATE OF APPORTIONMENT. (a) A change in assembly apportionment or composition under AS 29.20.080 or 29.20.090 is effective beginning with the first regular election for members of the assembly that is held more than 60 days after the later of

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

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

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

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

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

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

of the assembly.

Sec. 29.20.120. APPLICABILITY OF APPORTIONMENT PROVISIONS. The provisions of AS 29.20.080 - 29.20.110 do not apply to a

(1) unified municipality;

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

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

Sec. 29.20.140 QUALIFICATIONS. (a) A borough voter is eligible to be a member of the assembly and a city voter is eligible to be a member of the council. A member of the governing body who ceases to be a voter in the municipality immediately forfeits his office.

(b) A municipality may by ordinance establish a durational residency requirement not to exceed three years for members of the governing body.

(c) A municipality may by ordinance establish district residency requirements for members of its governing body. A member of the governing body who represents a district and who becomes a resident of another district in the municipality continues to serve until the next regular election unless provided otherwise by ordinance.

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

(e) This section applies to home rule and general law municipalities.

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

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

(c) The regular term of office begins on the first Monday following certification of the election, unless a different date is prescribed by charter or ordinance.

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

Sec. 29.20.160. PROCEDURES OF GOVERNING BODIES. (a) The assembly shall elect from among its members a presiding officer and a deputy presiding officer to serve at the pleasure of the members, except that in a borough that has adopted a manager form of government under AS 29.-20.450 - 29.20.520 the mayor serves as presiding officer. In a city the mayor serves as presiding officer. If the presiding officer is not present or disqualifies himself, the deputy presiding officer shall preside.

(b) A governing body shall hold at least one regular meeting each month unless otherwise provided by ordinance. If a majority of the members are given at least 24 hours oral or written notice and reasonable efforts are made to notify all members, a special meeting of the governing body may be held at the call of the presiding officer or at least one-third of the members. A special meeting may be conducted with less than 24 hours notice if all members are present or if absent members have waived in writing the required notice. Waiver of notice can be

made before or after the special meeting is held. A waiver of notice shall be made a part of the journal for the meeting.

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

(d) Actions of a governing body are adopted by a majority of the total membership of the body. All members present shall vote on every question, unless they are required to abstain from voting on a question by law. The final vote of each member on each ordinance, resolution, or substantive motion shall be recorded "yes" or "no", except that if the vote is unanimous it may be recorded "unanimous".

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

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

Sec. 29.20.170. VACANCIES. The governing body may provide by ordinance the manner in which a vacancy occurs in any elected office except the office of mayor or school board member. Unless otherwise provided by ordinance, the governing body shall declare an elective office, other than the office of mayor or school board member, vacant when the person elected

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

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

(3) resigns and his resignation is accepted;

(4) is physically or mentally unable to perform the duties

of his office as determined by two-thirds vote of the governing body;

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

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

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

(8) if a member of the governing body, misses three consecutive regular meetings and is not excused.

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

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

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

ARTICLE 3. MUNICIPAL EXECUTIVE AND ADMINISTRATOR.

Sec. 29.20.220. EXECUTIVE POWER. (a) The executive power in a municipality is vested in a mayor. The mayor of a home rule or unified municipality is elected by the voters, and the mayor of other municipalities is elected in accordance with AS 29.20.230.

(b) The mayor acts as ceremonial head of government, executes official documents on authorization of the governing body, and is

responsible for additional duties and powers prescribed by this chapter or by home rule charter.

(c) This section applies to home rule and general law municipalities.

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

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

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

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

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

Sec. 29.20.250. POWERS AND DUTIES OF MAYOR. (a) If a municipality has not adopted a manager plan of government under AS 29.20.460 -

29.20.520, the administrative power is vested in the mayor and the mayor has the same powers and duties as those of the manager.

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

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

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

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

(c) The veto does not extend to

(1) appropriation items in a school budget ordinance;

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

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

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

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

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

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

(3) resigns and his resignation is accepted;

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

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

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

(7) no longer physically resides in the municipality; or

(8) if, as a member of the governing body in a second class city, he misses three consecutive regular meetings and is not excused.

(b) A vacancy in the office of mayor occurring six months before a regular election shall be filled by the governing body. The person appointed serves until the next regular election when a successor is elected to serve the balance of the term. If a member of the governing body is appointed mayor, he shall resign his seat on the governing body. If a vacancy occurs more than six months before a regular election, the governing body shall call a special election to fill the unexpired term.

(c) Notwithstanding (b) of this section, a vacancy in the office of mayor of a second class city shall be filled by and from the council. A mayor appointed under this section serves the balance of the term to which appointed, except he may serve only while he is a member of the council.

ARTICLE 4. BOARDS AND COMMISSIONS.

Sec. 29.20.300. SCHOOL BOARDS. (a) Each municipal school district has a school board. Except as provided in (b) of this section members are elected at the regular election for three-year terms and until their successors take office. Members are elected at large unless a different method of election has been approved by the voters in a regular election.

(b) The assembly is the school board for a third class borough. The mayor is the presiding officer of the assembly and president of the school board; however, he may not veto an action of the school board.

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

(b) As determined by ordinance, members of a utility board are appointed by the municipal executive and confirmed by the governing body or are elected at a regular election. The term of a utility board member is two years and until a successor is selected and qualifies. However, the governing body may by ordinance provide for a different term not to exceed four years. The current term of an elected incumbent may not be altered.

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

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

(1) choose its chairman and secretary;

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

(3) formulate and enforce the general rules and policies of

the utility.

Sec. 29.20.320. OTHER BOARDS AND COMMISSIONS. (a) The governing body may by ordinance establish advisory, administrative, technical, or quasi-judicial boards and commissions.

(b) Members of boards and commissions, except for members of the board of adjustment and assembly members serving on the board of equalization, are appointed by the mayor and confirmed by the governing body.

ARTICLE 5. OTHER OFFICIALS AND EMPLOYEES.

Sec. 29.20.360. APPOINTMENT OF OFFICIALS. Unless otherwise provided by ordinance, the municipal clerk, attorney, treasurer, and police chief are appointed by the chief administrative official. Unless otherwise provided by ordinance, an official described in this section serves at the pleasure of the appointing authority and, if appointed by the chief administrative official, must be confirmed by the governing body.

Sec. 29.20.370. MUNICIPAL ATTORNEY. The municipal attorney is the legal advisor of the governing body, the school board, and the other officials of the municipality. He represents the municipality as attorney in civil and criminal proceedings. The school board may hire independent counsel when in its judgment independent counsel is needed.

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

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

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

(3) arrange publication of notices, ordinances, and resolutions;

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

(5) attest deeds and other documents;

(6) perform other duties specified in this title or prescribed by the chief executive or by the governing body.

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

Sec. 29.20.390. MUNICIPAL TREASURER. (a) Except as provided in AS 14.14.060, the treasurer is the custodian of all municipal funds. He shall keep an itemized account of money received and disbursed. He shall pay money on vouchers drawn against appropriations.

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

Sec. 29.20.400. DEPARTMENTS. (a) The governing body may establish municipal departments and distribute functions among them.

(b) Each municipal department is administered by a department head. With the consent of the governing body, the mayor may serve as head of one or more departments or a single administrator may serve as head of two or more departments.

Sec. 29.20.410. PERSONNEL SYSTEM. (a) Except as provided by (b) of this section, appointments and promotions of municipal employees are made on the basis of merit. The governing body may provide for a personnel system and classified service.

(b) By ordinance the governing body may designate confidential or managerial positions that are wholly or partially exempt from the classified service. A wholly or partially exempt position is filled by a person who serves at the pleasure of the appointing authority and whose term of employment is determined by the appointing authority.

ARTICLE 6. MANAGER PLAN.

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

(5) attest deeds and other documents;

(6) perform other duties specified in this title or prescribed by the chief executive or by the governing body.

(b) The governing body may combine the office of clerk with that of treasurer. If the offices are combined, the clerk-treasurer shall, as required of the treasurer, give his bond to the municipality for the faithful performance of his duties as clerk-treasurer.

Sec. 29.20.390. MUNICIPAL TREASURER. (a) Except as provided in AS 14.14.060, the treasurer is the custodian of all municipal funds. He shall keep an itemized account of money received and disbursed. He shall pay money on vouchers drawn against appropriations.

(b) The treasurer shall give bond to the municipality in a sum that the governing body directs.

Sec. 29.20.400. DEPARTMENTS. (a) The governing body may establish municipal departments and distribute functions among them.

(b) Each municipal department is administered by a department head. With the consent of the governing body, the mayor may serve as head of one or more departments or a single administrator may serve as head of two or more departments.

Sec. 29.20.410. PERSONNEL SYSTEM. (a) Except as provided by (b) of this section, appointments and promotions of municipal employees are made on the basis of merit. The governing body may provide for a personnel system and classified service.

(b) By ordinance the governing body may designate confidential or managerial positions that are wholly or partially exempt from the classified service. A wholly or partially exempt position is filled by a person who serves at the pleasure of the appointing authority and whose term of employment is determined by the appointing authority.

ARTICLE 6. MANAGER PLAN.

Sec. 29.20.460. MANAGER PLAN. A municipality may adopt a manager plan of government. Adoption of a manager plan may be initiated either by petition or by motion of the governing body. A petition for the adoption of a manager plan is submitted to the governing body. The petition must be signed by a number of voters equal to the following percentage of the votes cast at the preceding regular election:

(1) 25 percent if the municipality has fewer than 7,500 persons;

(2) 15 percent if the municipality has 7,500 persons or more.

Sec. 29.20.470. ELECTION. On receipt of a petition to adopt a manager plan or on its own motion to adopt a manager plan, the governing body shall provide by ordinance or resolution for a vote on the question at the next election.

Sec. 29.20.480. ADOPTION. (a) If a manager plan is approved, the governing body shall, within 60 days, adopt the plan by ordinance or resolution.

(b) The governing body shall notify the department of the adoption of a manager plan.

Sec. 29.20.490. APPOINTMENT. (a) The governing body shall appoint a manager by a majority vote of its membership. He is chosen on the basis of his administrative qualifications and receives the compensation set by the governing body. A member of the governing body may not be appointed manager of the municipality sooner than one year after leaving office, except by a vote of three-fourths of the authorized membership of the governing body.

(b) Subject to the contract of employment, the manager holds office at the pleasure of the governing body.

Sec. 29.20.500. POWERS AND DUTIES OF A MANAGER. As chief administrator the manager shall

(1) appoint, suspend, or remove municipal employees and administrative officials, except as provided otherwise in this title and AS 14.14.065; he may hire necessary administrative assistants and may authorize an administrative official to appoint, suspend, or remove subordinates;

(2) supervise the enforcement of municipal law and carry out the directives of the governing body;

(3) prepare and submit an annual budget and capital improvement program for consideration by the governing body, and execute the budget and capital improvement program adopted;

(4) make monthly financial reports and other reports on municipal finances and operations as required by the governing body;

(5) exercise custody over all real and personal property of the municipality, except property of the school district;

(6) perform other duties required by law or by the governing body; and

(7) serve as personnel officer, unless the governing body authorizes him to appoint a personnel officer.

Sec. 29.20.510. INTERGOVERNMENT APPOINTMENTS. A borough adopting a manager plan may, on agreement with a city in the borough, provide that the manager of the city serve also as borough manager. A city adopting a manager plan may, on agreement with the borough in which it is located, provide that the manager of the borough serve also as city manager. Appointment and service of the manager shall be as provided in AS 29.20.490 - 29.20.500. Nothing in this section affects the authority of the governing body to provide for other dual officeholding if the dual offices held are compatible, or otherwise to appoint officials and employees in accordance with law.

Sec. 29.20.520. REPEAL. A municipality may repeal a manager plan

in the same manner used for its adoption. Within 60 days after repeal of a manager plan, the governing body shall enact provisions for the reorganization of the municipal executive and administrative functions.

ARTICLE 7. MISCELLANEOUS PROVISIONS.

Sec. 29.20.600. OATHS OF OFFICE. Before taking office a municipal official shall affirm in writing that he will honestly, faithfully, and impartially perform his duties. The oath is filed with the municipal clerk.

Sec. 29.20.610. BONDING. The manager and the other municipal officials or employees that the governing body may designate shall give bond in the amount and with the surety prescribed by the governing body. Premiums on bonds are paid by the municipality.

Sec. 29.20.620. COMPENSATION FOR ELECTED OFFICIALS. The governing body shall by ordinance provide a method of determining the salaries of elected officials. The salary of the mayor may not be reduced during his term of office, unless during his term a manager plan is adopted. An elected official may not receive compensation for service to the municipality in addition to his salary, unless otherwise provided by ordinance. Per diem payments or reimbursements for expenses are not compensation under this section.

Sec. 29.20.630. PROHIBITIONS. (a) Subject to AS 14.14.140, a state employee or school district employee may not be denied the right to serve as an elected municipal official because of his employment by the state or a school district. For purposes of this section a school district employee is not a municipal employee.

(b) This section applies to home rule and general law municipalities.

Sec. 29.20.640. REPORTS. (a) A municipality shall file with the department

(1) maps and descriptions of all annexed or detached territory;

(2) a copy of the annual audit, or, for a second class city, an audit or statement of annual income and expenditures;

(3) tax assessment and tax levy figures as requested;

(4) a copy of the current annual budget of the municipality;

(5) a summary of the optional property tax exemptions authorized together with the estimate of the revenues lost to the municipality by operation of each of the exemptions.

(b) Compliance with the provisions of this section is a prerequisite to receipt of municipal tax resource equalization assistance under AS 29.60.010 - 29.60.080 and state aid for miscellaneous municipal services under AS 29.60.100 - 29.60.180. The department shall withhold annual allocations under those sections in the event of noncompliance until the report requirements are met.

(c) This section applies to home rule and general law municipalities.

* Sec. 7. AS 29 is amended by adding a new chapter to read:

CHAPTER 25. MUNICIPAL ENACTMENTS.

Sec. 29.25.010. ACTS REQUIRED TO BE BY ORDINANCE. (a) In addition to other actions that this title requires to be by ordinance, the governing body of a municipality shall use ordinances to

(1) establish, alter, or abolish municipal departments;

(2) provide for a fine or other penalty, or establish rules or regulations for violation of which a fine or other penalty is imposed;

(3) provide for the levying of taxes;

(4) make appropriations, including supplemental appropriations or transfer of appropriations;

(5) grant, renew, or extend a franchise;

(6) adopt, modify, or repeal the comprehensive plan, land use and subdivision regulations, building and housing codes, and the official map;

(7) approve the transfer of a power to a first or second class borough from a city;

(8) designate the borough seat;

(9) provide for the retention or sale of tax-foreclosed property;

(10) exempt contractors from compliance with general requirements relating to payment and performance bonds in the construction or repair of municipal public works projects within the limitations set out in AS 36.25.025; this paragraph applies to home rule and general law municipalities.

(b) This section grants no authority but requires the governing body to use ordinances in exercising certain of its powers.

Sec. 29.25.020. ORDINANCE PROCEDURE. (a) An ordinance is introduced in writing in the form required by the governing body.

(b) The following procedure governs the enactment of all ordinances, except emergency ordinances:

(1) an ordinance may be introduced by a member or committee of the governing body, or by the mayor or manager;

(2) an ordinance shall be set by the governing body for a public hearing by the affirmative vote of a majority of the votes authorized on the question;

(3) at least five days before the public hearing a summary of the ordinance shall be published together with a notice of the time and place for the hearing;

(4) copies of the ordinance shall be available to all persons

present at the hearing, or the ordinance shall be read in full;

(5) during the hearing the governing body shall hear all interested persons wishing to be heard;

(6) after the public hearing the governing body shall consider the ordinance, and may adopt it with or without amendment;

(7) the governing body shall print and make available copies of an ordinance that is adopted.

(c) An ordinance takes effect upon adoption or at a later date specified in the ordinance.

Sec. 29.25.030. EMERGENCY ORDINANCES. (a) To meet a public emergency the governing body may adopt an emergency ordinance effective on adoption. Each emergency ordinance shall contain a finding by the governing body that an emergency exists and a statement of the facts upon which the finding is based. An emergency ordinance may be adopted, amended and adopted, or rejected at the meeting at which it is introduced. The affirmative vote of all members present, or the affirmative vote of three-fourths of the total membership, whichever is less, is required for adoption of an emergency ordinance. The governing body shall print and make available copies of adopted emergency ordinances.

(b) An emergency ordinance may not be used to levy taxes, to grant, renew, or extend a franchise, or to regulate the rate charged by a public utility for its services.

(c) An emergency ordinance is effective for 60 days.

Sec. 29.25.040. CODES OF REGULATION. The governing body may in a single ordinance adopt or amend by reference provisions of a published code of municipal regulations. The procedure under AS 29.25.050 applies to an ordinance adopted under this section, except that neither the ordinance or its amendments must be distributed to the public or read in full at the public hearing. For a period of 15 days before adoption of

an ordinance under this section, at least five copies of the code of regulations shall be made available for public inspection at a time and place set out in the hearing notice. Only the ordinance must be printed after it is adopted under this section. The governing body shall provide for an adopted code of regulations to be made available to the public at no more money than cost.

Sec. 29.25.050. CODIFICATION. (a) Each ordinance shall be codified after it is adopted.

(b) Within three years after incorporation of a municipality, the municipal clerk or his designee shall have prepared a general codification of all municipal ordinances of general applicability having the force and effect of law. The municipal code shall be revised and printed at least every five years, unless the code is kept current by regular supplements.

(c) In (a) of this section, "codified" means

(1) the ordinance has been given a serial number or other permanent identifying number, and, bearing a notation of the date of adoption and the adopting authority, it has been entered by the municipal clerk in a properly indexed book maintained for the purposes of organizing and recording the ordinances; or

(2) the ordinance is a provision that establishes a rule of conduct or behavior and that is included, or to be included, in a code of ordinances or other complete system of law enacted and kept current at reasonable intervals.

(d) This section applies to home rule and general law municipalities.

Sec. 29.25.060. RESOLUTIONS. (a) The governing body shall provide for the maintenance of a permanent file of resolutions that have been adopted.

(b) This section applies to home rule and general law municipalities.

Sec. 29.25.070. PENALTIES. (a) For the violation of an ordinance, a municipality may prescribe penalties not to exceed those imposed for a class B misdemeanor.

(b) The municipality or an aggrieved person may institute a civil action against a person who violates an ordinance. In addition to injunctive and compensatory relief, a civil penalty not to exceed $1,000 may be imposed for each violation. An action to enjoin a violation may be brought notwithstanding the availability of any other remedy. On application for injunctive relief and a finding of a violation or a threatened violation, the superior court shall grant the injunction. Each day that a violation of an ordinance continues constitutes a separate violation.

(c) The penalties authorized under this section may be imposed only if copies of the ordinance are made available for distribution to the public at no more money than cost.

* Sec. 8. AS 29 is amended by adding a new chapter to read:

CHAPTER 26. ELECTIONS.

ARTICLE 1. REGULAR AND SPECIAL ELECTIONS.

Sec. 29.26.010. ADMINISTRATION. The governing body shall prescribe the rules for conducting an election and shall appoint an election board composed of at least three judges for each precinct. A judge shall be a voter of the precinct for which he is appointed unless no voter is willing to serve.

Sec. 29.26.020. NOMINATIONS. (a) Subject to other provisions of this title, the governing body shall provide by ordinance for nominations of elected officials by providing for declaration of candidacy or for petition requiring the signatures of not more than 10 voters, or for

both.

(b) A person may be nominated for and occupy more than one office, but he may not serve simultaneously as borough mayor and as a member of the assembly or, in a first class city, as city mayor and as a member of the council.

Sec. 29.26.030. NOTICE OF ELECTIONS. (a) Subject to other provisions of this title, a municipality shall give at least 20 days notice of an election.

(b) This section applies to home rule and general law municipalities.

Sec. 29.26.040. DATE. The date of a regular election is the first Tuesday of October annually, unless a different date or interval of years is provided by ordinance.

Sec. 29.26.050. VOTER QUALIFICATION. (a) A person may vote in a municipal election only if he

(1) is a United States citizen who is qualified to vote in state elections;

(2) has been a resident of the municipality for 30 days immediately preceding the election;

(3) is registered to vote in state elections; and

(4) is not disqualified under art. V of the state constitution.

(b) Voter registration by the municipality may not be required. However, a municipality may by ordinance require that a person be registered to vote in state elections in the precinct in which he seeks to vote in municipal elections.

(c) This section applies to home rule and general law municipalities.

Sec. 29.26.060. MAJORITY ELECTIONS. (a) Unless otherwise pro-

vided by ordinance, a runoff election shall be held if no candidate receives over 40 percent of the votes cast for the office of mayor or member of the governing body or school board.

(b) Unless otherwise provided by ordinance, a runoff election shall be held within three weeks after the date of certification of the election for which a runoff is required, and notice of the runoff election shall be published at least five days before the election date.

Sec. 29.26.070. ELECTION CONTEST AND APPEAL. (a) The governing body may provide by ordinance the time and procedure for the contest of an election.

(b) Unless otherwise provided by ordinance, an election may be contested only by a voter by filing a written affidavit with the municipal clerk specifying with particularity the grounds for the contest. An election may be contested before or during the first canvass of ballots by the governing body.

(c) Unless otherwise provided by ordinance, the governing body shall declare the election results at the first meeting to canvass the election, record the results in the minutes of that meeting, and authorize the results to be certified.

(d) A contestant shall pay all costs and expenses incurred in a recount of an election demanded by the contestant if the recount fails to reverse a result of the election, or the difference between the winning and losing vote on the result contested is more than two percent.

(e) A person may not appeal or seek judicial review of an election for any cause unless the person is a municipal voter, has exhausted his administrative remedies before the governing body, and has commenced, within 10 days after the governing body has declared the election results, an action in the superior court in the judicial district in

which the municipality is located. If court action is not commenced within the 10-day period, the election and election results are conclusive and valid.

ARTICLE 2. INITIATIVE AND REFERENDUM.

Sec. 29.26.100. RESERVATION OF POWERS. The powers of initiative and referendum are reserved to the residents of municipalities, except the powers do not extend to matters restricted by art. XI, sec. 7 of the state constitution.

Sec. 29.26.110. APPLICATION FOR PETITION. (a) An initiative or referendum is proposed by filing an application with the municipal clerk containing the bill to be initiated or the act to be referred and the address to which all correspondence relating to the petition may be sent. An application shall be signed by at least 10 voters who will sponsor the petition. An additional sponsor may be added at any time before the petition is filed by submitting his name to the clerk. Within two weeks the clerk shall certify the application if he finds that it is in proper form and, for an initiative petition, that the matter

(1) is not restricted by AS 29.26.100;

(2) includes only a single subject;

(3) relates to a legislative rather than to an administrative matter; and

(4) would be enforceable as a matter of law.

(b) A decision by the clerk on an application for petition shall be subject to judicial review.

Sec. 29.26.120. CONTENTS OF PETITION. (a) Within two weeks after certification of an application for an initiative or referendum petition, a petition shall be prepared by the municipal clerk. Each copy of the petition shall contain

(1) a summary of the bill to be initiated or the act to be referred;

(2) the complete ordinance or resolution sought to be initiated or referred as submitted by the sponsors;

(3) the date on which the petition is issued by the clerk;

(4) notice that signatures must be secured within 60 days after the date the petition is issued;

(5) spaces for each signature, the printed name of each signer, the date each signature is affixed, and the residence and mailing addresses of each signer;

(6) a statement, with space for the sponsor's sworn signature and date of signing, that the sponsor personally circulated the petition, that all signatures were affixed in his presence, and that he believes the signatures to be those of the persons whose names they purport to be; and

(7) space for indicating the total number of signatures on the petition.

(b) If a petition consists of more than one page, each page shall contain the summary of the bill to be initiated or the act to be referred.

(c) Copies of the petition shall be provided to each sponsor by the clerk.

Sec. 29.26.130. SIGNATURE REQUIREMENTS. (a) The signatures on an initiative or referendum petition shall be secured within 60 days after the clerk issues the petition. The statement provided under AS 29.26.-120(a)(6) shall be signed and dated by the sponsor. Signatures shall be in ink or indelible pencil.

(b) The clerk shall determine the number of signatures required on a petition and inform each sponsor. A petition shall be signed by

a number of voters based on the number of votes cast at the last regular election held before the date the petition was issued equal to

(1) 25 percent of the votes cast if a municipality has fewer than 7,500 persons; or

(2) 15 percent of the votes cast if a municipality has 7,500 persons or more.

(c) Illegible signatures shall be rejected by the clerk unless accompanied by a legible printed name. Signatures not accompanied by a legible residence address shall be rejected.

(d) A petition signer may withdraw his signature on written application to the clerk before certification of the petition.

Sec. 29.26.140. SUFFICIENCY OF PETITION. (a) All copies of an initiative or referendum petition shall be assembled and filed as a single instrument. Within 10 days after the date the petition is filed, the municipal clerk shall

(1) certify on the petition whether it is sufficient; and

(2) if the petition is insufficient, identify the insufficiency and notify the sponsors at the address provided under AS 29.26.-110(a) by certified mail.

(b) A petition that is insufficient may be supplemented with additional signatures obtained and filed within 10 days after the date on which the petition is rejected.

(c) A petition that is insufficient shall be rejected and filed as a public record unless it is supplemented under (b) of this section. Within 10 days after a supplementary filing the clerk shall recertify the petition. If it is still insufficient, the petition is rejected and filed as a public record.

Sec. 29.26.150. PROTEST. If the municipal clerk certifies an initiative or referendum petition is insufficient, a signer of the

petition may file a protest with the mayor within seven days after the certification. The mayor shall present the protest at the next regular meeting of the governing body. The governing body shall hear and decide the protest.

Sec. 29.26.160. NEW PETITION. Failure to secure sufficient signatures does not preclude the filing of a new initiative or referendum petition. However, a new petition on substantially the same matter may not be filed sooner than six months after a petition is rejected as insufficient.

Sec. 29.26.170. INITIATIVE ELECTION. (a) Unless substantially the same measure is adopted, when a petition seeks an initiative vote the clerk shall submit the matter to the voters at the next regular election occurring no sooner than 45 days after certification of the petition. If no regular election occurs within 75 days after the certification of a petition, the governing body shall hold a special election within 75 days, but not sooner than 45 days after certification.

(b) If the governing body adopts substantially the same measure, the petition is void and the matter initiated may not be placed before the voters.

(c) The ordinance or resolution initiated shall be published in full in the notice of the election, but may be summarized on the ballot to indicate clearly the proposal submitted.

(d) If a majority vote favors the ordinance or resolution, it becomes effective upon certification of the election, unless a different effective date is provided in the ordinance or resolution.

Sec. 29.26.180. REFERENDUM ELECTION. (a) Unless the ordinance or resolution is repealed, when a petition seeks a referendum vote the clerk shall submit the matter to the voters at the next election occurring no sooner than 45 days after certification of the petition. If no

election occurs within 75 days of certification of a petition, the governing body shall hold a special election within 75 days, but not sooner than 45 days after certification.

(b) If a petition is certified before the effective date of the matter referred, the ordinance or resolution against which the petition is filed shall be suspended pending the referendum vote. During the period of suspension, the governing body may not enact an ordinance or resolution substantially similar to the suspended measure.

(c) If the governing body repeals the ordinance or resolution before the referendum election, the petition is void and the matter referred shall not be placed before the voters.

(d) If a majority vote favors the repeal of the matter referred, it is repealed. Otherwise, the matter referred remains in effect or, if it has been suspended, becomes effective on certification of the election.

Sec. 29.26.190. EFFECT. (a) An ordinance or resolution may not be repealed or amended within one year after its effective date if adopted in an initiative election or if adopted after a petition that contains substantially the same measure has been filed.

(b) If an ordinance or resolution is repealed in a referendum election or by the governing body after a petition that contains substantially the same measure has been filed, substantially similar legislation may not be enacted by the governing body for a period of one year.

(c) If an initiative or referendum measure fails to receive voter approval, a new petition application for substantially the same measure may not be filed sooner than six months after the election results are certified.

ARTICLE 3. RECALL.

Sec. 29.26.240. RECALL. An official who is elected or appointed to an elective municipal office may be recalled by the voters after he has served the first 120 days of the term for which elected or appointed.

Sec. 29.26.250. GROUNDS. Grounds for recall are misconduct in office, incompetence, or failure to perform prescribed duties.

Sec. 29.26.260. APPLICATION FOR RECALL PETITION. (a) An application for a recall petition shall be filed with the municipal clerk and shall contain

(1) the signatures and residence addresses of at least 10 municipal voters who will sponsor the petition;

(2) the address to which all correspondence relating to the petition may be sent;

(3) a statement in 200 words or less of the grounds of the recall stated with particularity.

(b) An additional sponsor may be added at any time before the petition is filed by submitting his name to the clerk.

Sec. 29.26.270. RECALL PETITION. (a) If the municipal clerk determines that an application for a recall petition meets the requirements of AS 29.26.260, he shall prepare a recall petition. All copies of the petition shall contain

(1) the name of the official sought to be recalled;

(2) the statement of the grounds for recall as set out in the application for petition;

(3) the date the petition is issued by the clerk;

(4) notice that signatures must be secured within 60 days after the date the petition is issued;

(5) spaces for each signature, the printed name of each signer, the date of each signature, and the residence and mailing addresses of each signer;

(6) a statement, with space for the sponsor's sworn signature and date of signing, that the sponsor personally circulated the petition, that all signatures were affixed in his presence, and that he believes the signatures to be those of the persons whose names they purport to be; and

(7) space for indicating the number of signatures on the petition.

(b) Copies of the petition shall be provided to each sponsor by the clerk.

Sec. 29.26.280. SIGNATURE REQUIREMENTS. (a) The signatures on a recall petition shall be secured within 60 days after the date the clerk issues the petition. The statement provided under AS 29.26.270(a)(6) shall be completed and signed by the sponsor. Signatures shall be in ink or indelible pencil.

(b) The clerk shall determine the number of signatures required on a petition and inform each sponsor. If a petition seeks to recall an official who represents the municipality at large, the petition shall be signed by a number of voters equal to 25 percent of the number of votes cast for that office at the last regular election held before the date the petition was issued. If a petition seeks to recall an official who represents a district, the petition shall be signed by a number of the voters residing in the district equal to 25 percent of the number of votes cast in the district for that office at the last regular election held before the date the petition was issued.

(c) Illegible signatures shall be rejected by the clerk unless accompanied by a legible printed name. Signatures not accompanied by a legible residence address shall be rejected.

(d) A petition signer may withdraw his signature upon written application to the clerk before certification of the petition.

Sec. 29.26.290. SUFFICIENCY OF PETITION. (a) The copies of a recall petition shall be assembled and filed as a single instrument. A petition may not be filed within 180 days before the end of the term of office of the official sought to be recalled. Within 10 days after the date a petition is filed, the municipal clerk shall

(1) certify on the petition whether it is sufficient; and

(2) if the petition is insufficient, identify the insufficiency and notify the sponsors at the address provided under AS 29.26.-260(a)(2) by certified mail.

(b) A petition that is insufficent may be supplemented with additional signatures obtained and filed within 10 days after the date on which the petition is rejected if

(1) the petition contains an adequate number of signatures, counting both valid and invalid signatures; and

(2) the supplementary petition is filed more than 180 days before the end of the term of office of the official sought to be recalled.

(c) A petition that is insufficient shall be rejected and filed as a public record unless it is supplemented under (b) of this section. Within 10 days after the supplementary filing the clerk shall recertify the petition. If it is still insufficient, the petition is rejected and filed as a public record.

Sec. 29.26.300. NEW RECALL PETITION APPLICATION. A new application for a petition to recall the same official may not be filed sooner than six months after a petition is rejected as insufficient.

Sec. 29.26.310. SUBMISSION. If a recall petition is sufficient, the clerk shall submit it to the governing body at the next regular meeting or at a special meeting held before the next regular meeting.

Sec. 29.26.320. ELECTION. (a) If a regular election occurs

within 75 days but not sooner than 45 days after submission of the petition to the governing body, the governing body shall submit the recall at that election.

(b) If no regular election occurs within 75 days, the governing body shall hold a special election on the recall question within 75 days but not sooner than 45 days after a petition is submitted to the governing body.

(c) If a vacancy occurs in the office after a sufficient recall petition is filed with the clerk, the recall question may not be submitted to the voters. The governing body may not appoint to the same office an official who resigns after a sufficient recall petition is filed naming him.

Sec. 29.26.330. FORM OF RECALL BALLOT. A recall ballot shall contain

(1) the grounds of recall as stated in 200 words or less on the recall petition;

(2) a statement by the official named on the recall petition of 200 words or less, if the statement is filed with the clerk for publication and public inspection within 20 days before the election;

(3) the following question: "Shall (name of person) be recalled from the office of (office)? YES ( ) NO ( )".

Sec. 29.26.340. EFFECT. (a) If a majority vote favors recall, the office becomes vacant upon certification of the recall election.

(b) If an official is not recalled at the election, an application for a petition to recall the same official may not be filed sooner than six months after the election.

Sec. 29.26.350. SUCCESSORS. (a) If an official is recalled from the governing body, his office is filled in accordance with AS 29.20.-180. If all members of the governing body are recalled, the governor

shall appoint three qualified persons to the governing body. The appointees shall appoint additional members to fill remaining vacancies in accordance with AS 29.20.180.

(b) If a member of the school board is recalled, his office is filled in accordance with AS 14.12.070. If all members are recalled from a school board, the governor shall appoint three qualified persons to the school board. The appointees shall appoint additional members to fill remaining vacancies in accordance with AS 14.12.070.

(c) A person appointed under (a) or (b) of this section serves until a successor is elected and takes office.

(d) If an official other than a member of the governing body or school board is recalled, a successor shall be elected to fill the unexpired portion of the term. The election shall be held not more than 60 days after the date the recall election is certified, except that if a regular election occurs within 75 days after certification the successor shall be chosen at that election.

(e) Nominations for a successor may be filed until seven days before the last date on which a first notice of the election must be given. Nominations may not be filed before the certification of the recall election.

Sec. 29.26.360. APPLICATION. AS 29.26.240 - 29.26.360 apply to home rule and general law municipalities.

* Sec. 9. AS 29 is amended by adding a new chapter to read:

CHAPTER 35. MUNICIPAL POWERS AND DUTIES.

ARTICLE 1. GENERAL POWERS.

Sec. 29.35.010. GENERAL POWERS. All municipalities have the following general powers, subject to other provisions of law:

(1) to establish and prescribe a salary for an elected or appointed municipal official or employee;

(2) to combine two or more appointive or administrative offices;

(3) to establish and prescribe the functions of a municipal department, office, or agency;

(4) to require periodic and special reports from a municipal department to be submitted through the mayor;

(5) to investigate an affair of the municipality and make inquiries into the conduct of a municipal department;

(6) to levy a tax or special assessment, and impose a lien for its enforcement;

(7) to enforce an ordinance and to prescribe a penalty for violation of an ordinance;

(8) to acquire, manage, control, use, and dispose of real and personal property, whether the property is situated inside or outside the municipal boundaries; this power includes the power of a borough to expend, for any purpose authorized by law, money received from the disposal of land in a service area established under AS 29.35.450;

(9) to expend money for a community purpose, facility, or service for the good of the municipality to the extent the municipality is otherwise authorized by law to exercise the power necessary to accomplish the purpose or provide the facility or service;

(10) to regulate the operation and use of a municipal right-of-way, facility, or service;

(11) to borrow money and issue evidences of indebtedness;

(12) to acquire membership in an organization that promotes legislation for the good of the municipality;

(13) to enter into an agreement, including an agreement for cooperative or joint administration of any function or power with a municipality, the state, or the United States;

(14) to sue and be sued.

Sec. 29.35.020. EXTRATERRITORIAL JURISDICTION. (a) To the extent a municipality is otherwise authorized by law to exercise the power necessary to provide the facility or service, the municipality may provide parks, playgrounds, cemeteries, emergency medical services, solid and septic waste disposal, utility services, airports, streets (including ice roads), trails, transportation facilities, wharves, harbors and other marine facilities outside its boundaries and may regulate their use and operation to the extent that the jurisdiction in which they are located does not regulate them. A regulation adopted under this section must state that it applies outside the municipality.

(b) A municipality may adopt an ordinance to protect its water supply and watershed, and may enforce the ordinance outside its boundaries. Before this power may be exercised inside the boundaries of another municipality, the approval of the other municipality must be given by ordinance.

(c) This section applies to home rule and general law municipalities.

Sec. 29.35.030. EMINENT DOMAIN. (a) A municipality may exercise the powers of eminent domain and declaration of taking in the performance of a power or function of the municipality under the procedures set out in AS 09.55.250 - 09.55.460.

(b) This section applies to home rule and general law municipalities.

Sec. 29.35.040. EMERGENCY DISASTER POWERS. (a) A municipality that is wholly or partially in an area that is declared by the President or governor to be a disaster area may participate in and provide for housing, urban renewal, and redevelopment in the same manner as a home rule city. The exercise of these powers by a borough shall be on a

nonareawide basis, except a borough may exercise the powers transferred to it by a city as provided by AS 29.35.310.

(b) Powers granted by this section must be initiated within a period of not more than five years after the date of declaration of a natural disaster by the President or governor, but these powers may be extended for an additional period of not more than three years.

Sec. 29.35.050. GARBAGE AND SOLID WASTE SERVICES. (a) A municipality may by ordinance

(1) provide for the establishment, maintenance, and operation of a system of garbage and solid waste collection and disposal for the entire municipality, or for districts or portions of it;

(2) require all persons in the municipality or district to use the system and to dispose of their garbage and solid wastes as provided in the ordinance;

(3) award contracts for collection and disposal, or provide for the collection and disposal of garbage and solid waste by municipal officials and employees;

(4) pay for garbage and solid waste collection and disposal from available money;

(5) require property owners or occupants of premises to use the garbage and solid waste collection and disposal system provided by the municipality;

(6) fix charges against the property owners or occupants of premises for the collection and disposal; and

(7) provide penalties for violations of the ordinances.

(b) The governing body of a municipality may not prohibit a person holding a valid certificate from the Alaska Public Utilities Commission from continuing to collect and dispose of garbage, refuse, trash, waste material, or provide other related services in an area in the munici-

pality if the certificate authorizes the collection and disposal of garbage, refuse, trash, or other waste material and providing of other services in the area, and the certificate was originally issued before the municipality provided similar services. A municipality may not provide for a garbage, refuse, trash, or other waste material collection and disposal service in an area to the extent it lies in an area granted to a garbage, refuse, trash, or other waste material carrier by a certificate issued by the Alaska Public Utilities Commission to the carrier until it has purchased the certificate, equipment and facilities of the carrier, or that portion of the certificate that would be affected, at fair market value. A municipality may exercise the right of eminent domain to determine fair market value.

(c) This section applies to home rule and general law municipalities.

Sec. 29.35.060. FRANCHISES AND PERMITS. (a) The assembly acting for the area outside all cities in the borough and the council acting for the area in a city may grant franchises, including exclusive franchise privileges, to a person, corporation, organization, or utility not certificated by the Alaska Public Utilities Commission and may permit the use of streets and other public places by the franchise holder under regulations prescribed by ordinance.

(b) Unless the grant is made on a competitive basis, the grant of an exclusive right to use a public street or right-of-way for more than five years to a utility or a transportation system not certificated by the Alaska Public Utilities Commission or by the Alaska Transportation Commission shall be valid only if approved by a majority of the voters at an election.

Sec. 29.35.070. PUBLIC UTILITIES. (a) The assembly acting for the area outside all cities in the borough and the council acting for

the area in a city may regulate, fix, establish, and change the rates and charges imposed for a utility service provided to the municipality or its inhabitants by a utility to the extent that it is not regulated under AS 42.05, and may provide a reasonable deposit for meters and service to be given if interest is paid on the deposit. All rates, charges, and regulations shall be reasonable and shall permit a fair return on invested capital.

(b) This section applies to home rule and general law municipalities.

Sec. 29.35.080. MUNICIPAL PROPERTY. The governing body shall by ordinance establish a formal procedure for acquisition and disposal of land and interests in land by the municipality.

Sec. 29.35.090. BUDGET AND CAPITAL PROGRAM. (a) The governing body shall establish the manner for the preparation and submission of the budget and capital program. After a public hearing, the governing body may approve the budget with or without amendments, and shall appropriate the money required for the approved budget.

(b) The governing body may make supplemental and emergency appropriations. Payment may not be authorized or made and an obligation may not be incurred except in accordance with appropriations.

Sec. 29.35.100. EXPENDITURE OF BOROUGH REVENUES. Borough revenues received through taxes collected on an areawide basis by the borough may be expended on general administrative costs and on areawide functions only. Borough revenues received through taxes collected on a nonareawide basis may be expended on general administrative costs and functions that render service only to the area outside all cities in the borough.

Sec. 29.35.110. POST AUDIT. (a) The governing body shall provide for an annual independent audit of the accounts and financial transactions of the municipality or, in the case of a second class city, an

audit or statement of annual income and expenditures. To make the audit the governing body shall designate a public accountant who has no personal interest, direct or indirect, in the fiscal affairs of the municipality. Copies of the audit shall be available to the public upon request.

(b) This section applies to home rule and general law municipalities.

ARTICLE 2. MANDATORY AREAWIDE POWERS.

Sec. 29.35.150. SCOPE OF AREAWIDE POWERS. (a) A borough shall exercise the powers as specified and in the manner specified in AS 29.-35.150 - 29.35.190 on an areawide basis.

(b) A city may not exercise an areawide power once that power is being exercised by a borough. This subsection applies to home rule and general law municipalities.

Sec. 29.35.160. EDUCATION. (a) Each borough constitutes a borough school district and establishes, maintains, and operates a system of public schools on an areawide basis as provided in AS 14.14.-060. A military reservation in a borough is not part of the borough school district until the military mission is terminated or until inclusion in the borough school district is approved by the Department of Education. However, operation of the military reservation schools by the borough school district may be required by the Department of Education under AS 14.14.110. If the military mission of a military reservation terminates or continued management and control by a regional educational attendance area is disapproved by the Department of Education, operation, management, and control of schools on the military reservation transfers to the borough school district in which the military reservation is located.

(b) This section applies to home rule and general law municipalities.

Sec. 29.35.170. ASSESSMENT AND COLLECTION OF TAXES. (a) A borough shall assess and collect property, sales, and use taxes that are levied in its boundaries, subject to AS 29.45.

(b) Taxes levied by a city shall be collected by a borough and returned in full to the levying city. This subsection applies to home rule and general law municipalities.

Sec. 29.35.180. LAND USE REGULATION. (a) A first or second class borough shall provide for planning, platting, and land use regulation in accordance with AS 29.40.

(b) A home rule borough shall provide for planning, platting, and land use regulation.

ARTICLE 3. ADDITIONAL POWERS.

Sec. 29.35.200. FIRST CLASS BOROUGH POWERS. (a) A first class borough may exercise on a nonareawide basis any power not otherwise prohibited by law.

(b) A first class borough may by ordinance exercise the following powers on an areawide basis:

(1) provide transportation systems;

(2) provide water pollution control;

(3) provide air pollution control in accordance with AS 46.-03.140 - 46.03.240;

(4) license day care facilities;

(5) license, impound, and dispose of animals.

(c) In addition to powers conferred by (b) of this section, a first class borough may, on an areawide basis, exercise a power not otherwise prohibited by law if the power has been acquired in accordance with AS 29.35.300.

Sec. 29.35.210. SECOND CLASS BOROUGH POWERS. (a) A second class borough may by ordinance exercise the following powers on a nonareawide

basis:

(1) provide transportation systems;

(2) regulate the offering for sale, exposure for sale, sale, use or explosion of fireworks;

(3) license, impound, and dispose of animals;

(4) provide garbage, solid waste, and septic waste collection and disposal;

(5) provide air pollution control in accordance with AS 46.-03.140 - 46.03.240;

(6) provide water pollution control;

(7) participate in federal or state loan programs for housing rehabilitation and improvement for energy conservation;

(8) provide for economic development;

(9) provide for the acquisition and construction of local service roads and trails under AS 19.30.111 - 19.30.251;

(10) establish an emergency communications center.

(b) A second class borough may by ordinance exercise the following powers on an areawide basis:

(1) provide transportation systems;

(2) license, impound, and dispose of animals;

(3) provide air pollution control in accordance with AS 46.-03.140 - 46.03.240;

(4) provide water pollution control;

(5) license day care facilities.

(c) In addition to powers conferred by (a) of this section, a second class borough may, on a nonareawide basis, exercise a power not otherwise prohibited by law if the exercise of the power has been approved at an election by a majority of voters living in the borough but outside all cities in the borough.

(d) In addition to powers conferred by (b) of this section, a second class borough may, on an areawide basis, exercise a power not otherwise prohibited by law if the power has been acquired in accordance with AS 29.35.300.

Sec. 29.35.220. THIRD CLASS BOROUGH POWERS. (a) A third class borough may borrow money and issue negotiable or nonnegotiable bonds or other evidences of indebtedness as provided by AS 29.47.

(b) Areawide exercise of a power by a third class borough other than education and tax assessment and collection is not authorized.

(c) A third class borough may acquire under AS 29.35.300(b) the power to provide for planning, platting, and land use regulation as provided in AS 29.40 for first and second class boroughs, except the power may only be exercised within a service area.

(d) A third class borough may acquire under AS 29.35.300(b) any power not otherwise prohibited by law, except the power may only be exercised within a service area.

ARTICLE 4. CITY POWERS.

Sec. 29.35.250. CITIES INSIDE BOROUGHS. (a) A city inside a borough may exercise any power not otherwise prohibited by law. On adoption of a borough ordinance to provide for areawide exercise of a power, no city may exercise the power unless the borough ordinance provides otherwise or the borough by ordinance ceases to exercise the power.

(b) A home rule or first class city in a third class borough shall provide for planning, platting, and land use regulation as provided by AS 29.40 for first and second class boroughs. A second class city in a third class borough may provide for planning, platting, and land use regulation as provided by AS 29.40 for first and second class boroughs.

(c) This section applies to home rule and general law cities.

Sec. 29.35.260. CITIES OUTSIDE BOROUGHS. (a) A city outside a borough may exercise a power not otherwise prohibited by law. Powers that are incorporated by reference to laws governing boroughs apply to home rule cities outside boroughs only in those cases in which they are made applicable to home rule boroughs in the provisions incorporated.

(b) A home rule or first class city outside a borough is a city school district and shall establish, operate, and maintain a system of public schools as provided by AS 29.35.160 for boroughs. A second class city is not a school district and may not establish a system of public schools.

(c) A home rule or first class city outside a borough shall, and a second class city outside a borough may, provide for planning, platting, and land use regulation as provided by AS 29.40 for first and second class boroughs.

(d) This section applies to home rule and general law cities.

ARTICLE 5. ACQUISITION OF ADDITIONAL POWERS.

Sec. 29.35.300. ADDITIONAL POWERS. (a) A first or second class borough acquires an additional power by transfer from a city in accordance with AS 29.35.310, or by holding an election on the question. For acquisition of an areawide power, the election shall be held areawide. For acquisition of a nonareawide power, the election shall be held nonareawide.

(b) A third class borough acquires an additional power to exercise in service areas by holding an election on the question in which each person who is a voter of the borough may vote.

Sec. 29.35.310. TRANSFER BY CITY. (a) A city in a first or second class borough may transfer to the borough in which it is located any of its powers or functions, subject to the approval of the assembly.

(b) A first or second class borough shall exercise all powers

transferred to it by a city.

Sec. 29.35.320. INITIATION OF ACQUISITION OF POWER. (a) An election on the question of adding an areawide or nonareawide power in a first or second class borough may be initiated in two ways:

(1) a number of voters equal to 15 percent of the number of votes cast at the preceding regular election in the area, either areawide or nonareawide, in which the election is to be held may file a petition with the borough clerk; or

(2) the assembly may propose the acquisition of the power.

(b) An election on the question of adding a power in a third class borough for exercise in service areas may be initiated in two ways:

(1) a number of voters equal to 15 percent of the number of votes cast at the preceding regular election in a proposed service area in which the power is sought to be exercised may file a petition with the assembly; or

(2) the assembly may propose the acquisition of the power.

(c) The borough clerk shall certify whether a petition filed under (a) or (b) of this section contains the required number of signatures.

(d) Within 30 days after a petition is certified as containing the required number of signatures or the assembly proposes the acquisition of a power, at least one public hearing shall be held in the borough on the question. The assembly shall then evaluate the ability of the borough to exercise the power and make its findings public. Within 60 days after its findings have been made public, the assembly shall order an election on the question.

Sec. 29.35.330. ELECTION. (a) If more than one power is proposed for acquisition under AS 29.35.320, each shall appear separately on the ballot.

(b) A vote on the question of adding an areawide power in a first

or second class borough shall be tabulated in two separate classifications. One shall consist of all votes cast in all cities located in the borough. The other shall consist of all votes cast in the borough area outside all cities. If the majority of the votes cast in each classification is favorable, the borough shall assume the added power within 30 days after certification of the election results.

(c) If a majority of the votes cast on the question of adding a nonareawide power in a first or second class borough or a power to be exercised in service areas in a third class borough is favorable, the borough shall assume the added power within 30 days after certification of the election results.

(d) The borough mayor shall certify the election results to the department.

Sec. 29.35.340. EFFECT OF ACQUIRING AN AREAWIDE POWER. (a) On acquisition of an areawide power the first or second class borough succeeds to all of the rights, powers, and duties of any city or service area with respect to that power. The borough succeeds to claims, franchises, and other contractual obligations, liability for bonded and all other indebtedness, and to all of the right, title, and interest in the real and personal property held by a city or service area for the exercise of the power.

(b) The assembly may levy and collect special charges, taxes, or assessments including interest for the purpose of amortizing bonded indebtedness previously incurred by a city or service area for exercising an areawide power acquired by the borough. When a city or service area had previously incurred bonded indebtedness, all property that was in the city or service area at the time the bonds were issued remains subject to taxation to pay the principal of and interest on the bonds.

(c) On acquisition of an additional areawide power the first or

second class borough, in consultation with the city or service area personnel, shall arrange for an orderly and equitable transfer of rights, assets, liabilities, powers, duties, and other matters related to acquisition of the areawide powers.

(d) This section applies to home rule and general law cities.

ARTICLE 6. CONSTRUCTION OF POWERS.

Sec. 29.35.400. GENERAL CONSTRUCTION. A liberal construction shall be given to all powers and functions of a municipality conferred in this title.

Sec. 29.35.410. EXTENT OF POWERS. Unless otherwise limited by law, a municipality has and may exercise all powers and functions necessarily or fairly implied in or incident to the purpose of all powers and functions conferred in this title.

Sec. 29.35.420. ENUMERATION OF POWERS. Specific examples in an enumerated power or function conferred upon a municipality in this title is illustrative of the object and not a limitation on or exclusion from the exercise of the power or function.

ARTICLE 7. SERVICE AREAS.

Sec. 29.35.450. SERVICE AREAS. (a) A service area to provide special services in a borough may be established, operated, altered, or abolished by ordinance. Special services include services not provided on an areawide or nonareawide basis in the borough, or a higher or different level of service than that provided on an areawide or nonareawide basis. The borough may include a city in a service area if

(1) the city agrees by ordinance; or

(2) approval is granted by a majority of voters residing in the city, and by a majority of voters residing inside the boundaries of the proposed service area but outside of the city.

(b) A new service area may not be established if, consistent with

the purposes of art. X of the state constitution, the new service can be provided by an existing service area, by annexation to a city, or by incorporation as a city.

Sec. 29.35.460. SERVICE AREA BOARDS. The assembly may provide for an appointed or elected board to supervise the furnishing of special services in a service area.

Sec. 29.35.470. FINANCING. The assembly may levy or authorize the levying of taxes, charges, or assessments in a service area to finance the special services. If the assembly authorizes the levying of taxes, charges, or assessments, the rate of taxation and the issuance of bonds are subject to assembly approval.

Sec. 29.35.480. SERVICE AREAS IN FIRST CLASS BOROUGHS. In a first class borough, the assembly may exercise in a service area any power granted a first class city by law. The assembly may exercise in a service area any nonareawide power that may be exercised by a first class borough.

Sec. 29.35.490. SERVICE AREAS IN SECOND AND THIRD CLASS BOROUGHS. (a) A second class borough may exercise in a service area any power granted a first class city by law or a nonareawide power that may be exercised by a first class borough if

(1) the exercise of the power is approved by a majority of the voters residing in the service area; or

(2) all owners of real property in the service area consent in writing to the exercise of the power if no voters reside in the service area.

(b) A third class borough may exercise in a service area any power acquired under AS 29.35.300(b) if the exercise of the power is approved by a majority of the voters residing in the service area.

(c) A second or third class borough may establish a service area

that includes only vacant, unappropriated, and unreserved land owned by the borough. A second or third class borough may establish a service area, with the concurrence of the commissioner of natural resources, that includes only vacant, unappropriated, and unreserved land owned by the state and classified for disposal to individuals. By ordinance a second or third class borough may provide the services in a service area established under this subsection necessary to develop state or municipal land as required by the planning, platting, and land use regulations of the borough.

ARTICLE 8. MISCELLANEOUS PROVISIONS.

Sec. 29.35.700. DEFINITION. In AS 29.35.200 - 29.35.340 "power" means the provision of a public facility or service, or the exercise of a regulatory power.

* Sec. 10. AS 29 is amended by adding a new chapter to read:

CHAPTER 40. PLANNING, PLATTING, AND LAND USE REGULATION.

Sec. 29.40.010. PLANNING, PLATTING, AND LAND USE REGULATION. (a) A first or second class borough shall provide for planning, platting, and land use regulation on an areawide basis.

(b) If a city in a borough consents by ordinance, the assembly may by ordinance delegate any of its powers and duties under this chapter to the city. The assembly may by ordinance, without first obtaining the consent of the city, revoke any power or duty delegated under this section.

Sec. 29.40.020. PLANNING COMMISSION. (a) Each first and second class borough shall establish a planning commission consisting of five residents unless a greater number is required by ordinance. Commission membership shall be apportioned so that the number of members from home rule and first class cities reflects the proportion of borough population residing in home rule and first class cities located in the borough.

A member shall be appointed by the borough mayor for a term of three years subject to confirmation by the assembly, except that a member from a home rule or first class city shall be selected from a list of recommendations submitted by the council. Members first appointed shall draw lots for one, two, and three year terms. Appointments to fill vacancies are for the unexpired term. The compensation and expenses of the planning commission and its staff are paid as directed by the assembly.

(b) In addition to the duties prescribed by ordinance, the planning commission shall

(1) prepare and submit to the assembly a proposed comprehensive plan in accordance with AS 29.40.030 for the systematic and organized development of the borough;

(2) review, recommend, and administer measures necessary to implement the comprehensive plan, including measures provided under AS 29.40.040.

Sec. 29.40.030. COMPREHENSIVE PLAN. (a) The comprehensive plan is a compilation of policy statements, goals, standards, and maps for guiding the physical, social, and economic development, both private and public, of the first or second class borough, and may include, but is not limited to, the following:

(1) statements of policies, goals, and standards;

(2) a land use plan;

(3) a community facilities plan;

(4) a transportation plan; and

(5) recommendations for implementation of the plan.

(b) With the recommendations of the planning commission, the assembly shall adopt by ordinance a comprehensive plan. The assembly shall, after receiving the recommendations of the planning commission, periodically undertake an overall review of the plan and update the plan

as necessary.

Sec. 29.40.040. LAND USE REGULATION. (a) In accordance with a comprehensive plan adopted under AS 29.40.030 and in order to implement the plan, the assembly by ordinance shall adopt or amend provisions governing the use and occupancy of land that may include, but are not limited to,

(1) zoning regulations restricting the use of land and improvements by geographic districts;

(2) land use permit requirements designed to encourage or discourage specified uses and construction of specified structures, or to minimize unfavorable effects of uses and the construction of structures;

(3) measures to further the goals and objectives of the comprehensive plan.

(b) A variance from a land use regulation adopted under this section may not be granted if

(1) special conditions that require the variance are caused by the person seeking the variance;

(2) the variance will permit a land use in a district in which that use is prohibited; or

(3) the variance is sought solely to relieve pecuniary hardship or inconvenience.

Sec. 29.40.050. APPEALS FROM ADMINISTRATIVE DECISIONS. (a) By ordinance the assembly shall provide for an appeal from an administrative decision of a municipal employee, board, or commission made in the enforcement, administration, or application of a land use regulation adopted under this chapter. The assembly may provide for an appeal to a court, hearing officer, board of adjustment, or other body. The assembly shall provide for an appeal from a decision on a request for a variance

from the terms of a land use regulation when literal enforcement would deprive a property owner of rights commonly enjoyed by other properties in the district.

(b) By ordinance the assembly may provide for appointment of a hearing officer, or for the composition, appointment, and terms of office of a board of adjustment or other body established to hear appeals from administrative actions. The assembly may define proper parties and prescribe evidentiary rules, standards of review, and remedies available to the hearing officer, board of adjustment, or other body.

Sec. 29.40.060. JUDICIAL REVIEW. (a) The assembly shall provide by ordinance for an appeal by a municipal officer or person aggrieved from a decision of a hearing officer, board of adjustment, or other body to the superior court.

(b) An appeal to the superior court under this section is an administrative appeal heard solely on the record established by the hearing officer, board of adjustment, or other body. A proceeding under this section has preference over all other civil actions and proceedings.

Sec. 29.40.070. PLATTING REGULATION. By ordinance the assembly shall adopt platting requirements that may include, but are not limited to, the control of

(1) form, size, and other aspects of subdivision, dedications, and vacations of land;

(2) dimensions and design of lots;

(3) street width, arrangement, and rights-of-way, including requirements for public access to lots and installation of street paving, curbs, gutters, sidewalks, sewers, water lines, drainage and other public utility facilities and improvements;

(4) dedication of streets, rights-of-way, public utility easements and areas considered necessary by the platting authority for

other public uses.

Sec. 29.40.080. PLATTING AUTHORITY. (a) The assembly by ordinance shall establish a platting authority to administer subdivision regulations and to perform other duties as required by the assembly. The platting authority may consist of members of the planning commission or of other municipal residents.

(b) The assembly may by ordinance provide for an administrative official to act as the platting authority with regard to abbreviated plats.

Sec. 29.40.090. ABBREVIATED PLATS AND WAIVERS. (a) Nothwithstanding other provisions of this chapter, the assembly shall by ordinance establish an abbreviated plat procedure for a plat that will

(1) subdivide a single lot into not more than four lots;

(2) provide legal and physical access to a public highway or street for each lot created by the subdivision;

(3) not contain or require a dedication of a street, right-of-way, or other area;

(4) not require a vacation of a public dedication of land or a variance from a subdivision regulation.

(b) The platting authority shall waive the preparation, submission for approval, and recording of a plat on satisfactory evidence that the subdivision meets the requirements of (a) of this section and each lot created by the subdivision is five acres or larger.

Sec. 29.40.100. INFORMATION REQUIRED. A plat shall show

(1) initial point of survey;

(2) original or reestablished corners and their descriptions;

(3) actual traverse showing area of closure and all distances, angles, and calculations required to determine initial point, corners, and distances of the plat; and

(4) other information that may be required by ordinance.

Sec. 29.40.110. PLAT PROCEDURE. (a) The platting authority shall approve or disapprove a plat within 60 days after it is filed, or shall return it to the applicant for modification or correction. Unless the applicant for plat approval consents to an extension of time, the plat is considered approved and a certificate of approval shall be issued by the platting authority on demand if the platting authority fails to act within 60 days.

(b) The platting authority shall state in writing its reasons for disapproval of a plat. If the platting authority approves a plat, the plat shall be acknowledged and filed in accordance with AS 40.15.010 - 40.15.020.

Sec. 29.40.120. ALTERATION OR REPLAT PETITION. A recorded plat may not be altered or replatted except by the platting authority on petition of the state, the borough, a public utility, or the owners of a majority of the land affected by the alteration or replat. A platted street may not be vacated, except on petition of the state, the borough, a public utility, or owners of a majority of the land fronting the part of the street sought to be vacated. The petition shall be filed with the platting authority and shall be accompanied by a copy of the existing plat showing the proposed alteration or replat.

Sec. 29.40.130. NOTICE OF HEARING. The platting authority shall fix a time for a hearing on an alteration or replat petition that may not be more than 60 days after the petition is filed. Notice shall be published by the platting authority stating when and by whom the petition was filed, its purpose, and the time and place of the hearing. The notice shall generally describe the alteration or replat sought. The platting authority shall also mail a copy of the notice to each affected property owner who did not sign the petition.

Sec. 29.40.140. HEARING AND DETERMINATION. (a) The platting authority shall consider the alteration or replat petition at a hearing and make its decision on the merits of the proposal.

(b) Vacation of a city street may not be made without the consent of the council. Vacation of a street in the borough area outside all cities may not be made without the consent of the assembly. The governing body shall have 30 days from the decision of the platting authority in which to veto a vacation of a street. If no veto is received by the platting authority within the 30-day period, consent is considered to have been given to the vacation.

Sec. 29.40.150. RECORDING. If the alteration or replat is approved, the revised plat shall be acknowledged and filed in accordance with AS 40.15.010 - 40.15.020.

Sec. 29.40.160. TITLE TO VACATED AREA. (a) The title to the street or other public area vacated on a plat attaches to the lot or lands bordering the area in equal proportions, except that if the area was originally dedicated by different persons, original boundary lines shall be adhered to so that the street area that lies on one side of the boundary line shall attach to the abutting property on that side, and the street area that lies on the other side of the boundary line shall attach to the property on that side. The portion of a vacated street that lies inside the limits of a platted addition attaches to the lots of the platted addition bordering on the area. If a public square is vacated, the title to it vests in a city if it lies inside the city, and in the borough if it lies inside the borough but outside all cities. If the property vacated is a lot, title vests in the rightful owner.

(b) If the municipality acquired the street or other public area vacated for legal consideration or by express dedication to the municipality other than as a subdivision platting requirement, before the

final act of vacation the fair market value of the street or public area shall be deposited with the platting authority to be paid to the municipality on final vacation.

(c) The provisions of (a) and (b) of this section apply to home rule and general law municipalities.

(d) The council of a second class city located outside a borough may vacate streets, alleys, crossings, sidewalks, or other public ways that may have been previously dedicated or established when the council finds that the streets, alleys, crossings, sidewalks, or other public ways are no longer necessary for the public welfare, or when the public welfare will be enhanced by the vacation. If the council determines that all or a portion of the area vacated under this subsection should be devoted to another public purpose, title to the area vacated and held for another public purpose does not vest as provided in (a) of this section but remains in the city.

Sec. 29.40.170. DELEGATIONS. The planning commission and the platting authority may, as authorized by ordinance, delegate powers to hear and decide cases under this chapter, including, but not limited to, delegations to

(1) one or more members of the planning commission or platting authority;

(2) other boards or commissions;

(3) a hearing officer designated by the planning commission or platting authority.

Sec. 29.40.180. VIOLATIONS. It is unlawful for the owner of land located in a subdivision to transfer, sell, offer to sell, or enter into a contract to sell land in a subdivision before a plat of the subdivision has been prepared, approved, and filed in accordance with this chapter. It is unlawful for a person to file a plat or other document

depicting subdivided land in a public recorder's office unless the plat or document has been approved by the platting authority. A person convicted of violating a provision of this chapter, a subdivision regulation adopted under this chapter, or a term, condition, or limitation imposed by a platting authority in the exercise of its powers under this chapter is guilty of a class B misdemeanor.

Sec. 29.40.190. REMEDIES. (a) The municipality or an aggrieved person may institute a civil action against a person who violates a provision of this chapter, a subdivision regulation adopted under this chapter, or a term, condition, or limitation imposed by a platting authority. In addition to other relief, a civil penalty not to exceed $1,000 may be imposed for each violation. An action to enjoin a violation may be brought notwithstanding the availability of any other remedy. Upon application for injunctive relief and a finding of a violation or threatened violation, the superior court shall grant the injunction.

(b) Each day that an unlawful act or condition continues constitutes a separate violation.

Sec. 29.40.200. SUBDIVISIONS OF STATE LAND. (a) The subdivision requirements adopted under this chapter apply to a subdivision plat of undeveloped state land for disposal under AS 38.05 or AS 38.08 filed with the platting authority. The platting authority may not disapprove the subdivision plat on the basis of requirements for capital improvements on or to state land included in the subdivision plat. Subdivision ordinances and regulations adopted after the platting authority is notified by the commissioner of natural resources of a proposed sale of subdivided state land under AS 38.05 or AS 38.08 do not apply to the state land in the proposed sale.

(b) The platting authority must approve and sign a subdivision plat of state land within 60 days after its receipt from the commis-

sioner of natural resources unless the platting authority

(1) determines that the plat does not comply with subdivision requirements other than those requiring capital improvements to state land; and

(2) notifies the commissioner of each determination of non-compliance within the 60-day period established in this subsection.

(c) The commissioner of natural resources may withdraw the subdivision plat and amend it in response to the determination of non-compliance by the platting authority under (b) of this section. The platting authority shall respond within 30 days to the amendment or response from the commissioner of natural resources.

(d) Notwithstanding any other provision of law, the provisions of this section apply to all disposals of land under AS 38.05 or AS 38.08.

(e) Nothing in this section relieves the Department of Natural Resources of its obligation to provide legal access to a subdivision.

(f) As used in this section, "capital improvements" includes but is not limited to access roads, other physical improvements, and their design and engineering.

(g) This section applies to home rule and general law municipalities.

* Sec. 11. AS 29 is amended by adding a new chapter to read:

CHAPTER 45. MUNICIPAL TAXATION.

ARTICLE 1. MUNICIPAL PROPERTY TAX.

Sec. 29.45.010. PROPERTY TAX. (a) A unified municipality may levy a property tax. A borough may levy

(1) an areawide property tax for areawide functions;

(2) a nonareawide property tax for functions limited to the area outside cities;

(3) a property tax in a service area for functions limited to

the service area.

(b) A home rule or first class city may levy a property tax subject to AS 29.45.550 - 29.45.560. A second class city may levy a property tax subject to AS 29.45.590.

(c) A tax if levied on real property and personal property must be assessed, levied, and collected as provided in this chapter.

Sec. 29.45.020. TAXPAYER NOTICE. (a) If a municipality levies and collects property taxes, the governing body shall provide the following notice:

"NOTICE TO TAXPAYER

For the current fiscal year the (city)(borough) has been allocated the following amount of state aid for school and municipal purposes under the applicable financial assistance Acts:

PUBLIC SCHOOL FOUNDATION PROGRAM ASSISTANCE
(AS 14.17) $

STATE AID FOR RETIREMENT OF SCHOOL CONSTRUCTION DEBT (AS 43.18.100) $

MUNICIPAL TAX RESOURCE EQUALIZATION ASSISTANCE
(AS 29.60.010 - 29.60.080) $

STATE AID FOR MISCELLANEOUS MUNICIPAL SERVICES (AS 29.60.100 - 29.60.180) $

TOTAL AID $

The millage equivalent of this state aid, based on the dollar value of a mill in the municipality during the current assessment year and for the preceding assessment year, is:

	MILLAGE EQUIVALENT	
	PREVIOUS YEAR	THIS YEAR
PUBLIC SCHOOL FOUNDATION PROGRAM ASSISTANCE	....MILLS	....MILLS

STATE AID FOR RETIREMENT OF		
SCHOOL CONSTRUCTION DEBT	....MILLS	....MILLS
MUNICIPAL TAX RESOURCE EQUALI-		
ZATION ASSISTANCE	....MILLS	....MILLS
STATE AID FOR MISCELLANEOUS		
MUNICIPAL SERVICES	....MILLS	....MILLS
TOTAL MILLAGE EQUIVALENT	....MILLS	....MILLS"

Notice shall be provided

(1) by furnishing a copy of the notice with tax statements mailed for the fiscal year for which aid is received; or

(2) by publishing in a newspaper of general circulation in the municipality a copy of the notice once each week for a period of three successive weeks, with publication to occur not later than 45 days after the final adoption of the municipality's budget.

(b) Compliance with the provisions of this section is a prerequisite to receipt of municipal tax resource equalization assistance under AS 29.60.010 - 29.60.080 and state aid for miscellaneous municipal services under AS 29.60.100 - 29.60.180. The department shall withhold annual allocations under those sections until municipal officials demonstrate that the requirements of this section have been met.

Sec. 29.45.030. REQUIRED EXEMPTIONS. (a) The following property is exempt from general taxation:

(1) municipal, state, or federally owned property, except that a private leasehold, contract, or other interest in the property is taxable to the extent of the interest;

(2) household furniture of the head of a family or household;

(3) property used exclusively for nonprofit religious, charitable, cemetery, hospital, or educational purposes;

(4) property of a nonbusiness organization or its auxiliary

composed entirely of persons with 90 days or more of active service in the armed forces of the United States whose conditions of service and separation were other than dishonorable;

(5) money on deposit;

(6) the real property of certain residents of the state to the extent and subject to the conditions provided in (e) of this section.

(b) "Property used exclusively for religious purposes" includes the following property owned by a religious organization:

(1) the residence of a bishop, pastor, priest, rabbi, minister, or religious order of a recognized religious organization;

(2) a structure, its furniture, and its fixtures used solely for public worship, charitable purposes, religious administrative offices, religious education, or a nonprofit hospital;

(3) lots required by local ordinance for parking near a structure defined in (2) of this subsection.

(c) Property described in (a)(3) or (4) or (b) of this section from which income is derived is exempt only if that income is solely from use of the property by nonprofit religious, charitable, hospital, or educational groups. If used by nonprofit educational groups, the property is exempt only if used exclusively for classroom space.

(d) Laws exempting certain property from execution under the Code of Civil Procedure (AS 09) do not exempt the property from taxes levied and collected by municipalities.

(e) The real property owned and occupied as a permanent place of abode by a resident 65 years of age or over is exempt from taxation of the assessed value of the real property. Real property may not be exempted under this subsection that the assessor determines, after notice and hearing to the parties concerned, has been conveyed to the

applicant primarily for the purpose of obtaining the exemption. The determination of the assessor is appealable under AS 44.62.560 and 44.62.570.

(f) An exemption may not be granted under (e) of this section except upon written application for the exemption on a form prescribed by the state assessor for use by local assessors. The claimant must file the application no later than January 15, or a date provided by ordinance that is not later than March 31, of the assessment year for which the exemption is sought. The governing body of the municipality for good cause shown may waive during a year the claimant's failure to make timely application for exemption for that year and authorize the assessor to accept the application as if timely filed. The claimant must file a separate application for each assessment year in which the exemption is sought. If an application is filed within the required time and is approved by the assessor, he shall allow an exemption in accordance with the provisions of this section. If a failure to file by January 15, or a date provided by ordinance that is not later than March 31, of the assessment year has been waived as provided in this subsection and the application for exemption is approved, the amount of tax that the claimant has already paid for the assessment year for the property exempted shall be refunded to him. The assessor may at any time require proof in the form he considers necessary of the right and amount of an exemption claimed under (e) of this section.

(g) The state shall reimburse a borough or city, as appropriate, for the real property tax revenues lost to it by the operation of (e) of this section. However, reimbursement will be made to a municipality for revenue lost to it only to the extent that the loss exceeds an exemption that was granted by the municipality, or that on proper application by an individual would have been granted under AS 29.45.050(a).

(h) Except as provided in (g) of this section, nothing in (e) - (i) of this section affects similar exemptions from property taxes granted by a municipality on September 10, 1972, or prevents a municipality from granting similar exemptions by ordinance as provided in AS 29.45.050.

(i) In (e) - (i) of this section "real property" includes but is not limited to mobile homes, whether classified as real or personal property for municipal tax purposes.

(j) Two percent of the assessed value of a structure is exempt from taxation if the structure contains a fire protection system approved under AS 19.70.081, in operating condition, and incorporated as a fixture or part of the structure. The exemption granted by this subsection is limited to

(1) an amount equal to two percent of the value of the structure based on the assessment for 1981, if the fire protection system is a fixture of the structure on January 1, 1981; or

(2) an amount equal to two percent of the value of the structure based on the assessment as of January 1 of the year immediately following the installation of the fire protection system if the fire protection system becomes a fixture of the structure after January 1, 1981.

Sec. 29.45.040. PROPERTY TAX EQUIVALENCY PAYMENTS. (a) A resident of the state 65 years of age or older who rents a permanent place of abode is eligible for tax equivalency payments from the state through the department.

(b) For purposes of determining payments to eligible persons, the department shall calculate a property tax equivalent percentage for each municipality that levies a property tax at the rate of one percent per mill. The property tax equivalent percentage applied to the annual rent

charged to the applicant equals the property tax equivalency payment payable under this section.

(c) To obtain tax equivalency payments the eligible resident must apply to the department for payment for the preceding year by January 15 of each year on forms and in the manner prescribed by the department. Each applicant shall submit with the application rental receipts or, if rental receipts are not available, other evidence satisfactory to the department for determination of the fact of payment of rent and the amount paid.

(d) If two or more persons occupy a residence as tenants, not all of whom are eligible for tax equivalency payments under this section, the assessor shall determine equitable partial payments to be made to the eligible tenants. However, tax equivalency payments to an eligible applicant may not be reduced because the spouse is less than 65 years of age. If all occupants in a residence are eligible for tax equivalency payments under this section, the occupants shall decide between and among themselves which shall receive payment.

Sec. 29.45.050. OPTIONAL EXEMPTIONS AND EXCLUSIONS. (a) A municipality may exclude or exempt or partially exempt residential property from taxation by ordinance ratified by the voters at an election. An exclusion or exemption authorized by this section may not exceed the assessed value of $10,000 for any one residence.

(b) A municipality may by ordinance

(1) classify boats and vessels for the purposes of taxation and may establish the assessed valuation of boats and vessels on the basis of their registered or certificated net tonnage;

(2) classify and exempt from taxation

(A) the property of an organization not organized for business or profit-making purposes and used exclusively for commun-

ity purposes if the income derived from rental of that property does not exceed the actual cost to the owner of the use by the renter;

(B) historic sites, buildings, and monuments;

(C) land of a nonprofit organization used for agricultural purposes if rights to subdivide the land are conveyed to the state and the conveyance includes a covenant restricting use of the land to agricultural purposes only; rights conveyed to the state under this subparagraph may be conveyed by the state only in accordance with AS 38.05.069(c);

(3) exempt personal property from taxation.

(c) The provisions of (a) of this section notwithstanding,

(1) a borough may, by ordinance, adjust its property tax structure in whole or in part to the property tax structure of a city in the borough, including but not limited to, excluding personal property from taxation, establishing exemptions, and extending the redemption period;

(2) a home rule or first class city has the same power to grant exemptions or exclude property from borough taxes that it has as to city taxes if

(A) the exemptions or exclusions have been adopted as to city taxes; and

(B) the city appropriates to the borough sufficient money to equal revenues lost by the borough because of the exemptions or exclusions, the amount to be determined annually by the assembly;

(3) a city in a borough may, by ordinance, adjust its property tax structure in whole or in part to the property tax structure of the borough, including but not limited to exempting or partially exempt-

ing property from taxation.

(d) Exemptions or exclusions from property tax that have been granted by a home rule municipality in addition to exemptions authorized or required by law, and that are in effect on September 10, 1972, and not later withdrawn, are not affected by this chapter.

(e) A municipality may by ordinance classify and exempt or partially exempt from taxation privately owned land, wet land and water areas for which a scenic, conservation, or public recreation use easement is granted to a governmental body. To be eligible for a tax exemption, or partial exemption, the easement must be in perpetuity. However, the easement is automatically terminated before an eminent domain taking of fee simple title or less than fee simple title to the property, so that the property owner is compensated at a rate that does not reflect the easement grant.

(f) A municipality may by ordinance exempt from taxation all or part of the increase in assessed value of improvements to real property if an increase in assessed value is directly attributable to alteration of the natural features of the land, or new maintenance, repair, or renovation of an existing structure, and if the alteration, maintenance, repair, or renovation, when completed, enhances the exterior appearance or aesthetic quality of the land or structure. An exemption may not be allowed under this subsection for the construction of an improvement to a structure if the principal purpose of the improvement is to increase the amount of space for occupancy or nonresidential use in the structure or for the alteration of land as a consequence of construction activity. An exemption provided in this subsection may continue for up to four years from the date the improvement is completed, or from the date of approval for the exemption by the local assessor, whichever is later.

(g) A municipality may by ordinance exempt from taxation all or

part of the increase in assessed value of improvements to a single-family dwelling if the principal purpose of the improvement is to increase the amount of space for occupancy. An exemption provided in this subsection may continue for up to two years from the date the improvement is completed, or from the date of approval of an application for the exemption by the local assessor, whichever is later.

Sec. 29.45.060. FARM OR AGRICULTURAL LAND AND GREENHOUSES. (a) Farm use land included in a farm unit and not dedicated or being used for nonfarm purposes shall be assessed on the basis of full and true value for farm use and may not be assessed as if subdivided or used for some other nonfarm purpose. A farm use greenhouse, whether classified as real or personal property for municipal tax purposes, shall be assessed on the basis of full and true value for farm use. The assessor shall maintain records valuing the land or greenhouse for both full and true value and farm use value. If the land or greenhouse is sold, leased, or otherwise disposed of for uses incompatible with farm use or converted to a use incompatible with farm use by the owner, the owner is liable to pay an amount equal to the additional tax at the current mill levy together with eight percent interest for the preceding seven years, as though the land or greenhouse had not been assessed for farm use purposes. Payment by the owner shall be made to the state to the extent of its reimbursement for revenue loss under (e) of this section for the preceding seven years. The balance of the payment shall be made to the municipality.

(b) An owner of farm use land or a farm use greenhouse must, to secure the assessment under this section, apply to the assessor before May 15 of each year in which the assessment is desired. The application shall be made upon forms prescribed by the state assessor for the use of the local assessor, and shall include information that may reasonably be

required to determine the entitlement of the applicant. If the land or greenhouse is leased for farm use purposes, the applicant shall furnish to the assessor a copy of the lease bearing the signatures of both lessee and lessor along with the completed application. The applicant shall furnish the assessor a copy of the lease covering the period for which the exemption is requested.

(c) In this section "farm use" means the use of land or a greenhouse for profit for raising and harvesting crops or ornamental plants, for the feeding, breeding, and management of livestock, for dairying, or another agricultural use, or any combination of these. To be farm use land, the owner or lessee must be actively engaged in farming the land, and derive at least 10 percent of his yearly gross income from the land. To be a farm use greenhouse, the owner or lessee must derive at least 10 percent of his yearly gross income from the greenhouse or from the greenhouse together with other commercial greenhouses or farm use land. This section does not apply to land for which the owner has granted, and has outstanding, a lease or option to buy the surface rights. A property owner wishing to file for farm use classification having no history of farm-related income may submit a declaration of intent at the time of filing the application with the assessor setting out the intended use of the land or greenhouse and the anticipated percentage of income. An applicant using this procedure shall file with the assessor before February 1 of the following year a notarized statement of the percentage of gross income attributable to the land or greenhouse. Failure to make the filing required in this subsection forfeits the exemption.

(d) In the event of a crop failure by an act of God the previous year, the owner or lessee may submit an affidavit affirming that 10 percent of his gross income for the past three years was from farming.

(e) Subject to legislative appropriations for the purpose, the

state shall reimburse a borough or city, as appropriate, for the property tax revenues lost to it by the operation of this section.

Sec. 29.45.070. MOBILE HOMES. Mobile homes, trailers, house trailers, trailer coaches and similar property used or intended to be used for residential, office, or commercial purposes and attached to the land or connected to water, gas, electric, or sewage facilities are classified as real property for tax purposes unless expressly classified as personal property by ordinance. This section does not apply to house trailers and mobile homes that are unoccupied and held for sale by persons engaged in the business of selling mobile homes.

Sec. 29.45.080. TAX ON OIL AND GAS PRODUCTION AND PIPELINE PROPERTY. (a) A municipality may levy and collect taxes on property taxable under AS 43.56 only by using one of the methods set out in (b) or (c) of this section.

(b) A municipality may levy and collect a tax on the full and true value of property taxable under this chapter and under AS 43.56 as valued by the Department of Revenue at a rate not to exceed that which produces an amount of revenue from the total municipal property tax equivalent to $1,500 a year for each person residing in its boundaries.

(c) A municipality may levy and collect a tax on the full and true value of that portion of property taxable under this chapter and under AS 43.56 as assessed by the Department of Revenue which value, when combined with the value of property otherwise taxable by the municipality, does not exceed the product of 225 percent of the average per capita assessed full and true value of property in the state multiplied by the number of residents of the taxing municipality. For purposes of this subsection, the average per capita assessed full and true value of property in the state shall be calculated without regard to the assessed value of taxable property under AS 43.58.

(d) By February 1 of each assessment year a taxing municipality must inform the Department of Revenue which method of taxation the municipality will use.

(e) For purposes of this section, population shall be determined by the commissioner based on the latest statistics of the United States Bureau of the Census or on other reliable population data, and the commissioner shall advise each municipality of its population by January 15 of each year.

Sec. 29.45.090. TAX LIMITATION. (a) A municipality may not, during a year, levy and tax for any purpose in excess of three percent of the assessed value of property in the municipality. All property on which a tax is levied shall be taxed at the same rate during the year.

(b) A municipality, or combination of municipalities occupying the same geographical area, in whole or in part, may not levy taxes (1) that will result in tax revenues from all sources exceeding $1,500 a year for each person residing within the municipal boundaries; or (2) upon value that, when combined with the value of property otherwise taxable by the municipality, exceeds the product of 225 percent of the average per capita assessed full and true value of property in the state multiplied by the number of residents of the taxing municipality. If two or more municipalities occupying the same geographical area, in whole or in part, attempt to levy a tax (1) the combined levy of which would result in tax revenues from all sources exceeding $1,500 a year for each person residing within the municipal boundaries; or (2) upon value that, when combined with the value of property otherwise taxable by the municipality, exceeds the product of 225 percent of the average per capita assessed full and true value of property in the state multiplied by the number of residents of the taxing municipality, the commissioner shall apportion the lawful levy and equitably divide these revenues on the

basis of need, services performed, and other considerations in the public interest. For the purpose of this subsection, population shall be determined by the commissioner based on the latest statistics of the United States Bureau of the Census or on other reliable population data. For purposes of this subsection, the average per capita assessed full and true value of property in the state shall be calculated without regard to the assessed value of taxable property under AS 43.58.

Sec. 29.45.100. NO LIMITATIONS ON TAXES TO PAY BONDS. The limitations provided for in AS 29.45.080 - 29.45.090 do not apply to taxes levied or pledged to pay or secure the payment of the principal and interest on bonds. Taxes to pay or secure the payment of principal and interest on bonds may be levied without limitation as to rate or amount, regardless of whether the bonds are in default or in danger of default.

Sec. 29.45.110. FULL AND TRUE VALUE. (a) The assessor shall assess property at its full and true value as of January 1 of the assessment year, except as provided in this section, AS 29.45.060, and 29.45.230. The full and true value is the estimated price that the property would bring in an open market and under the then prevailing market conditions in a sale between a willing seller and a willing buyer both conversant with the property and with prevailing general price levels.

(b) Assessment of business inventories may be based on the average monthly method of assessment rather than the value existing on January 1. The method used to assess business inventories shall be prescribed by the governing body.

(c) In the case of cessation of business during the tax year, the municipality may provide for reassessment of business inventories using the average monthly method of assessment for the tax year rather than the value existing on January 1 of the tax year, and for reduction and

refund of taxes. In enacting an ordinance authorized by this section, the municipality may prescribe procedures, restrictions, and conditions of assessing or reassessing business inventories and of remitting or refunding taxes.

Sec. 29.45.120. RETURNS. (a) The municipality may require each person having ownership or control of or an interest in property to submit a return in the form prescribed by the assessor, based on property values existing on January 1, except as otherwise provided in this chapter.

(b) The assessor may, by written notice, require a person to provide additional information within 30 days.

Sec. 29.45.130. INDEPENDENT INVESTIGATION. (a) The assessor is not bound to accept a return as correct. He may make an independent investigation of property returned or of taxable property on which no return has been filed. In either case, the assessor may make his own valuation of the taxable property and this valuation is prima facie evidence.

(b) For investigation, the assessor or his agent may enter a premise during reasonable hours and may examine property on the premise. He may examine all property records involved. A person shall, on request, furnish to the assessor or his agent every facility and assistance for the investigation. The assessor may seek a court order to compel entry and production of records needed for assessment purposes.

(c) An assessor may examine a person on oath. On request, the person shall present himself for examination by the assessor.

Sec. 29.45.140. VIOLATIONS. A person who knowingly fails to file a statement required by ordinance or who knowingly makes a false affidavit to a statement required by a tax ordinance relative to the amount, location, kind or value of property subject to taxation with intent to

evade the taxation, is guilty of a class B misdemeanor.

Sec. 29.45.150. REEVALUATION. A systematic reevaluation of taxable real and personal property undertaken by the assessor, whether of specific areas in which real property is located or of specific classes of real or personal property to be assessed, shall be made only in accordance with a resolution or other act of the municipality directing a systematic reevaluation of all taxable property in the municipality over the shortest period of time practicable, as fixed in the resolution or act.

Sec. 29.45.160. ASSESSMENT ROLL. (a) The assessor shall prepare an annual assessment roll. The roll shall contain

(1) a description of all taxable property;

(2) the assessed value of all taxable property;

(3) the names and addresses of persons with property subject to assessment and taxation.

(b) The assessor may list real property by any description that may be made certain. Real property is assessed to the record owner. The district recorder shall at least monthly provide the assessor a copy of each recorded change of ownership showing the name and mailing address of the owner and the name and mailing address of the person recording the change of ownership. Other persons having an interest in the property may be listed on the assessment records with the owner. The person in whose name property is listed as owner is conclusively presumed to be the legal record owner. If the property owner is unknown, the property may be assessed to "unknown owner". An assessment is not invalidated by a mistake, omission, or error in the name of the owner, if the property is correctly described.

Sec. 29.45.170. ASSESSMENT NOTICE. (a) The assessor shall give each person named in the assessment roll a notice of assessment, showing

the assessed value of his property. On each notice is printed a brief summary of the dates when taxes are payable, delinquent, and subject to penalty and interest, and the dates when the board of equalization will sit.

(b) Sufficient assessment notice is given if mailed by first class mail 30 days before the equalization hearings. If the address is not known to the assessor, the notice may be addressed to the person at the post office nearest the property. Notice is effective on the date of mailing.

Sec. 29.45.180. CORRECTIONS. (a) A person receiving an assessment notice shall advise the assessor of errors or omissions in the assessment of his property. The assessor may correct errors or omissions in the roll before the board of equalization hearing.

(b) If errors found in the preparation of the assessment roll are adjusted, the assessor shall mail a corrected notice allowing 30 days for appeal to the board of equalization.

Sec. 29.45.190. APPEAL. (a) A person whose name appears on the assessment roll or his agent or assigns may appeal to the board of equalization for relief from an alleged error in valuation not adjusted by the assessor to the taxpayer's satisfaction.

(b) The appellant shall, within 30 days after the date of mailing of notice of assessment, submit to the assessor a written appeal specifying grounds in the form that the board of equalization may require. Otherwise, the right of appeal ceases unless the board of equalization finds that the taxpayer was unable to comply.

(c) The assessor shall notify an appellant by mail of the time and place of his hearing.

(d) The assessor shall prepare for use by the board of equalization a summary of assessment data relating to each assessment that is

appealed.

(e) A city in a borough may appeal an assessment to the borough board of equalization in the same manner as a taxpayer. Within five days after receipt of the appeal, the assessor shall notify the person whose property assessment is being appealed by the city.

Sec. 29.45.200. BOARD OF EQUALIZATION. (a) The governing body sits as a board of equalization for the purpose of hearing an appeal from a determination of the assessor, or it may delegate this authority to one or more boards appointed by it. An appointed board may be composed of not less than three persons, who may be members of the governing body, municipal residents, or a combination of members of the governing body and residents. The governing body shall by ordinance establish the qualifications for membership.

(b) The board of equalization is governed in its proceedings by rules adopted by ordinance that are consistent with general rules of administrative procedure. The board may alter an assessment of a lot only pursuant to an appeal filed as to the particular lot.

(c) Notwithstanding other provisions in this section, a determination of the assessor as to whether property is taxable under law may be appealed directly to the superior court.

Sec. 29.45.210. HEARING. (a) If an appellant fails to appear, the board of equalization may proceed with the hearing in his absence.

(b) The appellant bears the burden of proof. The only grounds for adjustment of assessment are proof of unequal, excessive, improper, or under valuation based on facts that are stated in a valid written appeal or proven at the appeal hearing. If a valuation is found to be too low, the board of equalization may raise the assessment.

(c) The board of equalization shall certify its actions to the assessor within seven days. Except as to supplementary assessments, the

assessor shall enter the changes and certify the final assessment roll by June 1.

(d) An appellant or the assessor may appeal a determination of the board of equalization to the superior court as provided by rules of court applicable to appeals from the decisions of administrative agencies. Appeals are heard on the record established at the hearing before the board of equalization.

Sec. 29.45.220. SUPPLEMENTARY ASSESSMENT ROLLS. The assessor shall include property omitted from the assessment roll on a supplementary roll, using the procedures set out in this chapter for the original roll.

Sec. 29.45.230. TAX ADJUSTMENTS ON PROPERTY AFFECTED BY A NATURAL DISASTER. (a) The municipality may provide for assessment or reassessment and reduction of taxes for property destroyed, damaged, or otherwise reduced in value as a result of a natural disaster.

(b) An assessment or reassessment under this section may be made by the assessor only upon the receipt of a sworn statement of the taxpayer that his losses exceed $1,000. A reduction of taxes may be made only on losses in excess of $1,000 for the remainder of the year following the disaster. On reassessment, the municipality shall recompute this tax and refund taxes that have already been paid.

(c) The municipality shall give notice of assessment or reassessment under this section and shall hold an equalization hearing as provided in this chapter, except that a notice of appeal must be filed with the board of equalization within 10 days after notice of assessment or reassessment is given to the person appealing. Otherwise, the right of appeal ceases unless the board finds that the taxpayer is unable to comply.

(d) In enacting an ordinance or resolution authorized by this

section the municipality may, consistent with this section, prescribe procedures, restrictions, and conditions of assessing or reassessing property and of remitting, refunding, or forgiving taxes.

(e) In this section "disaster" means a major disaster declared by the President of the United States under the provisions of the Federal Disaster Act of 1950, Title 42, United States Code, sec. 1855-1855g, or other federal law, or a disaster declared by the governor under AS 26.-23.010 - 26.23.110.

Sec. 29.45.240. TAX LEVY AND RATE. (a) The power granted to a municipality to assess, levy, and collect a property tax shall be exercised by means of an ordinance. The rate of levy, the date of equalization, and the date when taxes become delinquent shall be fixed by resolution.

(b) A municipality shall annually determine the rate of levy before June 15. By July 1 the tax collector shall mail tax statements setting out the levy, dates when taxes are payable and delinquent, and penalties and interest.

Sec. 29.45.250. RATES OF PENALTY AND INTEREST. (a) A penalty not to exceed 20 percent of the tax due may be added to all delinquent taxes, and interest not to exceed 15 percent a year shall accrue upon all unpaid taxes, not including penalty, from the due date until paid in full. A municipality may impose a penalty not to exceed 20 percent of the tax due upon the late return of personal property assessment forms. A penalty under this section may be imposed according to a formula that increases the amount of the penalty as the length of time increases during which payment is delinquent or assessment forms are not returned.

(b) If a taxpayer is given the right to pay the tax in two installments, penalty and interest on an unpaid installment accrues from the date the installment becomes due.

ARTICLE 2. ENFORCEMENT OF TAX LIENS.

Sec. 29.45.290. VALIDITY. Certified assessment and tax rolls are valid and binding on all persons, notwithstanding a defect, error, omission, or invalidity in the assessment rolls or proceedings pertaining to the assessment roll.

Sec. 29.45.300. TAX LIABILITY. (a) The owner of assessed personal property is personally liable for the amount of taxes assessed against his property. The tax, together with penalty and interest, may be collected in a personal action brought in the name of the municipality.

(b) Property taxes, together with penalty and interest, are a lien upon the property assessed, and the lien is prior and paramount to all other liens or encumbrances against the property.

Sec. 29.45.310. ENFORCEMENT OF PERSONAL PROPERTY TAX LIENS BY DISTRAINT AND SALE. (a) A lien for personal property taxes may be enforced by distraint and sale of the property. The municipality shall provide the procedure for distraint and sale by ordinance. A seizure, levy, or distraint is not legal unless demand is first made of the person assessed for the amount of the tax, penalty, and interest, and a sale is not valid unless made at public auction no sooner than 15 days after notice is published. The seizure is made by virtue of a warrant issued by the municipal clerk to a peace officer.

(b) If the personal property sold is not sufficient to satisfy the tax, penalty, and interest, and costs of sale, the warrant may authorize the seizure of other personal property sufficient to satisfy the tax, penalty, interest, and costs of sale. If the property is sold for more money than is needed to satisfy the tax, the municipality shall remit the excess to the former record owner upon presentation of a proper claim. A claim for the excess filed after six months of the date of

sale is forever barred.

Sec. 29.45.320. REAL PROPERTY TAX COLLECTION. (a) The municipality shall enforce delinquent real property tax liens by annual foreclosure, unless otherwise provided by ordinance.

(b) If the tax on property described in AS 29.45.070 or on a taxable interest in tax-exempt property is not paid when due, a municipality may enforce the tax by a personal action against the delinquent taxpayer brought in the district or superior court, in addition to other remedies available to enforce the lien.

Sec. 29.45.330. FORECLOSURE LIST. (a) A municipality shall

(1) annually present a petition for judgment and a certified copy of the foreclosure list for the previous year's delinquent taxes in the superior court for judgment;

(2) publish the foreclosure list for four consecutive weeks in a newspaper of general circulation distributed in the municipality or, if there is no newspaper of general circulation distributed in the municipality, post the list at three public places for at least 30 days;

(3) within 10 days after the first publication or posting, mail to the last known owner of each property as his name and address appear on the list a notice advising of the foreclosure proceeding in which a petition for judgment of foreclosure has been filed and describing the property and the amount due as stated on the list.

(b) The list shall be arranged in alphabetical order as to the last name and shall include

(1) the last known owner;

(2) the property description as stated on the assessment roll;

(3) years and amounts of deliquency;

(4) penalty and interest due;

(5) a statement that the list is available for public inspection at the clerk's office;

(6) a statement that the list has been presented to the superior court with a petition for judgment and decree.

(c) Completion of the requirements of (a) of this section constitutes and has the same force and effect as the filing of an individual and separate complaint and service of summons to foreclose a lien against each property described on the foreclosure list.

Sec. 29.45.340. CLEARING DELINQUENCIES. During the publication or posting of the foreclosure list and up to the time of transfer to the municipality a person may pay the taxes, together with the penalty, interest, and costs. The collector shall note payment on the foreclosure list.

Sec. 29.45.350. LIST TO LIENHOLDER. A holder of a mortgage or other lien on real property may request the clerk to send by certified mail notice of a foreclosure list that includes the real property.

Sec. 29.45.360. GENERAL FORECLOSURE. A municipality shall bring one general foreclosure proceeding in rem against the properties included in the foreclosure list. If the owner is unknown, the property is proceeded against as belonging to "unknown owner". Tax foreclosure proceedings have priority over all other civil proceedings except appeals under AS 29.40.060.

Sec. 29.45.370. ANSWER AND OBJECTION. A person having an interest in a lot on the foreclosure list may file an answer within 30 days of the date of last publication, specifying his objection. The court shall make its decision in summary proceedings. The foreclosure list is prima facie evidence that the assessment and levy of the tax is valid and that the tax is unpaid.

Sec. 29.45.380. JUDGMENT. The court shall in a proper case give

judgment and decree that the tax liens be foreclosed. It is a several judgment against each lot and a lien on each lot.

Sec. 29.45.390. TRANSFER AND APPEAL. (a) Foreclosed properties are transferred to the municipality for the lien amount. When answers are filed the court may enter judgment against and order the transfer to the municipality of all other properties on the list pending determination of the matters in controversy. The court shall hear and determine the issues raised by the complaint and answers in the same manner and under the same rules as it hears and determines other actions.

(b) The court clerk shall deliver a certified copy of the judgment and decree to the municipal clerk. The certified judgment and decree constitutes a transfer to the municipality.

(c) The judgment and decree stops objections to it that could have been presented before judgment and decree. Appeal from a judgment and decree of foreclosure, or from a final order in the proceeding, may be taken in the manner provided for appeals in civil actions.

Sec. 29.45.400. REDEMPTION PERIOD. Properties transferred to the municipality are held by the municipality for at least one year. During the redemption period a party having an interest in the property may redeem it by paying the lien amount plus penalties, interest, and costs, including all costs incurred under AS 29.45.440(a). Property redeemed is subject to all accrued taxes, assessments, liens, and claims as though it had continued in private ownership. Only the amount applicable under the judgment and decree must be paid in order to redeem the property.

Sec. 29.45.410. EFFECT. Receipt of redemption money by the municipality releases the judgment obtained under AS 29.45.380. The clerk or his designee shall record the redemption and issue a certificate

containing a property description, the redemption amount, and the dates of judgment and decree of foreclosure. The clerk or his designee shall collect the recording fee at the time of redemption and shall file the certificate with the record as part of the judgment roll.

Sec. 29.45.420. ADDITIONAL LIENS. If a property included in a foreclosure list is removed after payment of delinquencies or redemption by another lienholder, the payment represented by receipt for payment constitutes an additional lien on the property, collectible by the lienholder in the same manner as the original lien.

Sec. 29.45.430. POSSESSION DURING REDEMPTION PERIOD. Foreclosure does not affect the former owner's right to possession during the redemption period. If waste is committed by the former owner or by anyone acting under his permission or control, the municipality may declare an immediate forfeiture of the right to possession.

Sec. 29.45.440. EXPIRATION. (a) At least 30 days before the expiration of the redemption period the clerk or his designee shall publish a redemption period expiration notice. The notice shall contain the date of judgment, the date of expiration of the period of redemption, and a warning that all properties ordered sold under the judgment, unless redeemed, shall be deeded to the municipality immediately on expiration of the period of redemption and that every right or interest of a person in the properties will be forfeited forever to the municipality. The notice appears once a week for four consecutive weeks in a newspaper of general circulation distributed in the municipality. If there is no newspaper of general circulation distributed in the municipality, the notice is posted in three public places for at least four consecutive weeks. The clerk shall send a copy of the notice by certified mail to each record owner of property against which a judgment of foreclosure has been taken and, if the assessed value of the property is

more than $100,000, to all holders of mortgages or other liens of record on the property. The notice shall be mailed within five days after the first publication. The mailing shall be sufficient if mailed to the property owner and to the holder of a mortgage or recorded lien at the last address of record.

(b) The right of redemption expires 30 days after the date of the first notice publication.

(c) Costs incurred in the determination of holders of mortgages and other liens of record and costs of notice publication incurred by a municipality under (a) of this section are a lien on the property and may be recovered by the municipality.

Sec. 29.45.450. DEED TO BOROUGH OR CITY. (a) Unredeemed property in the area of the borough outside all cities is deeded to the borough by the clerk of the court. Unredeemed property in a city is deeded to the city subject to the payment by the city of unpaid borough taxes and costs of foreclosure levied against the property before foreclosure. The deed shall be recorded in the recording district in which the property is located.

(b) Conveyance gives the municipality clear title, except for prior recorded tax liens of the United States and the state.

(c) If unredeemed property lies in a city and if the city has no immediate public use for the property but the borough does have an immediate public use, the city shall deed the property to the borough. If unredeemed property lies in the borough outside all cities and if the borough does not have an immediate public use for the property but a city does have an immediate public use, the borough shall deed the property to the city.

(d) No deed is invalid for irregularities, omissions, or defects in the proceedings under this chapter unless the former owner has been

misled to his injury. Two years after the date of the deed, its validity is conclusively presumed and a claim of the former owner or other person having an interest in the property is forever barred.

Sec. 29.45.460. DISPOSITION AND SALE OF FORECLOSED PROPERTY. (a) The municipality shall determine by ordinance whether foreclosed property deeded to the municipality shall be retained for a public purpose. The ordinance shall contain the legal description of the property, the address or a general description of the property sufficient to provide the public with notice of its location, and the name of the last record owner of the property as his name appears on the assessment rolls.

(b) Tax-foreclosed property conveyed to a municipality by tax foreclosure and not required for a public purpose may be sold. Before the sale of tax-foreclosed property held for a public purpose, the municipality, by ordinance, shall determine that a public need does not exist. The ordinance shall contain the information required under (a) of this section.

(c) The clerk or his designee shall send a copy of the published notice of hearing of an ordinance to consider a determination required under (a) or (b) of this section by certified mail to the former record owner of the property that is the subject of the ordinance. The notice shall be mailed within five days after its first publication and shall be sufficient if mailed to the last record owner of the property as his name appears on the assessment rolls of the municipality.

(d) The provisions of (c) of this section do not apply with respect to property that has been held by the municipality for a period of more than 10 years after the close of the redemption period.

Sec. 29.45.470. REPURCHASE BY RECORD OWNER. (a) The record owner at the time of tax foreclosure of property acquired by a municipality, or his assigns, may, within 10 years and before the sale or contract of

sale of the tax-foreclosed property by the municipality, repurchase the property. The municipality shall sell the property for the full amount applicable to the property under the judgment and decree, with interest not to exceed 15 percent a year from the date of entry of the judgment of foreclosure to the date of repurchase, delinquent taxes assessed and levied as though it had continued in private ownership, and costs of foreclosure and sale.

(b) After adoption of an ordinance providing for the retention of tax-foreclosed property by the municipality for a public purpose, the right of the former record owner to repurchase the property ceases.

Sec. 29.45.480. PROCEEDS OF TAX SALE. (a) On sale of foreclosed real or personal property the municipality shall divide the proceeds less cost of collection, between the borough and the city having unpaid taxes against the property. The division is in proportion to the respective municipal taxes against the property at the time of foreclosure.

(b) The former record owner of tax-foreclosed real property that has been held by a municipality for less than 10 years after the close of the redemption period and never designated for a public purpose that is sold at a tax-foreclosure sale is entitled to the portion of the proceeds of the sale that exceeds the amount sufficient to satisfy unpaid taxes, delinquent taxes assessed and levied as if the property had continued in private ownership, penalty, interest, and costs of property sold, including costs incurred under AS 29.45.440(a). If the proceeds of the sale of tax-foreclosed property exceed the total of unpaid and delinquent taxes, penalty, interest, and costs, the municipality shall provide the former owner of the property written notice advising of the amount of the excess and the manner in which a claim for the balance of the proceeds may be submitted. Notice is sufficient

under this subsection if mailed to the former owner at his last address of record. On presentation of a proper claim, the municipality shall remit the excess to the former record owner. A claim for the excess filed after six months of the date of sale is forever barred.

Sec. 29.45.490. PAYMENT OF TAXES UPON PUBLIC UTILIZATION. If a municipality takes title to tax-foreclosed property for a public purpose, the municipality shall satisfy unpaid taxes and assessments against the property held by other municipalities, with accrued interest but without penalty. If the amount required to satisfy the unpaid taxes and assessments exceeds the assessed value of the property, the municipality shall pay the other municipalities the assessed value, which shall be divided between the other municipalities in proportion to their respective taxes and assessments against the property at the time of foreclosure.

Sec. 29.45.500. REFUND OF TAXES. (a) If a taxpayer pays taxes under protest, he may bring suit in the superior court against the municipality for recovery of the taxes. If judgment for recovery is given against the municipality, or, if in the absence of suit, it becomes obvious to the governing body that judgment for recovery of the taxes would be obtained if legal proceedings were brought, the municipality shall refund the amount of the taxes to the taxpayer with interest at eight percent from the date of payment plus costs.

(b) If, in payment of taxes legally imposed, a remittance by a taxpayer through error or otherwise exceeds the amount due, and the municipality, on audit of the account in question, is satisfied that this is the case, the municipality shall refund the excess to the taxpayer with interest at eight percent from the date of payment. A claim for refund filed one year after the due date of the tax is forever barred.

(c) The governing body may correct manifest clerical errors at anytime.

ARTICLE 3. CITY PROPERTY TAX.

Sec. 29.45.550. CITIES OUTSIDE BOROUGHS. Home rule and first class cities outside boroughs may assess, levy, and collect a property tax. A property tax if levied must be assessed, levied, and collected as provided by AS 29.45.010 - 29.45.500.

Sec. 29.45.560. CITIES INSIDE BOROUGHS. Home rule and first class cities inside boroughs may levy a property tax. A property tax, if levied, is subject to AS 29.45.010 - 29.45.050, 29.45.090 - 29.45.100, 29.45.250, 29.45.400 - 29.45.440 and 29.45.460 - 29.45.500. The council shall by June 15 of each year present to the assembly a statement of the city's rate of levy unless a different date is agreed upon by the borough and city.

Sec. 29.45.570. APPLICATION. AS 29.45.010 - 29.45.570 apply to home rule and general law municipalities.

Sec. 29.45.580. DIFFERENTIAL TAX ZONES. A city may by ordinance establish, alter, and abolish differential tax zones to provide and levy property taxes for services not provided generally in the city or a different level of service than that provided generally in the city.

Sec. 29.45.590. LIMITED PROPERTY TAXING POWER FOR SECOND CLASS CITIES. A second class city may by referendum levy property taxes as provided for first class cities. However, levy by a second class city may not exceed one-half of one percent of the assessed value of the property taxed, except that the limit does not apply to a levy necessary to avoid a default upon payment of principal and interest of bonded or other indebtedness that is secured by a pledge to levy ad valorem or other taxes without limit to meet debt payments.

Sec. 29.45.600. COMBINING PROPERTY TAX WITH INCORPORATION OF A

SECOND CLASS CITY. A petition for second class city incorporation may request that a property tax proposal be placed on the same ballot. The petition must state the proposed tax rate. The petition may request that incorporation be dependent on the passage of the property tax proposition. If so, the incorporation proposition fails if the property tax fails.

ARTICLE 4. BOROUGH SALES AND USE TAX.

Sec. 29.45.650. SALES AND USE TAX. (a) A borough may levy and collect a sales tax not exceeding six percent on sales, rents, and on services made in the borough. The sales tax may apply to any or all of these sources. Exemptions may be granted by ordinance.

(b) A borough levying a sales tax may also by ordinance levy a use tax on the storage, use, or consumption of tangible personal property in the borough. The use tax rate must equal the sales tax rate and the use tax shall be levied only on buyers.

(c) A person who furnishes proof, in the form required by the borough tax collector, that he has paid a sales tax on the source on which a use tax is levied by the borough is required to pay the use tax only to the extent of the difference between the amount of the sales tax paid and the amount of the use tax levied by the borough. This subsection applies to a sales tax levied in any taxing jurisdiction whether inside or outside the state.

(d) If the assembly charges interest on sales taxes not paid when due, the rate of interest may not exceed 15 percent a year on the delinquent taxes and shall be charged from the due date until paid in full. This subsection applies to home rule and general law municipalities.

(e) A borough may provide for the creation, recording, and notice of a lien on real or personal property to secure the payment of a sales

and use tax, and the interest, penalties, and administration costs in the event of delinquency. When recorded, a lien authorized under this section has priority over other liens except those for property taxes and special assessments.

Sec. 29.45.660. NOTICE OF SALES AND USE TAX. (a) If the borough levies and collects only a sales tax and use tax, the assembly shall provide a notice substantially in the form set out in AS 29.45.020. In providing notice under this subsection, the assembly shall substitute for the millage equivalency its estimate of the equivalent sales tax rate for each of the categories of financial assistance set out in AS 29.45.020. Notice shall be provided

(1) by publishing in a newspaper of general circulation in the borough a copy of the notice once each week for a period of three successive weeks, with publication to occur not later than 45 days after the final adoption of the borough's budget; or

(2) if there is no newspaper of general circulation in the borough, by posting a copy of the notice for at least 20 days in at least two public places in the borough, with posting to occur not later than 45 days after the final adoption of the borough's budget.

(b) Compliance with the provisions of this section is a prerequisite to receipt of municipal tax resource equalization assistance under AS 29.60.010 - 29.60.080 and state aid for miscellaneous municipal services under AS 29.60.100 - 29.60.180. The department shall withhold annual allocations under those sections until municipal officials demonstrate that the requirements of this section have been met.

Sec. 29.45.670. REFERENDUM, ADOPTION, AND MODIFICATION. A new sales and use tax or an increase in the rate of levy of a sales tax approved by ordinance does not take effect until ratified by a majority of the voters at an election.

ARTICLE 5. CITY SALES AND USE TAXES.

Sec. 29.45.700. POWER OF LEVY. (a) A city in a borough that levies and collects areawide sales and use taxes may levy sales and use taxes on all sources taxed by the borough in the manner provided for boroughs, except that the assembly may by ordinance authorize a city to levy and collect sales and use taxes on other sources.

(b) A city in a borough that does not levy and collect sales and use taxes for areawide borough functions may levy and collect sales and use taxes in the manner provided for boroughs.

(c) A city outside a borough may levy and collect sales and use taxes in the manner provided for boroughs.

Sec. 29.45.710. COMBINING SALES AND USE TAX WITH INCORPORATION OF A SECOND CLASS CITY. A petition for incorporation of a second class city may request that a sales and use tax proposal be placed on the same ballot. The petition must state the proposed tax rate. The petition may request that incorporation be dependent on the passage of the tax proposition. If so, the incorporation proposition fails if the tax fails.

* Sec. 12. AS 29 is amended by adding a new chapter to read:

CHAPTER 46. SPECIAL ASSESSMENTS.

Sec. 29.46.010. ASSESSMENT AND PROPOSAL. The municipality may assess against the property of a state or federal governmental unit and private real property to be benefited by an improvement all or a portion of the cost of acquiring, installing, or constructing capital improvements. The state shall pay an assessment levied, except as otherwise provided by law and subject to its right of protest under AS 29.46.020-(a)(8). If a governmental unit other than the state benefited by an improvement refuses to pay the assessment, it shall be denied the benefit of the improvement. An improvement proposal may be initiated by

(1) petition to the governing body of the owners of one-half in value of the property to be benefited; or

(2) the governing body.

Sec. 29.46.020. PROCEDURE. (a) The municipality may prescribe by ordinance the procedures relating to creating special assessment districts, making local improvements, levying and collecting assessments, and financing improvements, including the following:

(1) a procedure for filing petitions;

(2) a survey and report by the mayor concerning the need for, desirable extent of, and estimated cost of each proposed local improvement;

(3) a public hearing on the necessity for the proposed local improvement;

(4) a resolution or ordinance determining to proceed or not to proceed with the proposed local improvement;

(5) a public hearing by the governing body on the special assessment roll for the proposed local improvement;

(6) published notice of each public hearing required by this section and mailing notice to each record owner of real property in the special assessment district;

(7) a resolution or ordinance confirming the special assessment roll for the proposed local improvement;

(8) if protests as to the necessity of a proposed local improvement are made by owners of property that will bear 50 percent or more of the estimated cost of the improvement, the governing body may not proceed with the improvement until the objections have been reduced to less than 50 percent, except on approval of not fewer than three-fourths of the governing body.

(b) To the extent that the municipality does not prescribe a

procedure for special assessments as permitted by this section, the municipality shall comply with the special assessment procedures set out in AS 29.46.030 - 29.46.100.

Sec. 29.46.030. CREATION OF DISTRICT. (a) When an improvement proposal is filed with the municipal clerk and presented to the governing body, the municipality shall find by resolution or ordinance whether (1) the improvement requested is necessary and should be made, and (2) if by petition, the request has sufficient and proper petitioners. The findings under this section are conclusive.

(b) If the municipality approves an improvement proposal, it shall develop a proposed improvement plan including the total cost estimate and the percentage of the cost to be assessed against the benefited property. The improvement plan shall be filed with the municipal clerk.

(c) The governing body shall set a time for public hearing on the improvement plan and the period for filing objections to the plan. The governing body shall publish a notice of the hearing and of the period during which objections may be filed at least once a week for four consecutive weeks in a newspaper of general circulation if distributed in the municipality and shall send notice by mail to every record owner of property in the special assessment district.

Sec. 29.46.040. RECORD OWNER. The person in whose name property is listed on the municipal property tax roll as owner is conclusively presumed to be the legal owner of record. If the owner is unknown, the assessment roll may designate "unknown owner".

Sec. 29.46.050. OBJECTIONS AND REVISION. (a) Objections to an improvement plan may be filed during a period of 60 days after publication of notice. The municipality may by resolution or ordinance approve the plan and order the improvement subject to the limitation of (b) of this section.

(b) If objections are made in writing during the period set for objections by the owners of property bearing 50 percent or more of the estimated total cost of the improvement, the governing body may not proceed with the improvement unless it revises the plan to meet the objections and the objections are reduced to less than 50 percent. A revised plan shall be approved and adopted as an original plan in accordance with AS 29.46.030.

Sec. 29.46.060. ASSESSMENT ROLL. (a) At any time after approval of an improvement plan, the governing body shall assess the authorized percentage of the cost against property in the district included in the plan in proportion to the benefit received.

(b) The special assessment roll shall contain property descriptions, names of record owners, and assessment amounts.

(c) The governing body shall fix a time to hear objections to the roll. The municipal clerk shall send an assessment and hearing notice by mail to each record owner of an assessed property not less than 15 days before the hearing.

Sec. 29.46.070. HEARING AND SETTLEMENT. After the public hearing, the governing body shall correct errors and inequalities in the roll. If an assessment is increased, a new hearing shall be set and notice published, except that a new hearing and notice is not required if all record owners of property subject to the increased assessment consent in writing to the increase. Objections to the increased assessment shall be limited to record owners of property on which the assessment was increased. When the roll is corrected, it shall be confirmed by resolution or ordinance.

Sec. 29.46.080. PAYMENT. (a) The governing body shall fix times of payment, penalties on delinquent payments, and the rate of interest on the unpaid balance of the assessment. Payment may be in one sum or

by installments. If payment is to be in one sum, payment may not be required sooner than 60 days after mailing of the assessment statement. The entire assessment may be prepaid without interest or penalty within 30 days after mailing of the assessment statement, and thereafter the assessment may be prepaid in whole or in part with interest to the payment date.

(b) Within 30 days after fixing the time of payment the municipal clerk shall mail a statement to the record owner of each property assessed. The statement designates the property, the assessment amount, method of payment, rate of interest on the unpaid balance of the assessment, the time of delinquency, and penalties on delinquent payments. Within five days after the statements are mailed, the clerk shall have notice published that the statements have been mailed.

(c) Assessments are liens on the property assessed and are prior and paramount to all liens except municipal tax liens. They may be enforced as provided in AS 29.45.320 - 29.45.470 for enforcement of property tax liens.

Sec. 29.46.090. EXEMPTION. (a) The real property owned and occupied by a resident 65 years of age or over, or the spouse, widow, widower, or minor heir of the original applicant, on which is located only his permanent abode that is a single-family residence, is exempt from (1) special sewer assessments levied by a municipality after September 2, 1975, and (2) special water assessments levied by a municipality after September 2, 1975. Only one exemption may be granted with respect to the same property, and, if two or more persons are eligible for an exemption with respect to the same property, the parties shall decide between or among themselves which shall receive the benefit of the exemption. Real property may not be exempted under this subsection that the municipality determines, after notice and hearing to

the parties concerned, has been conveyed to the applicant primarily for the purpose of obtaining the exemption. The determination of the municipality is appealable under AS 44.62.560 - 44.62.570.

(b) An exemption may not be granted under this section except upon written application for the exemption on a form prescribed by the state assessor for use by local assessors and in accordance with the following requirements:

(1) The claimant must file the initial application during the period of time between the date the assessment roll is confirmed and the time of payment fixed by the governing body. Within one year after the date the assessment roll is confirmed the governing body for good cause shown may waive the claimant's failure to make timely initial application for the exemption and authorize the assessor to accept the application as if timely filed.

(2) A claimant receiving the exemption must file with the assessor by March 15 of each subsequent year a separate application proving eligibility as of January 1 in order to retain the exemption. Within the same year the assessor for good cause shown may waive the claimant's failure to make timely application and approve the application as if timely filed.

(3) If an application is filed within the required time under this subsection and is approved by the governing body, the exemption shall be allowed in accordance with the provisions of this section. If a waiver under this subsection is granted and the application for exemption approved, the amount of any assessment, penalty, or interest that the claimant has already paid on the assessment shall be refunded to him. The municipality may at any time require proof in the form considered necessary of the right and amount of an exemption claimed under this section.

(c) The state shall reimburse a municipality for the sewer and water assessment revenues that it would receive but for the operation of this section. Reimbursement under this subsection is a lien in favor of the state against the property exempted to the extent of the assessment against the property exempted. When properly recorded, the lien is prior and superior to other liens against the property except for property taxes or other special assessments and may be enforced by lien foreclosure. The lien becomes immediately due and payable

(1) upon sale or other transfer of the property except to a spouse, widow, widower, or minor heir; however, if the property is transferred to a minor heir the lien becomes due and payable on the date the minor heir reaches the age of 25 years;

(2) when property exempted under (a)(1) or (2) of this section receives more than one sewer connection or more than one water connection; or

(3) when the claimant fails to prove eligibility under (b)(2) of this section.

(d) This section applies to home rule and general law municipalities.

(e) In this section

(1) "minor heir" means a person who, at the time of transfer of the property, has not attained the age of 19 years or who, if he has not attained the age of 22 years, is a full-time student at an educational institution or a member of the armed forces of the United States;

(2) "real property" includes, but is not limited to, mobile homes, whether classified as real or personal property for municipal tax purposes;

(3) "resident" means a person who for 12 consecutive months has maintained his permanent place of abode in the state.

Sec. 29.46.100. REASSESSMENT. (a) The governing body shall within one year correct any deficiency in a special assessment found by a court. Notice and hearing must conform to the initial assessment procedures.

(b) Payments on the initial assessment are credited to the property upon reassessment. The reassessment becomes a charge upon the property notwithstanding failure to comply with any provision of the assessment procedure.

Sec. 29.46.110. ALLOWABLE COSTS. (a) When a special assessment district is created, there may be included in the assessments

(1) all of the cost of acquiring, installing, making, or constructing the local improvement;

(2) the costs of all engineering and surveying to be done in connection with creating the district or improvement;

(3) the cost of mailing and publishing notices;

(4) interest on interim financing;

(5) the cost of legal services and other expenses incurred in the formation of the special assessment district;

(6) the cost of completing the improvement and financing the improvement, including the issuance of bonds.

(b) The total amount of the assessment roll may not exceed actual costs, but actual costs may include reasonable estimates of the costs to be incurred in connection with issuance of bonds.

Sec. 29.46.120. OBJECTION AND APPEAL. (a) The validity of an assessment may not be contested by a person who did not file with the municipal clerk a written objection to the assessment roll before its confirmation.

(b) The decision of the governing body on an objection may be appealed to the superior court within 30 days after the date of confir-

mation of the assessment roll. If no objection is filed or appeal taken within that time, the assessment procedure is considered valid in all respects.

Sec. 29.46.130. INTERIM FINANCING. (a) A municipality may provide by resolution or ordinance for the issuance of notes in payment of the costs of a local improvement project, payable out of special assessments for the improvement. The notes shall bear interest at a rate or rates authorized by the resolution or ordinance, and shall be redeemed either in cash or bonds for the improvement project.

(b) Notes issued against assessments shall be claims against the assessments that are prior and superior to a right, lien or claim of a surety on the bond given to the municipality to secure the performance of its contract for a local improvement project, or to secure the payment of persons who have performed work or furnished materials under the contract.

(c) The municipal treasurer may accept notes against special assessments on conditions prescribed by the governing body in payment of

(1) assessments against which the notes were issued in order of priority;

(2) judgments rendered against property owners who have become delinquent in the payment of assessments; and

(3) certificates of purchase when property has been sold under execution or at tax sale for failure to pay the assessments.

Sec. 29.46.140. SPECIAL ASSESSMENT BONDS. (a) The municipality may by ordinance authorize the issuance and sale of special assessment bonds to pay all or part of the cost of an improvement in a special assessment district. The principal and interest of bonds issued shall be payable solely from the levy of special assessments against the property to be benefited. The assessments shall constitute a sinking

fund for the payment of principal and interest on the bonds. The benefited property may be pledged by the governing body to secure a payment.

(b) On default in a payment due on a special assessment bond, a bondholder may enforce payment of principal, interest, and costs of collection in a civil action in the same manner and with the same effect as actions for the foreclosure of mortgages on real property. Foreclosure shall be against all property on which assessments are in default. The period for redemption is the same as for a mortgage foreclosure on real property.

(c) Before the governing body may issue special assessment bonds, it shall establish a guarantee fund and appropriate to the fund annually a sum adequate to cover a deficiency in meeting payments of principal and interest on bonds if the reason for the deficiency is nonpayment of assessments when due. Money received from actions taken against property for nonpayment of assessments shall be credited to the guarantee fund.

* Sec. 13. AS 29 is amended by adding a new chapter to read:

CHAPTER 47. MUNICIPAL DEBT.

ARTICLE 1. REVENUE ANTICIPATION NOTES.

Sec. 29.47.010. BORROWING IN ANTICIPATION OF REVENUE. A municipality that is authorized to incur indebtedness may borrow money to meet appropriations for any fiscal year in anticipation of the collection of the revenues for that year, but all debt so contracted shall be paid before the end of the next fiscal year. Negotiable or nonnegotiable revenue anticipation notes may be issued as evidence of the borrowing.

Sec. 29.47.020. ISSUANCE OF NOTES. A municipality may by ordinance or resolution authorize the issuance of revenue anticipation notes. The governing body may delegate to its chief fiscal officer the power to issue the notes from time to time under the terms and condi-

tions of the ordinance or resolution that provides for the manner of their sale.

Sec. 29.47.030. ISSUANCE OF NOTES IN ANTICIPATION OF STATE, FEDERAL GRANTS. (a) A municipality, on adoption of a long-range capital improvement budget by ordinance or resolution, may by resolution provide for negotiable or nonnegotiable revenue anticipation notes in an amount not to exceed the total amount of any state or federal grants finally committed for these projects. The notes mature no later than the end of the next fiscal year. The notes may be for single or multiple projects outlined in the adopted capital improvement budget.

(b) If the state or federal grants for capital improvement projects have not been paid to the municipality before maturity of the notes issued in anticipation of the receipt of the revenue, the governing body may issue new notes in order to meet payment of the notes then maturing or may renew the outstanding revenue anticipation notes. New notes issued or renewals of outstanding revenue anticipation notes mature not later than the end of the next fiscal year.

Sec. 29.47.040. PRIORITY OF REPAYMENT. The payment of the principal and interest on revenue anticipation notes is payable from revenues, and their payment additionally shall be secured by a pledge of the full faith and credit of the municipality issuing them.

ARTICLE 2. BOND ANTICIPATION NOTES.

Sec. 29.47.080. BOND ANTICIPATION BORROWING. A municipality may borrow money in anticipation of the sale of general obligation and revenue bonds if

(1) the general obligation bonds to be sold have been authorized by ordinance and ratified by a majority vote at an election;

(2) the revenue bonds to be sold have been authorized by ordinance.

Sec. 29.47.090. ISSUANCE OF NOTES. The governing body shall issue negotiable or nonnegotiable notes for the amounts borrowed with a maturity date not to exceed one year from the date of issue. All notes and the interest on them are payable at fixed places on or before a fixed time from the proceeds of the sale of bonds in anticipation of which the original note or notes were issued, unless the bonds have not been sold by the maturity date of the notes.

Sec. 29.47.100. ISSUANCE OF NEW NOTES. If the sale of the bonds has not occurred before the maturity of the notes issued in anticipation of the sale, the governing body shall issue new notes in order to meet payment of the notes then maturing, or shall renew the outstanding bond anticipation notes. New notes issued or renewals of outstanding bond anticipation notes bear a maturity date not to exceed one year from the date of issue. Notes, new notes, and renewals of notes may not be outstanding for a total elapsed time of more than three years.

Sec. 29.47.110. REPAYMENT OF NOTES. Every note is payable from the proceeds of the sale of bonds that the notes anticipated or from the proceeds of the sale of new bond anticipation notes.

Sec. 29.47.120. SECURITY. (a) Notwithstanding other provisions of this chapter as to payment of notes, notes issued in anticipation of the sale of general obligation bonds and the interest on them are secured by the full faith and credit of the municipality. The municipality may levy ad valorem taxes for payment without limitation of rate or amount.

(b) Notes issued in anticipation of the sale of revenue bonds and the interest on them are secured in the same manner as are the revenue bonds in anticipation of which the notes are issued.

Sec. 29.47.130. LIMITATION. The total amount of notes issued and outstanding may at no time exceed the total amount of bonds authorized to be issued.

Sec. 29.47.140. USE OF PROCEEDS. The proceeds from the sale of notes shall be used only for the purposes for which the proceeds from the sale of bonds may be used, or to meet payment of outstanding bond anticipation notes.

ARTICLE 3. GENERAL OBLIGATION BONDS.

Sec. 29.47.180. GENERAL OBLIGATION BONDS. A municipality may acquire, construct, improve, and equip capital improvements and issue negotiable or nonnegotiable general obligation bonds for these purposes.

Sec. 29.47.190. VOTE AND NOTICE OF EXISTING INDEBTEDNESS REQUIRED. (a) A municipality may incur general obligation bond debt only after a bond authorization ordinance is approved by a majority vote at an election. Any municipal voter may vote in the bond election, except as otherwise provided by law.

(b) Before a general obligation bond issue election, the governing body shall have published a notice of the total existing bond indebtedness at least once a week for three consecutive weeks. The first notice shall be published at least 20 days before the date of the election. A notice shall include

(1) the current total general obligation bonded indebtedness, including authorized but unsold bonds of the municipality;

(2) the cost of the debt service on the current indebtedness;

(3) the total assessed value of property in the municipality.

Sec. 29.47.200. PAYMENT. (a) The full faith and credit of a municipality are pledged for the payment of principal and interest on general obligation bonds. The municipality may levy ad valorem taxes for payment without limitation of rate or amount to pay or secure the payment of the principal and interest on bonds, regardless of whether the bonds are in default or in danger of default.

(b) General obligation bonds issued for acquiring, constructing,

improving and equipping a municipally owned utility or other revenue-generating enterprise may be additionally secured by a pledge of the revenue derived from operation. Bonds so secured are not subject to a debt limitation imposed by a home rule charter. This subsection applies to home rule and general law municipalities.

ARTICLE 4. REVENUE BONDS.

Sec. 29.47.240. REVENUE BONDS. (a) A municipality may issue negotiable or nonnegotiable revenue bonds for a public enterprise or public corporation of the municipality where the only security is the revenue of the public enterprise or corporation.

(b) A municipality may issue its revenue bonds to finance the purchase of residential mortgage loans. The revenue bonds issued under this subsection are payable solely from the principal and interest of the mortgage loans and from other amounts pledged by the municipality, except the pledge of revenues derived from taxes. Revenue bonds issued under this subsection do not constitute a general obligation of the municipality.

Sec. 29.47.250. NO ELECTION REQUIRED. An election is not required to authorize the issuance and sale of revenue bonds, unless otherwise provided by ordinance.

Sec. 29.47.260. CONSTRUCTION. The prohibitions of AS 37.10.085 do not apply to the issuance of revenue bonds or the use of proceeds from revenue bonds by a home rule or general law municipality.

ARTICLE 5. REFUNDING BONDS.

Sec. 29.47.300. AUTHORIZATION. If a municipality has outstanding general obligation or revenue bonds and the governing body determines that it would be financially advantageous to refund the bonds, the municipality may provide by ordinance or resolution for the issuance of negotiable or nonnegotiable

(1) general obligation refunding bonds; or

(2) revenue refunding bonds.

Sec. 29.47.310. EFFECT OF BONDS. The refunding bonds may take up and refund all or part of outstanding bonds at or before their maturity or redemption date. The governing body may include various series and issues of bonds in a single issue of refunding bonds.

Sec. 29.47.320. NO ELECTION REQUIRED. An election is not required to authorize the issuance and sale of refunding bonds. Their issuance may be authorized and all proceedings with reference to them prescribed by ordinance. However, when it is desirable to use general obligation bonds to refund a revenue bond issue, the governing body shall call an election on the question.

Sec. 29.47.330. PAYMENT OF REFUNDING BONDS. General obligation refunding bonds are payable according to AS 29.47.200. Revenue refunding bonds are payable according to AS 29.47.240.

Sec. 29.47.340. SALE OF REFUNDING BONDS. General obligation or revenue refunding bonds may, at the discretion of the governing body, be exchanged for the bonds being refunded, or may be sold at public or private sale. They may be issued and delivered at any time before the date of maturity or redemption of the refunded bonds.

ARTICLE 6. MISCELLANEOUS PROVISIONS.

Sec. 29.47.390. OTHER MUNICIPAL FINANCING. (a) A municipality may authorize by ordinance or resolution the issuance of negotiable or nonnegotiable revenue bonds to finance any project that serves a public purpose, and the bonds shall be secured and payable from any source except revenues, including tax revenue, of the municipality.

(b) Bonds issued under this section are not a debt or liability of the municipality and do not create or constitute an indebtedness, liability, or obligation of the municipality, nor do they constitute a

pledge of faith, credit, or taxing power of the municipality. Each bond must contain on its face a statement that the municipality is not obligated to pay the principal or the interest on the bonds except from those sources indicated, and that neither the faith and credit nor the taxing power of the municipality is pledged to the payment of principal or interest on the bond.

(c) A municipality may

(1) loan the proceeds of the bonds issued under this section;

(2) pledge, mortgage or assign money, leases, agreements, property, or other assets of the project being financed;

(3) enter into covenants and agreements concerning bonds issued under this section that the municipality determines to be desirable;

(4) provide for any matter that affects the security of the bonds.

(d) In this section

(1) "bonds" means bonds, notes, or other evidence of indebtedness;

(2) "project" includes but is not limited to commercial, manufacturing, agricultural, industrial, residential housing, recreation, tourism, and medical projects and programs.

Sec. 29.47.400. SALE. Bonds and notes issued under this chapter may be sold at either public or private sale by the municipality in the manner and at the price it determines.

Sec. 29.47.410. FORMS AND TERMS. The municipality may by ordinance or resolution fix the date, denominations, maturities, rate or rates of interest, redemption terms, registration privileges, manner of execution, signatures required, purchase price, manner of sale, and other requirements for issuing bonds or notes under this chapter. If an

official whose signature appears on the bonds or coupons ceases to be an official before delivery of the bonds, his signature is valid as if he had remained in office until delivery.

Sec. 29.47.420. INTEREST RATE. The interest rate payable on a bond or note issued under this chapter shall be determined by the municipality and is not subject to the usury rate limitations of AS 45.-45.010.

Sec. 29.47.430. REDEMPTION BEFORE MATURITY. A bond or note issued under this chapter may be made subject to redemption before maturity as stated in the authorization or in the bond or note.

Sec. 29.47.440. BOROUGH INDEBTEDNESS. (a) A borough may incur indebtedness

(1) on an areawide basis for areawide functions; or

(2) on a nonareawide basis for functions performed only in the borough area outside all cities; or

(3) on a service area basis for functions performed only in a service area.

(b) Payment of debt principal and interest as well as other costs shall be derived from the area incurring the debt under (a)(2) or (a)(3) of this section, except that the full faith and credit of the entire borough may be pledged to guarantee payment of principal and interest.

(c) If the bonded debt to be incurred by a borough is an areawide debt, the vote is areawide. If the full faith and credit of the entire borough is pledged for the payment of the debt of the borough area outside all cities or of a service area, an areawide election is held and the proposition must pass both areawide and in the area that will benefit from the improvement. If the bonded indebtedness to be incurred is limited to the borough area outside all cities, the vote is limited to voters outside all cities. If the indebtedness to be incurred is

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

official whose signature appears on the bonds or coupons ceases to be an official before delivery of the bonds, his signature is valid as if he had remained in office until delivery.

Sec. 29.47.420. INTEREST RATE. The interest rate payable on a bond or note issued under this chapter shall be determined by the municipality and is not subject to the usury rate limitations of AS 45.-45.010.

Sec. 29.47.430. REDEMPTION BEFORE MATURITY. A bond or note issued under this chapter may be made subject to redemption before maturity as stated in the authorization or in the bond or note.

Sec. 29.47.440. BOROUGH INDEBTEDNESS. (a) A borough may incur indebtedness

(1) on an areawide basis for areawide functions; or

(2) on a nonareawide basis for functions performed only in the borough area outside all cities; or

(3) on a service area basis for functions performed only in a service area.

(b) Payment of debt principal and interest as well as other costs shall be derived from the area incurring the debt under (a)(2) or (a)(3) of this section, except that the full faith and credit of the entire borough may be pledged to guarantee payment of principal and interest.

(c) If the bonded debt to be incurred by a borough is an areawide debt, the vote is areawide. If the full faith and credit of the entire borough is pledged for the payment of the debt of the borough area outside all cities or of a service area, an areawide election is held and the proposition must pass both areawide and in the area that will benefit from the improvement. If the bonded indebtedness to be incurred is limited to the borough area outside all cities, the vote is limited to voters outside all cities. If the indebtedness to be incurred is

limited to a service area, the vote is limited to voters in the service area. Only the full faith and credit of the area voting on the indebtedness is pledged for the payment of the debt.

(d) The indebtedness of a municipality reclassified under AS 29.-04.040 is not affected by reclassification. All property in a municipality that is reclassified remains subject to taxation to amortize bonded or other indebtedness affecting the municipality and authorized on the effective date of reclassification.

Sec. 29.47.450. SERVICE AREA DEBT. The indebtedness of a service area acquired under AS 29.47.440 remains the indebtedness of the area that incurred the debt, notwithstanding a subsequent court determination that the service area was not validly formed under law or by virtue of a defect in the proceedings creating the service area. All property in the service area remains subject to taxation to pay the bonded indebtedness.

* Sec. 14. AS 29 is amended by adding a new chapter to read:

CHAPTER 55. MUNICIPAL PROGRAMS.

Sec. 29.55.010. CREATION OF LOCAL HISTORICAL DISTRICT COMMISSIONS. The governing body of a municipality may establish a local historical district commission or designate the planning commission or itself to serve as the historical district commission.

Sec. 29.55.020. ESTABLISHMENT OF HISTORICAL DISTRICTS. (a) In addition to existing municipal authority providing for the preservation, protection, and maintenance of historic sites, the local historical district commission, in consultation with the Historic Sites Advisory Committee in the Department of Natural Resources, may establish a historical district in the boundaries of the municipality.

(b) A historical district shall be a reasonably compact area of historical significance in which two or more structures important in

state or national history, and related by physical proximity or historical association, are located. For purposes of this section, "structures important in state or national history" means properties recommended by historical district commissions that are listed in the National Register of Historic Places or are characteristic of the Russian-American period before October 18, 1867, the early territorial period before 1930, or early Native heritage, reflecting the indigenous characteristics of Native culture in Alaska. On recommendation of the governing body of a municipality and the Historic Sites Advisory Committee, the Department of Natural Resources may by regulation formulate additional criteria for the establishment of historical districts not inconsistent with this subsection.

(c) The establishment of a historical district under this section shall be consistent with any applicable comprehensive plan for the municipality.

* Sec. 15. AS 29 is amended by adding a new chapter to read:

CHAPTER 60. STATE PROGRAMS.

ARTICLE 1. MUNICIPAL TAX RESOURCE EQUALIZATION.

Sec. 29.60.010. STATE EQUALIZATION OF TAX RESOURCES FOR MUNICIPAL SERVICES. (a) During each fiscal year the department shall compute an equalization entitlement for municipal services provided by a taxing unit.

(b) The equalization entitlement computed for a taxing unit is based on the population, relative ability to generate revenue, and local tax burden of the taxing unit and is determined by the application of the formula

Entitlement = P x R

where P = population, and

R = millage rate equivalent, determined by dividing the sum of

the locally generated revenue of the taxing unit by one-tenth of one percent of the full and true value of assessed property of the taxing unit determined under AS 29.60.030(d); however, the per capita property value used under this subsection may not be less than 15 percent of the statewide average per capita full and true assessed property value.

(c) For purposes of this section, locally generated revenue

(1) includes

(A) the actual revenue derived from the levy and collection of local taxes in the taxing unit for municipal services during the preceding fiscal year of the taxing unit;

(B) motor vehicle payments received by the municipality during the preceding fiscal year under AS 28.10.431;

(C) revenue from fees, rentals, leases, penalties, licenses or permits received during the preceding fiscal year by the municipality for a function or service over which it has control, including revenues derived from parks and recreation services, mass transit, offstreet parking, and garbage and solid waste disposal services;

(D) special assessments received during the preceding fiscal year; and

(E) payments received by a municipality from a utility that are in place of taxes levied and collected by the municipality;

(2) excludes

(A) revenue derived from the levy and collection of municipal taxes and appropriated for the operating expenses and debt service of utilities;

(B) revenue from interest earned on investments and from the sale and lease of land or equipment; and

(C) all other revenue from whatever service derived.

Sec. 29.60.020. DETERMINATION OF POPULATION. (a) For purposes of AS 29.60.010 - 29.60.080, the population of a taxing unit shall be determined annually by the latest figures of the United States Bureau of the Census or other population data that, in the judgment of the department, is reliable.

(b) The population of the taxing unit includes the population of any military reservation that is a part of the taxing unit.

Sec. 29.60.030. DETERMINATION OF MILLAGE RATE EQUIVALENT. (a) The department may require a municipality to return a certification, signed by the municipal treasurer or manager and the mayor, that provides an estimate of the locally generated revenue received by the municipality during the preceding fiscal year.

(b) By October 15 of each year, the department shall make an initial determination of the millage rate equivalent of each taxing unit to be used for computing and distributing equalization entitlements for the current fiscal year under AS 29.60.010 - 29.60.080. The department shall base the initial determination on the estimates in the certification returned by a municipality under (a) of this section.

(c) As early as possible, but not later than December 15 of each year, the department shall make a final determination of the millage rate equivalent of each taxing unit to use to compute and distribute equalization entitlements under AS 29.60.010 - 29.60.080. The department shall base the determination on audits, financial statements and other financial reports prepared and submitted by a municipality. The department shall adjust the locally generated revenue reported by a municipality to exclude the municipal revenue claimed that does not qualify for inclusion in or recognition as locally generated revenue for municipal purposes under AS 29.60.010(c)(1). The adjustment shall be

made by deducting from total revenue claimed by the municipality the amount of the department's estimate of revenue that is not recognized for municipal purposes.

(d) The full and true assessed property value shall be determined by the department in the manner provided for the computation of state aid to education under AS 14.17.140. When the determination of locally generated revenue includes revenue of a utility received under AS 29.-60.010(c)(1)(E), the full and true assessed property value shall include the computed assessed value of the utility, determined by dividing the amount of the payment in place of taxes made by the utility by the millage rate that would apply to the utility if the utility were subject to levy and collection of taxes under AS 29.45.

(e) In addition to the computation for municipalities that levy and collect a property tax, the department shall determine an estimated full and true assessed property value under (d) of this section for

(1) each municipality that is a school district and that does not levy and collect a property tax;

(2) each second class city with a population of 750 or more persons; however, a computation is not required under this paragraph more often than once during a period of three successive calendar years; and

(3) all other second class cities, by determining the average per capita full and true assessed property value of all cities having a population of less than 750 persons in which an assessment has been completed by a municipality or for which a determination is not made under (1) or (2) of this subsection.

(f) The department shall annually compute a statewide average per capita full and true assessed property value.

Sec. 29.60.040. REPORTS. A payment of an equalization entitlement

may not be made to a municipality under AS 29.60.010 - 29.60.080 until the municipality has submitted its certificate of estimated revenue and its financial report to the department for the fiscal year preceding the year for which the equalization entitlement is sought, together with a budget for the municipality's current fiscal year. The financial report shall include a listing of general revenue collected from taxes levied and assessed and any other revenue that, in the opinion of the municipal officials, is eligible for inclusion in computations of the locally generated revenue of the taxing unit.

Sec. 29.60.050. LIMITATION ON COMPUTATION AND USE OF PAYMENTS. (a) An equalization entitlement generated by the tax levy of a taxing unit may be used only for authorized expenditures of that taxing unit, but up to 15 percent of the payment of an equalization entitlement generated by areawide revenue of a municipality may be used by the municipality for areawide or nonareawide purposes at the discretion of its governing body. This subsection applies to home rule and general law municipalities.

(b) An equalization entitlement determined with reference to revenue other than revenue obtained from the levy and collection of taxes may be used for areawide or nonareawide purposes, at the discretion of the governing body.

Sec. 29.60.060. TAX EQUALIZATION ACCOUNT. The tax equalization account is established. Money to carry out the provisions of AS 29.60.-010 - 29.60.080 shall be allocated by the department to the account. The amount allocated to the account shall be fully distributed by the department as payments to municipalities to fulfill each share authorized under AS 29.60.010. The amount allocated to the account shall be distributed by the department pro rata among eligible municipalities.

Sec. 29.60.070. ADMINISTRATION. (a) The department may adopt

regulations necessary to implement AS 29.60.010 - 29.60.080. The regulations shall include, among other provisions,

(1) procedures and filing dates for submitting certification and financial reports;

(2) procedures for obtaining information required to compute and determine the municipality's millage rate equivalent; and

(3) procedures by which the department shall notify a municipality in writing of the reasons for a proposed disallowance or adjustment of any factor bearing upon the determination of the municipality's entitlement and by which the municipality will be provided reasonable time in which to respond or to challenge the department's determination.

(b) The department shall make reasonable efforts to advise and assist municipalities in collecting information and completing reports necessary for the determination of entitlements under AS 29.60.010 - 29.60.080.

(c) The department shall, by regulation, classify for inclusion or exclusion as a component of a municipality's millage rate equivalent under AS 29.60.010 any tax revenue appropriated for a utility not included in the definition set out in AS 29.60.080(4).

Sec. 29.60.080. DEFINITIONS. In AS 29.60.010 - 29.60.080

(1) "taxing unit" means a municipality and

(A) in a borough or unified municipality, a service area or the entire area outside cities;

(B) in a city, a differential tax zone;

(2) "utility" means electric, water, sewer, gas heat, telephone, or refuse and garbage collection service.

ARTICLE 2. STATE AID FOR MISCELLANEOUS PURPOSES.

Sec. 29.60.100. REVENUE SHARING PAYABLE. In addition to the equalization entitlements paid under AS 29.60.010 - 29.60.080, during

each fiscal year the department shall pay aid

(1) to a municipality or other eligible recipient that has the power to provide the services described in AS 29.60.030 - 29.60.070 and exercises the power in the manner required by AS 29.60.100 - 29.60.-180;

(2) to an unincorporated community under AS 29.60.140.

Sec. 29.60.110. STATE AID TO MUNICIPALITIES FOR ROADS. (a) The department shall pay to a municipality that has power to provide for road maintenance and exercises that power, $2,500 a mile for each mile of road, street, or highway maintained by the municipality, excluding (1) the official state highway system, (2) roads, streets, or highways not dedicated to public use, (3) roads, streets, or highways maintained under the local service road program (AS 19.30.111 - 19.30.251), and (4) alleyways, in accordance with regulations adopted by the Department of Transportation and Public Facilities. A payment may not be made under this subsection for maintenance of a road that is not used by automotive equipment.

(b) A frozen waterway and a connection from an inhabited area to a waterway that may be safely used for public transportation by automotive equipment and is so used during a portion of a year is eligible for a payment of $1,500 per mile if the waterway and connection are maintained during the period of use by a municipality or combination of municipalities. The department, after consultation with the Department of Transportation and Public Facilities, shall determine which waterways and connections qualify and, where the waterways or connections lie outside the corporate limits of a municipality, which municipalities shall receive the payments under this subsection, unless the municipalities involved have agreed in writing to a particular distribution.

Sec. 29.60.120. STATE AID TO MUNICIPALITIES AND OTHER ELIGIBLE

RECIPIENTS FOR HEALTH FACILITIES AND HOSPITALS. (a) The department shall pay

(1) to a municipality that has the power to provide hospital facilities and services and that exercises that power, $1,000 per bed for each bed actually used for patient care, limited to the number of beds provided for in the construction design of the hospital, or $250,000 a hospital for those hospitals with 10 or more beds, or $50,000 a hospital for those hospitals with less than 10 beds, as the municipality may elect; money received under this paragraph may be used only for hospitals and shall be apportioned among qualifying hospitals as the municipality determines;

(2) on the basis set out in (1) of this subsection to a municipality for a nonprofit hospital not operated by a municipality if the municipality first certifies to the department that the nonprofit hospital is in compliance with all standards for hospitals that have been adopted by the municipality; money may not be paid on behalf of a nonprofit hospital without this certification; payments to the municipality shall be transferred to the nonprofit hospital in accordance with the basis by which the payment was generated by the hospital, and shall be applied to the annual cost of operation and maintenance of the hospital or for the provision of health care service at the hospital as the directors of the hospital determine;

(3) to a municipality in which a health facility is operated, $2,000 per bed for each bed actually used for patient care, limited to the number of beds provided for in the construction design of the health facility, or $8,000 per health facility as the municipality determines.

(b) A hospital may not receive payment under both (a)(1) and (a)(2) of this section.

(c) Money received by a municipality under (a)(3) of this section

shall be used for expenses of health services or operation and maintenance of health facilities as the municipality determines.

(d) Before money may be distributed under this section, the commissioner of health and social services shall certify to the commissioner of community and regional affairs that any accumulation of assets by nonprofit corporations or other recipients under this section is dedicated irrevocably to a public purpose.

(e) Subsections (a) and (c) of this section apply to home rule and general law municipalities.

Sec. 29.60.130. STATE AID TO VOLUNTEER FIRE DEPARTMENTS NOT IN ORGANIZED MUNICIPALITY. (a) The department shall pay to a volunteer fire department registered with the state fire marshal and serving an area not in an organized municipality a sum for protection purposes equal to $10 per capita for the population served by the fire department, as determined by the state fire marshal.

(b) A grant shall be made under (a) of this section to facilitate the organization of a volunteer fire department in an area not in an organized municipality, upon application of the proposed fire protection group to the state fire marshal and upon approval of applications according to standards of organization and service prescribed by regulations adopted by the state fire marshal.

Sec. 29.60.140. STATE AID TO UNINCORPORATED COMMUNITIES. The state shall pay $25,000 to each unincorporated community to be used for a public purpose. An entitlement under this section shall be paid to an organization located in the unincorporated community that is able to provide public services to the unincorporated community as determined by regulation of the department. The department may not pay an entitlement under this section to an organization with sovereign immunity unless the organization waives sovereign immunity on a form provided by the Depart-

ment of Law. In this section

(1) "organization" means a nonprofit corporation, nonprofit association, or other nonprofit organization;

(2) "unincorporated community" means a community with 25 or more residents that is not a municipality and that is located in the unorganized borough.

Sec. 29.60.150. POPULATION DETERMINATION. For purposes of AS 29.-60.100 - 29.60.180, population shall be determined by the latest figures of the United States Bureau of the Census or other reliable population data, including but not limited to public school enrollment figures, public utility connection, registered voters, or certified employment payrolls.

Sec. 29.60.160. AREA COST-OF-LIVING DIFFERENTIAL. (a) Payments to a municipality or other eligible recipient under AS 29.60.110 - 29.60.120 shall reflect area cost-of-living differentials. Payments shall be based on the sum of per capita, per mile and per bed or facility grants due each municipality or other recipient multiplied by the appropriate area cost-of-living differential. The area cost-of-living differential for each recipient shall be determined annually by election district under the provisions of AS 39.27.030. Application of the area cost-of-living differential may not result in distribution of an amount less than the amount of the payment determined without reference to application of this section.

(b) The election districts used to establish area cost-of-living differentials under (a) of this section are those designated by the proclamation of reapportionment and redistricting of December 7, 1961, and retained for the house of representatives by proclamation of the governor September 3, 1965.

Sec. 29.60.170. MISCELLANEOUS SERVICES ACCOUNT. The miscellaneous

services account is established. Money to carry out the provisions of AS 29.60.100 - 29.60.180 shall be allocated by the department to the account in accordance with AS 29.60.280. If amounts in the account are insufficient to pay each municipality's or other recipient's share authorized under AS 29.60.100 - 29.60.180, the amounts that are available shall be distributed pro rata among eligible municipalities and other recipients.

Sec. 29.60.180. REGULATIONS. The department shall adopt regulations necessary to carry out the purposes of AS 29.60.100 - 29.60.180. The regulations shall include minimum standards required to qualify a municipality or other recipient for payments for each service. The department may require a municipality or other recipient to submit a performance report adequate to demonstrate to the department that a service for which payment is requested under AS 29.60.100 - 29.60.180 was performed by the municipality or other recipient and meets minimum standards of service prescribed by regulation.

ARTICLE 3. STATE AID FOR HOSPITAL AND HEALTH FACILITY CONSTRUCTION.

Sec. 29.60.230. STATE AID FOR HOSPITAL AND HEALTH FACILITY CONSTRUCTION. (a) If construction of a hospital began after January 1, 1968, or if construction of a health facility began after January 1, 1980, and before July 1, 1980, and state matching aid for construction approved for payment to a municipality or other hospital or health facility sponsor constitutes less than 25 percent of the total project cost, the department shall pay to the municipality or other hospital or health facility sponsor each fiscal year $2,500 a bed for the maximum number of beds provided for in the construction design of the hospital or health facility or five percent of the total project cost, whichever is greater. State aid provided for in this section shall continue until

the municipality or other hospital or health facility sponsor has received an amount that, combined with state matching money for construction of the hospital or health facility, equals 25 percent of the total project cost. Money received for construction may not be used for any other purpose.

(b) In this section "total project cost" means

(1) costs directly related to the project; and

(2) the total of all costs of financing and carrying out the project, including but not limited to,

(A) the costs of all necessary studies, surveys, plans and specifications, architectural, engineering or other special services, acquisition of real property, site preparation and development, purchase, construction, reconstruction and improvement of real property, and the acquisition of machinery and equipment as may be necessary in connection with the project;

(B) an allocable portion of the administrative and operating expenses of the municipality or other hospital or health facility sponsor;

(C) the cost of financing the project, including interest on bonds issued to finance the project; and

(D) the cost of other items, including any indemnity and surety bonds and premiums on insurance, legal fees, fees and expenses of trustees, depositaries, financial advisors, and paying agents for the bonds issued as the issuer considers necessary.

(c) This section applies to home rule and general law municipalities.

Sec. 29.60.240. HOSPITAL AND HEALTH FACILITY CONSTRUCTION ASSISTANCE ACCOUNT. The hospital and health facility construction assistance account is established. Money to carry out the provisions of AS 29.-

60.230 - 29.60.240 shall be allocated by the department to the account in accordance with AS 29.60.280. If amounts in the account are insufficient to pay each recipient's share authorized under AS 29.60.230 - 29.60.240, the amounts that are available shall be distributed pro rata among eligible recipients.

ARTICLE 4. GENERAL PROVISIONS.

Sec. 29.60.280. ALLOCATION AND DISTRIBUTION. (a) Each year, the department shall allocate money appropriated to the accounts established in AS 29.60.060, 29.60.170, and 29.60.240 in the amounts determined by the legislature.

(b) Money in the miscellaneous services account established in AS 29.60.170 that exceeds the amount required to fully fund distributions authorized by AS 29.60.100 - 29.60.180 shall be reallocated to the tax equalization account established in AS 29.60.060 and distributed according to the provisions of AS 29.60.010 - 29.60.080.

(c) Money in the hospital and health facility construction assistance account established in AS 29.60.240 that exceeds the amount required to fully fund distributions authorized by AS 29.60.230 - 29.60.-240 shall be reallocated to the tax equalization account established in AS 29.60.060 and distributed according to the provisions of AS 29.60.-010 - 29.60.080.

Sec. 29.60.290. QUALIFICATION FOR MINIMUM PAYMENT. (a) A municipality qualifying for an entitlement under AS 29.60.010 - 29.60.080 or 29.60.100 - 29.60.180 shall receive a minimum payment of $25,000 plus an area cost-of-living differential for each fiscal year if

(1) the municipality has conducted a regular election during the fiscal year preceding the year for which payment of an entitlement is authorized by AS 29.60.010 - 29.60.080 or 29.60.100 - 29.60.180 and has reported the results of the election to the commissioner;

(2) regular meetings of the governing body are held in the municipality during the fiscal year preceding the year for which payment of an entitlement is authorized by AS 29.60.010 - 29.60.080 or 29.60.100 - 29.60.180 and a record of the proceedings is maintained;

(3) a municipal budget has been adopted for the fiscal year during which payment of an entitlement is authorized by AS 29.60.010 - 29.60.080 or 29.60.100 - 29.60.180 and an audit or financial statement for the preceding fiscal year has been prepared and furnished to the department in accordance with AS 29.20.640(a); and

(4) local ordinances adopted by the municipality have been codified in accordance with AS 29.25.050.

(b) The area cost-of-living differential payable to each municipality under this section shall be determined annually by election district under the provisions of AS 39.27.030. Except as provided in AS 29.60.300, application of the area cost-of-living differential may not result in a payment that is less than the minimum payment determined under (a) of this section. For purposes of this subsection, the election districts used are those designated by the proclamation of reapportionment and redistricting of December 7, 1961, and retained for the house of representatives by proclamation of the governor September 3, 1965.

(c) The department shall pay to each municipality eligible to receive a minimum payment under this section an amount equal to the difference between the minimum payment determined under (a) and (b) of this section and the sum of the amounts payable for the same fiscal year under AS 29.60.010 - 29.60.080 and 29.60.100 - 29.60.180.

(d) A payment under this section may be prorated and reduced under AS 29.60.300.

(e) Payments under this section shall be made from the money

allocated to the tax equalization account established in AS 29.60.060.

Sec. 29.60.300. PRORATION OF PAYMENTS. (a) Payments under AS 29.-60.290 and 29.60.010 - 29.60.180 shall equal the amount allocated to the tax equalization account (AS 29.60.060), adjusted in accordance with AS 29.60.280.

(b) Adjustments of payments shall be determined by prorating amounts payable under AS 29.60.290 and amounts payable under AS 29.-60.010 - 29.60.180 by a factor that, when applied, reduces all payments in equal proportion so that payment under AS 29.60.290 and payments under AS 29.60.010 - 29.60.180 equal the amount allocated to the tax equalization account established in AS 29.60.060.

Sec. 29.60.310. DEFINITIONS. In this chapter

(1) "health facility"

(A) means a facility is licensed, when required, by the state under AS 18.20.010 - 18.20.130 and that is owned or operated or both by a municipality or by a nonprofit corporation or other nonprofit sponsor;

(B) includes a public health center, maternity home, community mental health center, facility for the mentally or physically handicapped, nursing home, or convalescent center;

(C) excludes a facility operated or wholly supported by the state or the federal government;

(2) "hospital" means a licensed hospital determined by the Department of Health and Social Services to be a general hospital; the term excludes a facility operated or wholly supported by the state or the federal government.

* Sec. 16. AS 29 is amended by adding a new chapter to read:

CHAPTER 65. GENERAL GRANT LAND.

Sec. 29.65.010. DETERMINATION OF ENTITLEMENT OF BOROUGHS AND

UNIFIED MUNICIPALITIES. The general grant land entitlement of each of the municipalities in this section is the amount set out opposite each:

(1) Municipality of Anchorage - 44,893 acres;

(2) City and Borough of Juneau - 19,584 acres;

(3) City and Borough of Sitka - 10,500 acres;

(4) Bristol Bay Borough - 2,898 acres;

(5) Fairbanks North Star Borough - 112,000 acres;

(6) Haines Borough - 2,800 acres;

(7) Kenai Peninsula Borough - 155,780 acres;

(8) Ketchikan Gateway Borough - 11,593 acres;

(9) Kodiak Island Borough - 56,500 acres;

(10) Matanuska-Susitna Borough - 355,210 acres;

(11) North Slope Borough - 89,850 acres.

Sec. 29.65.020. DETERMINATION OF ENTITLEMENT FOR CITIES. The general grant land entitlement of a city formerly eligible to receive general grant land under the provisions of AS 29.18.190 and 29.18.200 is 10 percent of the maximum total acreage of vacant, unappropriated, unreserved land in the boundaries of each city at any time between the initial date of eligibility under former AS 29.18.190 and 29.18.200 and July 1, 1978. Within six months after July 1, 1978, the director shall determine the entitlement for each city eligible to receive general grant land under this section and certify that entitlement to the city.

Sec. 29.65.030. DETERMINATION OF ENTITLEMENT FOR NEWLY INCORPORATED MUNICIPALITIES. (a) The general grant land entitlement of a municipality incorporated after July 1, 1978, is 10 percent of the total acreage of vacant, unappropriated, unreserved land within the boundaries of the municipality on the date of its incorporation.

(b) Within six months after the date of incorporation of a municipality that is incorporated after July 1, 1978, the director shall

determine the entitlement of each municipality eligible to receive general grant land under (a) of this section and certify the entitlement to the municipality.

Sec. 29.65.040. STATUS OF ENTITLEMENTS. (a) After July 1, 1978, general grant land entitlements provided in AS 29.65.010 and 29.65.020 are vested property rights that must be fulfilled as provided in AS 29.-65.050 or 29.65.080.

(b) General grant land entitlements provided by AS 29.65.030 are property rights that vest on the date of incorporation of the municipality. The entitlement must be fulfilled as provided in AS 29.65.050.

(c) Land may be selected or nominated for selection by a municipality to satsify a general grant land entitlement under AS 29.65.010 and 29.65.020 at any time before October 1, 1980. However, if a municipal selection or nomination or a part of a municipal selection or nomination is rejected by the director, the municipality may, not later than 90 days after receipt of the director's rejection, select additional state land as necessary to satisfy its entitlement.

(d) Land may be selected by a municipality to satisfy a general grant land entitlement under AS 29.65.030 at any time within one year after the director certifies the entitlement to the municipality.

(e) The time limitations imposed by (c) and (d) of this section for exercising a vested general grant land entitlement do not apply to

(1) the portion of an entitlement that cannot be satisfied by that date because of a shortage of land suitable for residential, commercial, and industrial purposes that is vacant, unappropriated, unreserved land;

(2) payments for land deficiency under AS 29.65.080;

(3) the portion of an entitlement that cannot be satisfied because the land selected by a municipality has been selected by a party

entitled to select land owned by the United States or the state; or

(4) the portion of an entitlement that cannot be satisfied because the land nominated for selection by the municipality is not tentatively approved for patent to the state.

Sec. 29.65.050. FULFILLMENT OF LAND ENTITLEMENTS. (a) The acreage of each municipality's land selections for which patent has been issued before July 1, 1978, shall be credited toward fulfillment of the entitlement of that municipality.

(b) All approved selections under former AS 29.18.190 and 29.18.200 for which patent has not been issued to a municipality on July 1, 1978, shall be reviewed by the director within nine months after July 1, 1978. Any approved selection of land that was vacant, unappropriated, or unreserved on the date of selection is valid as of the date of the approval under former AS 29.18.190 and 29.18.200, and a patent shall be issued to the municipality within three months after approval by the director of a plat of survey. The acreage shall be credited toward fulfillment of the municipality's entitlement. A municipality is not entitled to receive patent under this chapter to more than its entitlement determined under AS 29.65.010 - 29.65.030. Any prior approval by the director of municipal selections for land that was not vacant, unappropriated, or unreserved on the date of selection shall be rescinded, and patent may not be issued except when disposal to a third party by sale or lease has occurred. Transfers of land to municipalities under this chapter are subject to AS 38.05.321. Classification actions as reflected on the land status records of the Department of Natural Resources are determinative of land classification status for purposes of this chapter.

(c) The director shall approve each selection for patent within nine months of its selection by a municipality, and a patent shall be

issued to the municipality for land selected in satisfaction of a general grant land entitlement vested under AS 29.65.010 - 29.65.030 within three months after approval by the director of a plat of survey.

Sec. 29.65.060. SCHOOL, UNIVERSITY, AND MENTAL HEALTH LAND. (a) If an entitlement determined in AS 29.65.010 or 29.65.020 results in a per capita entitlement for the municipality of less than one and one-half acre, the municipality may select vacant school, university, or mental health land in the municipality in partial fulfillment of its land entitlement under this chapter. School, university, or mental health land may be selected notwithstanding the fact that these lands are not unappropriated and unreserved within the meaning of this chapter and under former AS 29.18.190 and 29.18.200, but each selection of school, university, or mental health land by a municipality must be vacant, unappropriated, or unreserved land as defined in this chapter, except that it need not be general grant land.

(b) The acreage of school, university, or mental health land, if any, in a municipality may not be included in the determination of entitlement under AS 29.65.010 or 29.65.020.

(c) Land conveyed under this section will be credited against a municipality's remaining land entitlement under this chapter.

(d) Within six months after approval of a municipal selection of school, university, or mental health land, the director shall identify state general grant land of approximately equal value to the land requested by the municipality and shall propose the replacement land for the concurrence of the appropriate board. If a proposal by the director is rejected by the board, the director shall meet with the board as often as necessary to determine the type and amount of equal value replacement land that would be required to obtain the board's concurrence, and shall propose the replacement land for consideration by the

board. The replacement land shall thereafter be managed for the purposes for which the land selected by the municipality was acquired by the Territory and State of Alaska.

(e) The notice and review provisions of AS 38.05.305 and 38.05.345 apply to the designation of other general grant land as school, university, or mental health land in replacement of land selected under this section. The provisions of AS 38.50 and AS 38.05.032 do not apply to such designations under this section. The provisions of AS 38.05.-030(a), 38.05.030(e), and 38.05.035(a)(13) that require the approval of the respective trust board before disposal of land by the director do not apply to selections of school, university, or mental health land by a local government under this section.

(f) For purposes of determining the per capita entitlement under (a) of this section, the population of a municipality shall be the population determined by the commissioner under former AS 43.18.010 for the program year beginning July 1, 1978, for a municipality whose entitlement is determined under AS 29.65.010.

Sec. 29.65.070. SELECTION AND CONVEYANCE PROCEDURE. (a) If land selected by a municipality is unsurveyed at the time of approval, the director shall survey, or may approve the municipality's survey of, the exterior boundaries of an approved selection without interior subdivision, and shall issue patent in terms of the exterior boundary survey. The cost of the survey shall be borne by the municipality. If land selected by a municipality has been surveyed at the time of its selection, the boundaries shall conform to the public land subdivisions established by the approved survey.

(b) The director may approve municipal selections of land that have been tentatively approved or patented to the state by the federal government, but he may not issue patent to a municipality until the land

has first been patented to the state. After approval of a selection by the director, but before patent to a municipality, the municipality may execute conditional leases and make conditional sales only with the consent of the director. Conditional sales and conditional leases made before July 1, 1978, do not require the consent of the director.

(c) Nothing in this chapter affects a valid existing claim, location, or entry under the laws of the state or the United States whether for homestead, mineral, right-of-way, or other purposes. Nothing in this chapter affects the rights of an owner, claimant, locater, or entryman to the full use and enjoyment of the land so occupied.

Sec. 29.65.080. PAYMENT FOR LAND DEFICIENCY. (a) The Alaska municipal land account is established in the general fund for the following purposes:

(1) providing payment to the boroughs and unified municipalities designated in AS 29.65.010 for a deficiency of land physically suitable for residential, commercial, or industrial purposes; or

(2) providing payment to the boroughs and unified municipalities designated in AS 29.65.010 for certain general grant lands selected by the state and conveyed to a Native corporation under the provisions of the Alaska Native Claims Settlement Act.

(b) A municipality shall receive payment for its land deficiency from the municipal land account. A municipality is eligible to receive payment for land deficiency if, after July 1, 1980, the amount of land selected by a municipality that is physically suitable for residential, commercial, or industrial purposes amounts to less than one-third acre per capita. Any entitlement under AS 29.65.010 that is less than one-third acre per capita will, for the purposes of this subsection, be considered a land deficiency. An unselected remaining entitlement will, for the purpose of deficiency payment under this subsection, be con-

sidered as land physically suitable for residential, commercial, or industrial purposes. A municipality eligible under this subsection is entitled to receive a payment for land deficiency equal to $1,000 per acre for a number of acres equal to the difference between one-third of the population of the municipality less the number of acres physically suitable for residential, commercial or industrial purposes that has been selected by the municipality. For the purpose of this subsection, the population of the municipality shall be the population determined in accordance with AS 29.65.060(f). No payment may be made to a municipality under this subsection in excess of $9,000,000.

(c) If a municipality selected vacant, unappropriated, unreserved land on or before December 18, 1971, to which the state had received tentative approval or patent, and that land was also selected by a Native corporation organized under the Alaska Native Claims Settlement Act (P.L. 92-203), and title to that land is ultimately vested in that Native corporation, the municipality may, at its option, request payment for land deficiency from the municipal land account. The acceptance of payment under this subsection by a municipality constitutes a relinquishment of any other right, title, or claim to the land by that municipality. The total payment to a municipality under this subsection may not exceed $1,000 per acre to a maximum of 8,000 acres.

(d) The governor shall annually submit to the legislature a request for an appropriation to the municipal land account for the municipalities that have elected to receive payments under (b) or (c) of this section. The request for appropriation shall distinguish between amounts necessary to make payments for land deficiency under (b) of this section and those required to make payments for land deficiency under (c) of this section.

(e) For purposes of fulfilling entitlements under this section,

the legislature is authorized to appropriate

(1) not more than $4,000,000 per fiscal year, and not more than $12,000,000 in total, for the purpose of paying entitlements under (b) of this section;

(2) not more than $1,000,000 per fiscal year, and not more than $8,000,000 in total, for the purpose of paying entitlements under (c) of this section.

(f) If an annual appropriation is not sufficient to meet the amount due to all municipalities that have elected to accept payment for land deficiency under (b) or (c) of this section, the governor shall apportion the appropriation among the municipalities in proportion to the payment calculated for each municipality for that year. When a distribution of payments is made under (c) of this section, the remaining entitlement of a municipality to which payment is made shall be reduced in an amount equal to the number of acres for which payment was received. An appropriation made under this section is in addition to other grants and entitlements authorized to eligible municipalities.

(g) Payments authorized by this section may not be made to a municipality eligible for an entitlement under AS 29.65.020 or 29.65.030.

(h) Payments made under this section shall be used by a municipality that levies property taxes to reduce the levy in proportion to the amount of state payments received by the municipality for a given fiscal year. The governing body of each municipality shall furnish a notice with the tax statement describing the effect on property tax levies of payments received under this section.

Sec. 29.65.090. AUTHORIZATION FOR LAND EXCHANGES. The director, with the concurrence of the commissioner, and a municipality are authorized to exchange land or interests in land when it is in the public interest. Land or interests in land exchanged under this section must

be of approximately equal value, including the nonmonetary value of public benefits. Exchange procedures shall comply with applicable law and municipal ordinances. The notice and review provisions of AS 38.-05.305 and 38.05.345 apply to exchanges of land under this section. The provisions of AS 38.50 do not apply to exchanges of land under this section.

Sec. 29.65.100. PUBLIC PURPOSE AND EXPANSION NEEDS. (a) Consistent with the best interests of the state, if a municipality does not contain and cannot reasonably acquire sufficient nonfederal land within its boundaries to meet its legitimate needs for public or private settlement or development, it shall be the policy of the state to select federal land reasonably necessary to meet the needs of the municipality and to make the land selected available to the municipality under AS 38.-05.315 or (b) of this section.

(b) Where state land is the most logical location for demonstrated municipal expansion for nonpublic settlement and development purposes, and when an exchange of land under AS 29.65.090 is not possible or is not in the public interest, it is the policy of the state to sell or lease the land at public auction. The state may contract with a municipality to act as its agent in an auction of state land under applicable statutes. When a municipality acts as the agent of the state in an auction, the municipality may retain from the proceeds of the auction the expenses that the director determines to be necessary and reasonable.

(c) Nothing in this chapter limits or impairs the authority of the director to transfer land to municipalities, without limit or consideration, for public purposes in accordance with AS 38.05.315. If there is a remaining entitlement of the municipality, land transferred under AS 38.05.315 shall be credited toward fulfillment of the entitlement.

Sec. 29.65.110. ELECTION OF BENEFITS. (a) A municipality that on July 1, 1978, is engaged in litigation, or that becomes engaged in litigation, regarding a claim to state land under former AS 29.18.190 and 29.18.200 shall elect either to obtain the benefits provided in this chapter or to pursue the litigation and waive any claim to entitlement under this chapter. An election shall be made by filing a motion for dismissal with prejudice in the court in which the litigation is pending. If the claim involves a municipality identified in AS 29.65.010, the municipality shall file its motion for dismissal within 60 days after July 1, 1978. If a claim involves a city eligible to receive an entitlement under AS 29.65.020 the city shall file its motion for dismissal within 60 days after receiving the certificate of entitlement provided by the director under AS 29.65.020. Failure of the municipality to file a motion for dismissal during the time period provided in this subsection is considered a waiver of entitlement under this chapter.

(b) A municipality that was eligible to file land selections under former AS 29.18.190 and 29.18.200 and that does not enter into litigation over a claim to rights under those sections before the expiration of the time period within which it could make an election under (a) of this section is considered to have elected to receive benefits under this chapter and to have waived any claim that might have been raised under former AS 29.18.190 and 29.18.200.

(c) The provisions of this chapter do not affect the rights of a party to litigation regarding the former AS 29.18.190, 29.18.200 or 29.18.420 maintained by a municipality that has elected not to obtain the benefits provided by this chapter.

Sec. 29.65.120. ADMINISTRATION. The commissioner of natural resources may adopt regulations in accordance with the Administrative Procedure Act (AS 44.62) necessary to carry out the purposes of this

chapter.

Sec. 29.65.130. DEFINITIONS. In this chapter, unless the context otherwise requires,

(1) "approved selection" means a municipal land selection that has been approved in writing by the director for transfer by patent to a municipality;

(2) "director" means the director of the division of lands, Department of Natural Resources, or his designee;

(3) "general grant land" means land patented or tentatively approved to the state from the United States under sec. 6(a) or (b) of the Alaska Statehood Act;

(4) "mental health land" means land granted under Title II, sec. 202 of P.L. 84-830, as amended before or after July 1, 1978;

(5) "municipal land selection" means a request by a municipality, filed in writing with the director under authority of former AS 29.18.190 and 29.18.200 or under this chapter for vacant, unappropriated, unreserved general grant land within its municipal boundaries in partial fulfillment of its municipal entitlement;

(6) "patent" means a document, issued by the director to a municipality for a previously approved selection, that conveys and quitclaims all the right, title, and interest of the state without reservation or condition except as may be required by law;

(7) "remaining entitlement" means the general grant land entitlement determined in accordance with this chapter, reduced by the total acreage of approved selections, including both patented and unpatented parcels;

(8) "school land" means those rectangular sections 16 and 36 within each township surveyed on or before January 3, 1959, and confirmed and transferred to the State of Alaska upon its admission under

sec. 6(k), Alaska Statehood Act, 72 Stat. 339, and any other land designated solely for school revenues;

(9) "university land" means all sections 33 reserved to the university under 38 Stat. 1214, as amended (48 U.S.C. 353) and all land granted to or reserved for the benefit of the university;

(10) "vacant, unappropriated, unreserved land" means general grant land as defined in (4) of this section, excluding minerals as required by sec. 6(i) of the Alaska Statehood Act, that

(A) has not been set aside by statute for one or more particular uses or purposes;

(B) has not been approved for patent to a municipality under this chapter or former AS 29.18.190 and 29.18.200; or

(C) is unclassified or, if classified under AS 38.05.-300, is classified for agricultural, grazing, commercial, industrial, private recreational, residential, utility, or open-to-entry purposes, or is classified in accordance with an agreement between a municipality and the state providing for state management of land of the municipality.

Sec. 29.65.140. APPLICATION. This chapter applies to home rule and general law municipalities.

* Sec. 17. AS 29 is amended by adding a new chapter to read:

CHAPTER 71. GENERAL PROVISIONS.

Sec. 29.71.010. ADVERSE POSSESSION. A municipality may not be divested of title to real property by adverse possession.

Sec. 29.71.020. DEDICATION OF MUNICIPAL PROPERTY. Dedication of streets, rights-of-way, easements or other areas for public use may not be construed to require the municipality to maintain, improve or provide for municipal services in the area dedicated and the dedication does not impose any liability on the municipality for the condition of the area

dedicated.

Sec. 29.71.030. TAXATION OF MUNICIPALITIES. No state law or regulation may assess or tax, or be construed to assess or tax, a municipality unless the law or regulation expressly provides that the municipality is to be assessed or taxed by the particular law or regulation.

Sec. 29.71.040. DEFINITIONS. In this title, unless otherwise provided or the context otherwise requires,

(1) "areawide" means throughout a borough, both inside and outside all cities in the borough;

(2) "assembly" means the governing body of a borough;

(3) "borough" means a general law first or second class borough or a home rule borough;

(4) "city" means a general law first or second class city or a home rule city;

(5) "commissioner" means the commissioner of community and regional affairs;

(6) "consolidation" means dissolution of two or more municipalities and their incorporation as a new municipality;

(7) "council" means the governing body of a city;

(8) "department" means the Department of Community and Regional Affairs;

(9) "election" means a regular or special municipal election and does not include a state election;

(10) "governing body" means the legislative body of a municipality that is the assembly of a borough or the council of a city;

(11) "majority" means a simple majority;

(12) "merger" means dissolution of a municipality and its absorption by another municipality;

(13) "municipality" means a political subdivision incorporated

under the laws of the state that is a home rule or general law city, a home rule or general law borough, or a unified municipality;

(14) "nonareawide" means throughout the area of a borough outside all cities in the borough;

(15) "owner" or "record owner" means the owner of record or purchaser of record as shown in the records of the district recorder;

(16) "personal property" means tangible property other than real property, such as merchandise, stock in trade, machinery, equipment, furniture, fixtures, vehicles, boats, and aircraft;

(17) "property" means real and personal property;

(18) "published" means appearing at least once in a newspaper of general circulation distributed in the municipality or, if there is no newspaper of general circulation distributed in the municipality, posting in three public places for at least five days;

(19) "real property" means land and improvements, all possessory rights and privileges appurtenant to the property, and includes personal property affixed to the land or improvements;

(20) "regular election" means the municipal election held on the first Tuesday of October annually, or on a different date or interval of years provided by ordinance or charter;

(21) "special election" means a municipal election and does not include a regular election or a state election;

(22) "street" includes streets, avenues, boulevards, roads, lanes, alleys, and other ways;

(23) "subdivision" means the division of a parcel of land into two or more lots or other divisions for the purpose of sale or building development, includes resubdivision, and relates to the process of subdividing or to the land subdivided;

(24) "unified municipality" means a municipality unified in

accordance with AS 29.06.190 - 29.06.410;

(25) "voter" means a United States citizen who is qualified to vote in state elections, has been a resident of the municipality for 30 days immediately preceding the election, is registered to vote in state elections, and is not disqualified under art. V of the state constitution.

* Sec. 18. AS 01.10.060 is amended by adding a new paragraph to read:

(15) "municipality" means a political subdivision incorporated under the laws of the state that is a home rule or general law city, a home rule or general law borough, or a unified municipality.

* Sec. 19. AS 09.55.275 is amended to read:

Sec. 09.55.275. REPLAT APPROVAL. No agency of the state or municipality may acquire property located within a municipality exercising the powers conferred by AS 29.40.070 - 29.40.160 that [AS 29.33.-150 - 29.33.245 WHICH] results in a boundary change unless the agency or municipality first obtains from the municipal platting authority preliminary approval of a replat showing clearly the location of the proposed public streets, easements, rights-of-way, and other taking of private property. Final approval of replat shall be similarly obtained. However, if a state agency clearly demonstrates an overriding state interest, a waiver to the approval requirements of this section may be granted by the governor. The platting authority shall treat applications for replat made by state or local governmental agencies in the same manner as replat petitions originated by private landowners.

* Sec. 20. AS 09.65.070(e)(1) is amended to read:

(1) "municipality" means a home rule borough or city, a general law borough or city of any class, or a unified municipality [ESTABLISHED UNDER AS 29.68.240 - 29.68.440, OR A MUNICIPALITY ESTABLISHED BY MERGER OR CONSOLIDATION UNDER AS 29.68.030 - 29.68.110]; the

term includes a public corporation established by a municipality;

* Sec. 21. AS 14.08.071(b) is amended to read:

(b) Except for the first election of regional school members under (a) of this section, elections [ELECTION] shall be held annually on the first Tuesday in October. Elections shall be supervised by the director of elections in the office of the lieutenant governor, but shall be administered within second class cites as part of the regular municipal election. The lieutenant governor shall adopt [PROMULGATE] regulations for the conduct of the election of regional school board members comparable, as far as practicable, to those prescribed for election of school board members under AS 14.12 and AS 29.20.300 [AS 29.28] except that the majority election requirements of AS 29.26.060 [AS 29.28.040] do not apply to, nor may the regulations require runoff elections for, the first election of regional school board members under (a) of this section or, if a school board by resolution so requests, to subsequent elections in the regional educational attendance area served by that school board.

* Sec. 22. AS 14.08.081 is amended to read:

Sec. 14.08.081. RECALL. The members of a regional school board are subject to recall in accordance with AS 29.26.240 - 29.26.360 [AS 29.28.130 - 29.28.250], except that the director of the division of elections shall perform the functions of a municipal clerk, and the lieutenant governor shall perform the functions of the assembly or council under those sections.

* Sec. 23. AS 14.12.030(c) is amended to read:

(c) The [NOTWITHSTANDING THE] provisions of (a) and (b) of this section do not apply if [, WHERE] the [BOROUGH] assembly serves as the school board of the borough school district [UNDER AS 29.41.020 THE NUMBER OF MEMBERS OF THE ASSEMBLY-SCHOOL BOARD SHALL BE DETERMINED IN

THE MANNER PRESCRIBED BY AS 29.23.020].

* Sec. 24. AS 14.12.110 is amended to read:

Sec. 14.12.110. SINGLE BODY AS ASSEMBLY AND SCHOOL BOARD. Notwithstanding the provisions of this chapter or other law, a single body may serve as both the [BOROUGH] assembly and [BOROUGH] school board in the manner provided for third class boroughs under AS 29.20.300(b) [AS 07.17.030], if

(1) an [A BOROUGH] ordinance for that purpose is approved by the assembly and ratified by a referendum of a majority of the qualified borough voters voting on the question at a regular or special election; [,] and

(2) [IF] the public school population within the borough is 500 pupils or less.

* Sec. 25. AS 14.14.020 is amended to read:

Sec. 14.14.020. BOND REQUIRED. Before the officer responsible for custody [OF], investment, or management of school district money enters upon the duties of office, the district, or the municipality if the treasury is centralized, shall obtain a bond with sufficient sureties in an amount equal to the money that may come into the officer's official custody, but not to exceed $50,000. The bond shall be conditioned on the officer's honest and faithful disbursement and accounting of all money that may come into his official custody. The bond shall be filed with the clerk of the school board. This section does not apply to an officer who has been bonded under AS 29.20.610 [AS 29.23.520].

* Sec. 26. AS 14.14.050(d) is amended to read:

(d) The school board shall not make the audit if an audit that [WHICH] satisfies the requirements of this section and that [WHICH] is filed and posted as required by this section [,] is made according to AS 29.35.110 [AS 29.48.220].

* Sec. 27. AS 14.17.140(a) is amended to read:

(a) To determine the equalized percentage to be applied to basic need under AS 14.17.021, and the matching ratio for required local effort under AS 14.17.071, the Department of Community and Regional Affairs, in consultation with the assessor for each district, shall determine the full value of the taxable real and personal property in each district. Exemptions granted under ch. 129, SLA 1957, known as the Alaska Industrial Incentive Act (AS 43.25), shall be honored. If there is no local assessor or current local assessment for a district, then the Department of Community and Regional Affairs shall make the determination of full value from information available. In making the determination, the Department of Community and Regional Affairs shall be guided by AS 29.45.110 [AS 29.53.060]. The determination of full value shall be made before October 1 and sent by certified mail, return receipt requested, before that date to the president of the school board in each district. Duplicate copies shall be sent to the commissioner. The governing body of the municipality that [BOROUGH OR CITY WHICH] is the district may obtain judicial review of the determination by filing a motion in the superior court of the judicial district in which the district is located within 30 days after receipt of the determination. The superior court may modify the determination of the Department of Community and Regional Affairs only upon a finding of abuse of discretion or upon a finding that there is no substantial evidence to support the determination.

* Sec. 28. AS 15.13.010(a) is amended to read:

(a) This chapter applies in every election for governor, lieutenant governor, a member of the state legislature, a delegate to a constitutional convention, or judge seeking electoral confirmation. It also applies to every candidate for election to a municipal office in a

municipality [CITY OR BOROUGH] with a population of more than 1,000 inhabitants according to the latest United States census figures or estimates of population certified as correct for administrative purposes by the Department of Community and Regional Affairs. A municipality may exempt its elected municipal officers from the requirements of this chapter if a majority of the voters voting on the question at a [ANY] regular election, as defined by AS 29.71.040(20) [AS 29.78.010(14)], or a special municipality-wide election called for that purpose, vote to exempt its elected municipal officers from the requirements of this chapter. The question of exemption from the requirements of this chapter may be submitted by the governing body [CITY COUNCIL OR BOROUGH ASSEMBLY] by ordinance or by initiative election [ORDINANCE]. Nothing in this chapter prohibits a municipality from regulating by ordinance campaign contributions and expenditures.

* Sec. 29. AS 15.56.110(b)(2) is amended to read:

(2) a borough assemblyman under AS 29.20.170(6) [AS 29.23.-060(c)];

* Sec. 30. AS 15.56.110(b)(3) is amended to read:

(3) a borough mayor under AS 29.20.280(6) [AS 29.23.130(f)];

* Sec. 31. AS 15.56.110(b)(4) is amended to read:

(4) a city councilman under AS 29.20.170(6) [AS 29.23.-210(b)];

* Sec. 32. AS 15.56.110(b)(5) is amended to read:

(5) a city mayor under AS 29.20.280(6) [AS 29.23.255];

* Sec. 33. AS 16.20.036(g) is amended to read:

(g) The establishment of a refuge under this section does not impair or alter existing rights of a municipality [BOROUGH OR CITY] to state land selected [SELECT STATE LAND] under former AS 29.18.190 - 29.18.200.

* Sec. 34. AS 16.20.038(g) is amended to read:

(g) The establishment of a refuge under this section does not impair or alter existing rights of a municipality [BOROUGH OR CITY] to state land selected [SELECT STATE LAND] under former AS 29.18.190 - 29.18.200.

* Sec. 35. AS 18.26.250(2) is amended to read:

(2) municipality [MUNICIPAL CORPORATION OR POLITICAL SUBDIVISION OF THE STATE AS THE TERMS ARE USED IN AS 29];

* Sec. 36. AS 18.80.290(d) is amended to read:

(d) The governing [LEGISLATIVE] body of a general law or home rule municipality has the authority under AS 29.20.320 [AS 29.48.035] to grant to local commissions powers and duties similar to those exercised by the Alaska Human Rights Commission under the provisions of this Act.

* Sec. 37. AS 19.30.241(2) is amended to read:

(2) "home rule city" means a city as defined in AS 29.04.010 [AS 29.08.010];

* Sec. 38. AS 19.30.241(3) is amended to read:

(3) "local government" means an organized borough of any class, a unified municipality [ORGANIZED UNDER AS 29.68.240 - 29.68.440], a home rule city, or a first class city [OF THE FIRST CLASS];

* Sec. 39. AS 23.30.005 is amended by adding a new subsection to read:

(m) The board shall adopt regulations that permit two or more municipalities to form an employer group for the purpose of providing self-insurance under this chapter.

* Sec. 40. AS 26.23.230(5) is amended to read:

(5) "political subdivision" means a home rule or general law borough or city [, WHETHER HOME RULE OR OTHERWISE,] including a unified municipality [MUNICIPALITIES UNIFIED UNDER AS. 29.68.240 - 29.68.440], an unincorporated village, or other unit of local government;

* Sec. 41. AS 28.15.051(d) is amended to read:

(d) The department may issue a special driver's permit to a person who is at least 14 years of age with the consent of his parents or guardians for the purpose of driving a motor-driven cycle. This permit may be issued upon application and successful completion of all prescribed tests and fees, and is valid for the same period of time as a driver's license. The permit is not valid in a municipality that [WHICH] by ordinance prohibits the driving of a motor-driven cycle by a person under the age of 16 years; a borough may adopt the ordinance on a nonareawide basis only, unless the power to adopt it on an areawide basis is acquired under AS 29.35.300 - 29.35.330 or former AS 29.33.250 - 29.33.290.

* Sec. 42. AS 38.04.020(b)(1) is amended to read:

(1) land nominated for selection or selected by a municipality to satisfy a general grant land entitlement under AS 29.65 or former AS 29.18.201 - 29.18.213;

* Sec. 43. AS 38.04.020(e)(4) is amended to read:

(4) for preliminary feasibility studies, engineering design work, and construction of access roads and capital improvements required by municipal subdivision ordinance or regulation of the platting authority [BOARD UNDER AS 29.33.150]; if an accurate determination of the amounts necessary for access roads or capital improvements cannot be made at the time the estimate is submitted, a schedule for obtaining the estimates, constructing the access roads or capital improvements, and disposing of the land shall be submitted;

* Sec. 44. AS 38.04.021(a) is amended to read:

(a) A municipality may apply for financial assistance for the execution of a land disposal program of general grant land entitlements received from the state under AS 29.65 or former AS 29.18.201 - 29.18.-

213 by submitting a request to the commissioner for inclusion in the request submitted to the legislature under AS 38.04.020(e). A municipality may request financial assistance for expenses of surveying land, designing subdivision plats, installing improvements required by municipal ordinance or regulation of the local platting authority [BOARD], and other reasonable direct costs of land disposal.

* Sec. 45. AS 38.04.021(d) is amended to read:

(d) A grant made under this section may not exceed five times the amount of money appropriated by a first class city, a borough, or a unified municipality [UNIFIED UNDER AS 29.68.240 - 29.68.440] for the disposal of municipal land in the current fiscal year unless the commissioner exempts the municipality from this subsection.

* Sec. 46. AS 38.04.021(e)(2) is amended to read:

(2) a first class city, a borough, or a unified municipality that [UNIFIED UNDER AS 29.68.240 - 29.68.440 WHICH] is exempted by the commissioner under (d) of this section.

* Sec. 47. AS 38.04.900(b) is amended to read:

(b) A municipality has standing to petition the commissioner for the adoption of a regulation, or for the amendment or repeal of an existing regulation, or to appeal a decision of the commissioner with respect to classification, management, or disposal of land made under authority of a regulation adopted under (a) of this section with respect to state land outside the corporate boundaries of the municipality to protect any interest which the municipality is authorized to regulate outside its boundaries under AS 29.35.020 [AS 29.48.037].

* Sec. 48. AS 38.05.127(d) is amended to read:

(d) Upon application by a municipality or an affected owner of land, the department may vacate, release, modify, or relocate an easement and right-of-way for public access to or along navigable or public

waters reserved by the department in a patent issued under AS 29.18.-510 - 29.18.610, AS 29.05, AS 29.65, or former AS 29.18.011 - 29.18.460, [AS 29.18] if the commissioner determines the action is consistent with the public interest.

* Sec. 49. AS 38.05.290(b) is amended to read:

(b) Consistent with the best interests of the state, in the selection of general grant land it is the policy of the state to make available the maximum land area from which municipalities may fulfill land entitlements under AS 29.65 or former AS 29.18.201 - 29.18.213.

* Sec. 50. AS 38.05.321(b) is amended to read:

(b) State land classified as agricultural land that [WHICH] has been selected by a municipality under former AS 29.18.190 - 29.18.200 or former AS 29.18.205(e) may be approved by the director for patent under AS 29.65.050(c) or former AS 29.18.205(f); however, only rights in the land for agricultural purposes may be transferred and all other interests in the land will remain with the state. Agricultural land approved for patent to a municipality [UNDER AS 29.18.205(f)] shall be credited, acre for acre, toward fulfillment of that municipality's entitlement under AS 29.65.010 - 29.65.030 or former AS 29.18.201 - 29.18.203. If the director later determines it to be in the best interests of the state to transfer some or all of the additional rights in that approved or patented agricultural land, those rights shall pass without consideration to the municipality in which the land is located. The notice and review provisions of [AS 38.05.305 AND] AS 38.05.345 are applicable to conveyance of rights under this section.

* Sec. 51. AS 38.05.321(c) is amended to read:

(c) The provisions of this section do not apply to state land classified as agricultural land which has been selected by a municipality under the provisions of former AS 29.18.190 - 29.18.200 if the

selection is an approved selection before April 1, 1978 and is otherwise valid under AS 29.65.050(b) or former AS 29.18.205(b).

* Sec. 52. AS 38.05.362(b) is amended to read:

(b) Nothing in this section affects the selection rights of a municipality [BOROUGH OR CITY] under former AS 29.18.190 - 29.18.200 for areas selected as of July 1, 1977, or a valid existing claim, location, or entry under law, as of July 1, 1976.

* Sec. 53. AS 39.50.145 is amended to read:

Sec. 39.50.145. PARTICIPATION BY MUNICIPALITIES. A municipality may exempt its municipal officers from the requirements of this chapter if a majority of the voters voting on the question at a [ANY] regular election, as defined by AS 29.71.040(20) [AS 29.78.010(14)], or a special municipality-wide election, vote to exempt its municipal officers from the requirements of this chapter. The question of exemption from the requirements of this chapter may be submitted by the city council or borough assembly by ordinance or by initiative election [ORDINANCE].

* Sec. 54. AS 39.50.200(a)(6) is amended to read:

(6) "municipal officer" includes a borough or city mayor, borough assemblyman, city councilman, school board member, elected utility board member, city or borough manager, members of a city or borough planning or zoning commission within a home rule or general law city or borough or [INCLUDING BUT NOT LIMITED TO] a unified municipality [UNDER AS 29.68];

* Sec. 55. AS 40.15.075 is amended to read:

Sec. 40.15.075. AUTHORITY IN THE UNORGANIZED BOROUGH AND THIRD CLASS BOROUGHS. The division of lands is the platting authority in the area outside organized boroughs and outside cities in the unorganized borough and in the third class borough for only the purposes of hearing

tions under AS 45.98.040; recommend, if appropriate, the formulation of additional criteria for the designation of historical districts under AS 29.55.020(b) [AS 29.48.110(b)]; approve plans for and evaluate the suitability of specific structures for purposes of loan eligibility and continuance under the historical district revolving loan fund (AS 45.98); and consult with the Department of Commerce and Economic Development relative to the adoption of regulations for historical district loans under AS 45.98.

* Sec. 59. AS 43.18.430 is amended to read:

Sec. 43.18.430. POWER OF MUNICIPALITY. A municipality may own, maintain and employ a facility constructed under AS 43.18.400 - 43.18.-460. The exercise of this power on an areawide basis is at the option of the borough and is not subject to the restrictions on acquiring additional areawide powers in AS 29.35.300 - 29.35.330 [AS 29.33.250 - 29.33.290].

* Sec. 60. AS 43.18.500(d)(2)(A) is amended to read:

(A) has the authority under AS 29.35 [AS 29.41 OR AS 29.-48] to provide and maintain a cultural facility;

* Sec. 61. AS 43.56.010(b) is amended to read:

(b) A municipality may levy and collect a tax under AS 29.45.080 [AS 29.53.045] at the rate of taxation that applies to other property taxed by the municipality. The tax shall be levied at a rate no higher than the rate applicable to other property taxable by the municipality. No municipality may exempt from taxation property authorized to be taxed under this chapter. Exemptions shall be limited to those in AS 29.-45.030, 29.45.050, [AS 29.53.020 AND AS 29.53.025] and AS 43.56.020.

* Sec. 62. AS 43.56.010(c) is amended to read:

(c) If the total value of assessed property of a municipality taxing under AS 29.45.080(c) [AS 29.53.045(c)] exceeds the product of

225 percent of the average per capita assessed full and true value of property in the state (to be determined by the department and reported to each municipality by January 15 of each year) multiplied by the number of residents of the taxing municipality, the department shall designate the portion of the tax base against which the local tax may be applied. For purposes of this subsection the average per capita assessed full and true value of property in the state shall be calculated without regard to the assessed value of taxable property under AS 43.58.

* Sec. 63. AS 43.56.010(d) is amended to read:

(d) A tax paid to a municipality under AS 29.45.080 [AS 29.53.045] on or before June 30 of the tax year shall be credited against the tax levied under (a) of this section for that tax year. If, however, a tax is not paid to a municipality until after June 30 of the taxable year, the department upon application shall refund to the taxpayer the amount of tax paid to the municipality under AS 29.45.080 [AS 29.53.045]. The credit or refund of taxes paid to a municipality may not exceed the total amount of tax levied by the department upon the taxpayer for the tax year, under (a) of this section.

* Sec. 64. AS 43.56.060(a) is amended to read:

(a) The department shall assess property for the tax levied under AS 43.56.010(b) and AS 29.45.080 [AS 29.53.045] on property used or committed by contract or other agreement for use for the pipeline transportation of gas or unrefined oil or for the production of gas or unrefined oil at its full and true value as of January 1 of the assessment year.

* Sec. 65. AS 43.75.130(1) is amended to read:

(1) to each unified municipality [UNIFIED UNDER AS 29.68.-240 - 29.68.440,] and to each city located in the unorganized borough,

50 percent of the amount of tax revenue collected in the municipality from taxes levied by AS 43.75;

* Sec. 66. AS 44.07.360(8) is amended to read:

(8) "municipality" means a home rule or general law city or borough including but not limited to the capital city and a unified municipality [ORGANIZED UNDER AS 29.68.240 - 29.68.440];

* Sec. 67. AS 44.08.065(c) is amended to read:

(c) A property owner aggrieved by determination of his assessment may appeal under AS 29.45.190 [AS 29.53.130 - 29.53.135].

* Sec. 68. AS 44.08.065(d) is amended to read:

(d) All adjustments in valuation approved by the board of equalization are subject to review and final approval by the commissioner. A property owner may appeal the final determination in accordance with AS 29.45.210 [AS 29.53.140].

* Sec. 69. AS 44.83.162(m) is amended to read:

(m) For purposes of (c) of this section, the number of residents of the community equals the number of residents of the community determined by the Department of Community and Regional Affairs in accordance with AS 29.60.020 [AS 29.88.015].

* Sec. 70. AS 44.85.270(i) is amended to read:

(i) All references to the "reserve fund" in this section include special accounts within the reserve fund which may be created by the authority to secure the payment of particular bonds, including, without limitation, bonds issued by the capital city established under AS 29.-14.010 [AS 29.18.510]. The commissioner of revenue may lend surplus money in the general fund to the authority for deposit to any account in the reserve fund in an amount equal to the required debt service reserve. The loans shall be made on such terms and conditions as may be agreed upon by the commissioner of revenue and the authority, including,

without limitation, terms and conditions providing that the loans need not be repaid until the obligations of the corporation secured and to be secured by the account in the reserve fund are no longer outstanding.

* Sec. 71. AS 44.85.410(3)(A) is amended to read:

(A) a general obligation bond that [WHICH] is a direct and general obligation of a political subdivision of the state, all the taxable property within which is subject to taxation to pay the bond, note or evidence of debt, and the interest without limitation, as to rate or amount generally to the extent permitted by law or to avoid a default as provided for second class cities under AS 29.45.590 [AS 29.53.410]; or

* Sec. 72. AS 44.85.410(3)(D) is amended to read:

(D) a bond of a borough issued as a general obligation of a service area under AS 29.47.440 or former AS 29.58.340; [.]

* Sec. 73. AS 45.98.020 is amended to read:

Sec. 45.98.020. HISTORICAL DISTRICT LOANS. Upon endorsement and plan approval by a local historical district commission established under AS 29.55.010 or former AS 29.48.108 and the recommendation of a majority of the members of the Historic Sites Advisory Committee, the Department of Commerce and Economic Development may make loans to a person, firm, business or municipality subject to applicable laws for the restoration, improvement, rehabilitation, or maintenance of a structure that [WHICH] is

(1) within the boundaries of a historical district established under AS 29.55.020 or former AS 29.48.110;

(2) identified as important in state or national history as provided for in AS 29.55.020(b) or former AS 29.48.110(b); and

(3) another building or structure within a historical district, and suitable for superficial modification so that it can conform

to the period or motif of the surrounding buildings or structures that are the reason for the area's designation as a historical district.

* Sec. 74. AS 46.03.210(a) is amended to read:

(a) A municipality with a population in excess of 1,000 may, within five years from August 5, 1969, establish and administer within its jurisdiction an air pollution control program. Organized boroughs may establish an air pollution control program on an areawide basis, and the exercise of powers with respect to the program is not subject to the restrictions on acquiring additional areawide powers specified in AS 29.35.300 - 29.35.330 [AS 29.33.250 - 29.33.290]. Local programs shall

(1) provide by ordinance for requirements compatible with those imposed by the provisions of AS 46.03.140 and 46.03.170 and applicable regulations;

(2) provide for the enforcement of the requirements imposed through appropriate administrative and judicial processes;

(3) provide for a local administrative organization, staff, and other resources necessary to effectively carry out the purposes of the program; and

(4) be approved by the department as being satisfactory to meet the requirements of AS 46.03.140 - 46.03.170 and the applicable regulations.

* Sec. 75. AS 46.11.040(3)(A) is amended to read:

(A) is constructed under an exception to the municipal building code granted because the exception will result in increased energy efficiency [UNDER AS 29.33.080(g)];

* Sec. 76. AS 46.11.900(8) is amended to read:

(8) "state financial assistance" means a loan, grant, guarantee, insurance, payment, rebate, subsidy, or other form of state assis-

tance (other than aid under AS 29.60 [AS 29.88, AS 29.89, AS 29.90, AS 29.95] and AS 43.18) including the purchase by a state agency of a loan to finance the construction of a new residential, commercial, or industrial building;

* Sec. 77. AS 46.35.200(3) is amended to read:

(3) "local government" means a city or borough including a unified municipality [UNIFIED UNDER AS 29.68.240 - 29.68.440];

* Sec. 78. AS 46.40.140(h) is amended to read:

(h) Members of coastal resource service area boards are subject to recall on the same grounds and in the same manner as provided for recall of municipal officials in AS 29.26.240 - 29.26.350 [AS 29.28.130 - 29.28.250]. The lieutenant governor functions in place of the assembly or council and municipal clerk for receipt and review of recall petitions and the conduct of recall elections.

* Sec. 79. AS 46.40.210(2)(A) is amended to read:

(A) unified municipalities [ESTABLISHED UNDER AS 29.-68.240 - 29.68.440];

* Sec. 80. AS 47.35.010(b) is amended to read:

(b) The department shall, within 90 days after receiving a written request that it do so, delegate its powers relating to nurseries under this section and under AS 47.35.040, 47.35.050 and 47.35.060 to a municipality which has adopted an ordinance providing for day care licensing under home rule powers or as authorized under AS 29.35.200 - 29.35.210 [AS 29.48.035(a)(20)]. A municipality to which these powers have been delegated may waive or modify any regulation or standard established by the department under the authority of AS 47.35.010 - 47.35.080 as it applies to nurseries or the application of any such regulation or standard as it applies to a particular day care licensee but must notify the department of any waiver.

* Sec. 81. The following laws are repealed: AS 04.11.340(4), 04.11.-400(c); AS 04.21.080(11); AS 14.56.065(b), 14.56.180(3); AS 15.13.130(6); AS 18.55.950(10); AS 24.55.330(3); AS 28.35.260(10); AS 29.08; AS 29.13; AS 29.18.011 - 29.18.460; 29.18; AS 29.23; AS 29.28; AS 29.33; AS 29.38; AS 29.41; AS 29.43; AS 29.48; AS 29.53; AS 29.58; AS 29.63; AS 29.68; AS 29.-73; AS 29.78; AS 29.88; AS 29.89; AS 29.90; AS 29.95; AS 30.15.070(3); AS 30.30.170(2); AS 35.15.080(3), 35.15.120(3); AS 42.06.630(6); AS 43.18.-500(j)(6); AS 43.56.210(8); AS 44.47.310(5); and AS 44.85.410(4).

* Sec. 82. A right or liability of a municipality existing on July 1, 1982, is not affected by the enactment of this Act. Ordinances and regulations in effect on July 1, 1982, remain in effect unless they conflict with provisions of this Act. Ordinances and regulations in effect on July 1, 1982, that conflict with provisions of this Act remain in effect for 180 days after July 1, 1982. The terms of elected or appointed municipal officials in office on July 1, 1982, are not affected by this Act, and their terms expire as provided before July 1, 1982.

* Sec. 83. This Act takes effect July 1, 1982.