

CSSB

50

HOUSE COMMITTEE REPORT

(11)

Date referred: 5/15/87

FURTHER REFERRALS:

DATE: 2-8-88

The Finance Committee has considered CSSB 50(Rls)am

"An Act relating to dissolution of a municipality."

RECOMMENDS:

- replace with _____ the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

[Signature]
[Signature]
[Signature]
N. MARK BOYER
[Signature]
[Signature]
[Signature]
[Signature]
[Signature]
[Signature]

SIGNING OTHER RECOMMENDATIONS:

[Signature] No Rec
[Signature] No Rec
[Signature] No Recommendation
[Signature] No Rec.
[Signature]
[Signature]
[Signature]
[Signature]

[Signature]
Chairman's signature

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: CSSB 50
PUBLISH DATE: 3/11/87

FISCAL NOTE

REQUEST:

Revision Date: 1/29/88
Title: An Act relating to dissolution of a municipality.
Sponsor: SENATE C&RA
Requestor: House Finance

Agency Affected: _____
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL SUPPLIES	6.5	6.5	6.5	6.5	6.5	6.5
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	6.5	6.5	6.5	6.5	6.5	6.5

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	6.5	6.5	6.5	6.5	6.5	6.5
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

These figures are estimates based on no more than two such elections in a fiscal year in communities no larger than 1000 voters. These funds would cover costs for advertising, ballot printing, posters, election officials and boards, etc. necessary in the conduct of the elections. Logistics and costs related to the absorption of these communities into REAA jurisdictions and special elections which would

Prepared by: Linda Edgeworth Phone: 465-4611
Division: Division of Elections Date: _____

Approved by Commissioner: [Signature] Date: 2-1-88
Agency: Office of the Governor

Distribution (by preparer): 2/1/88

Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

Continuation of Fiscal Note
Division of Elections

CSSB 50 - An Act relating to dissolution of a municipality.

result from such transitions are not included in this fiscal note. Nor are the continuing costs of elections for these communities for annual REAA elections which would be conducted each October.

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: "An Act relating to dissolution
of a municipality"
Sponsor: Senator Binkley
Requestor: Senate C&RA

Agency Affected: Community & Regional Affairs
BRU: Local Government Assistance
Components: Local Boundary Commission

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Jim Plasman, Deputy Director
Division: Municipal & Regional Assistance

Phone: 465-4750
Date: 1-19-88

Approved by Commissioner: Howard G. Hoff
Agency: Community & Regional Affairs

Date: 1-14-88

Distribution (by preparer):

Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

Original sponsor: Binkley

1 IN THE SENATE BY THE RULES COMMITTEE

2 CS FOR SENATE BILL NO. 50 (Rules) am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to dissolution of a municipality."

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

8 * Section 1. AS 29.06.470(a) is amended to read:

9 (a) Except as provided in (b) of this section, voters of a
10 municipality may petition for dissolution when the municipality is
11 free of debt, or, if in debt, each of its creditors is satisfied with
12 a method of repayment and

13 (1) the municipality [IT] no longer meets the minimum
14 standards prescribed for incorporation by AS 29.05, or former AS 29.-
15 18.030 if it is a third class borough; [OR]

16 (2) the municipality ceases to use each of its mandatory
17 powers; or

18 (3) the dissolution petition filed under AS 29.06.460 is
19 signed by a number of voters of the municipality proposed to be
20 dissolved greater than 50 percent of the number of votes cast in the
21 last general election in that municipality.

22 * Sec. 2. AS 29.06.500(a) is amended to read:

23 (a) If the Local Boundary Commission determines that a munic-
24 ipality fails to meet the standards for dissolution, it shall reject
25 the petition. If the commission determines that the municipality
26 meets the standards under AS 29.06.470(a)(1) or (2), it shall accept
27 the petition. If the commission determines that the municipality
28 meets the standards under AS 29.06.470(a)(3) and that dissolution of
29 the municipality is in the best interest of the state, it shall accept

1 the petition.

2 * Sec. 3. AS 29.06.510(a) is amended to read:

3 (a) The Local Boundary Commission shall immediately notify the
4 director of elections of its acceptance of a dissolution petition.
5 Within 30 days after notification, the director of elections shall
6 order an election in the municipality to determine whether the voters
7 desire dissolution. The election must be held at least 30 and not
8 more than 90 days after the election order unless such timing would
9 cause the election to be held between May 1 and November 1. If the
10 director of elections receives notification after April 1, but before
11 October 1, the election shall be held within 60 days after November 1.
12 A person who is a voter of the municipality may vote in the dissolu-
13 tion election.

14 * Sec. 4. AS 29.06.510(c) is amended to read:

15 (c) The director of elections shall certify the election re-
16 sults. If dissolution is approved by a number of voters greater than
17 50 percent of the number of people registered to vote in the munici-
18 pality, the director of elections shall declare that the municipality
19 is dissolved effective on the date of certification.

20 * Sec. 5. AS 29.06.520 is amended to read:

21 Sec. 29.06.520. SUCCESSION. A municipality [THE GOVERNMENT]
22 succeeding to a dissolved municipality succeeds to all [ITS RIGHTS,
23 POWERS, DUTIES,] assets [,] and liabilities of the dissolved munici-
24 pality. Otherwise, the state succeeds to those assets and liabili-
25 ties. If the state succeeds to a dissolved municipality, the state
26 may enter into a contract for the performance of duties or powers in
27 the area of the dissolved municipality. However, a contract with an
28 organization for the performance of duties or powers entered into
29 under this section does not constitute recognition by the state of

1 governmental powers of that organization.

3.2 CURRENT ISSUES

Legislative: Dissolution-CSSB 50 (Rules) am and CSHB 65 (Judiciary)

Residents and local elected officials of certain cities within Alaska have expressed an interest in dissolving their city governments.

To date, only one formal dissolution attempt has been made. In 1984, residents of the City of Akiachak initiated a petition for the dissolution of their city. The matter was brought before the Commission twice (once upon reconsideration) in 1985.

While the Commission was sympathetic to the desires of the residents of Akiachak, the petition for dissolution was denied in both instances. The Commission found that existing law would not allow the dissolution to occur.

Akiachak appealed the Commission's decision to the State Superior Court. In May of 1987, the court upheld the Commission's decision. The Court's Memorandum of Opinion and Order concludes that "the State has admitted that it requires 'clarification' of the law, but it is so apparent that the law as presently written did not contemplate the specific needs of the City of Akiachak, that this Court wishes to point out by its decision that legislative action is necessary." The matter is currently pending appeal in the Alaska Supreme Court.

In addition to Akiachak, residents or elected officials of a dozen or so other cities have expressed varying degrees of interest in dissolution. Most of these communities are merely examining the consequences of and procedures for

dissolution. However, the Cities of Atmautluak and Kasigluk have demonstrated an intent similar to Akiachak's.

In our 1985 and 1986 reports to the Legislature we expressed our desire that the major public policy issues surrounding municipal dissolution be addressed by the Legislature and the Governor. As a result, legislation was introduced in 1987 addressing the dissolution of municipal governments.

Two bills are currently pending which would give the Commission the flexibility to address this matter. These are *Committee Substitute for Senate Bill 50 (Rules am)*, and *Committee Substitute for House Bill 65 (Judiciary)*. Both bills would permit dissolution upon a determination by the Commission that the action is "in the best interest of the state." Additional provisions would require that: 1) the municipality be free of debt (or have satisfied its creditors with a repayment plan), 2) at least 50 percent of the number of voters petition for dissolution (based upon the number who voted in the last general municipal election) and 3) dissolution be approved at an election by at least 50 percent of the number of people registered to vote in the municipality.

The Senate bill is distinct from the House bill in that it includes an additional section dealing with the disposition of the assets and liabilities of the municipality to be dissolved. The bill provides that such assets and liabilities will be transferred to another municipality or to the State. If the State succeeds the dissolved municipality, it may contract for the performance of services in the area of the dissolved municipality. The bill stipulates, however, that such a contract does not constitute recognition by the State of governmental powers of that organization.

At the close of the First Session of the Fifteenth State Legislature, *CSSB 50 (Rules) am* had passed the Senate and was awaiting action in the House Finance Committee. *CSHB 65 (Judiciary)* was also awaiting action in the House Finance Committee.

On November 4, 1987 the Chairman of the Commission met with a representative of the Akiachak IRA Council, Commissioner of the Department of Community and Regional Affairs, Director of the Municipal and Regional Assistance Division and representatives of the Department of Law to discuss issues surrounding the proposed dissolution of the City of Akiachak. On November 7, 1987 the Commission adopted a formal resolution strongly supporting *CSSB 50 (Rules) am* as the best mechanism for resolving difficulties inherent in current statutes and regulations governing dissolution of municipal governments. The resolution clearly states that the LBC supports this bill.

Among other reasons, the Commission supports this bill because of its progress in the Legislature. On November 12, 1987 the Akiachak IRA Council likewise adopted a resolution in support of *CSSB 50 (Rules) am*. A copy of each resolution is appended to this report as Appendix C.

Legislative: Regional Issues in the Unorganized Borough (SSHB 1)

On several occasions in the past, the Commission has encouraged the Legislature to examine issues relating to service delivery in the Unorganized Borough. In the sense that *Sponsor Substitute for House Bill 1 (SSHB 1)* is generating such an examination, the Commission is pleased to see the discussion that has been initiated by introduction of this bill. The bill provides that any unincorporated

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

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JUNEAU, ALASKA 99811-2100
PHONE: (907) 465-4700
- 949 E. 38TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508-4302
PHONE: (907) 563-1073

January 26, 1988

POSITION PAPER

RE: Committee Substitute for Senate Bill 50 (Rules) am

ORIGINAL SPONSOR: Binkley

Program Effects of Bill:

This bill would alter the existing provisions under which a municipality may be dissolved. Currently, state law provides that voters of a municipality may petition for dissolution when the municipality is free of debt, or if in debt, each of its creditors is satisfied with a method of repayment and the municipality no longer meets the minimum standards for incorporation; or the municipality is free of debt (or has satisfied each of its creditors) and the municipality ceases to use each of its mandatory powers.

This bill would add an additional provision which would permit consideration of dissolution when, in addition to the municipality being free of debt (or having satisfied its creditors), the dissolution petition is signed by a number of voters of the municipality proposed for dissolution which is greater than 50 percent of the number of votes cast in the last general election in that municipality.

This bill provides that if the Local Boundary Commission determines that a dissolution proposal initiated under this new process is in the best interests of the state, it shall approve the petition.

Further, the bill requires that the Director of the Division of Elections shall declare the municipality dissolved if the question of dissolution is approved by a number of voters greater than 50 percent of the number of people registered to vote in the municipality.

In addition to a section specifying conditions on the timing of the dissolution election, a final section of the bill provides for disposition of the assets and liabilities of the dissolved municipality. The bill provides that such assets and liabilities will be transferred to another municipality or to the State. If the State succeeds the dissolved municipality, it may contract for the performance of services in the area of the dissolved municipality. The bill stipulates, however, that such a contract does not constitute recognition by the State of governmental powers of that organization.

Comments:

The authors of the existing municipal dissolution statutes apparently envisioned the need for municipal dissolution only in those cases in which communities essentially ceased to exist (abandoned communities). As a consequence, the existing statutory dissolution standards do not adequately address the situation in which the residents of a "viable" community choose to dissolve their municipal government and return to unincorporated status.

The State Superior Court has observed the bind this creates for those communities wishing dissolution yet who do not meet current standards. In a Memorandum of Opinion and Order issued in the appeal of the LBC's decision denying dissolution of the City of Akiachak, the court concluded that "the State has admitted that it requires 'clarification' of the law, but it is so apparent that the law as presently written did not contemplate the specific needs of the City of Akiachak, that this Court wishes to point out by its decision that legislative action is necessary." [Willie Kasayulie v. Local Boundary Commission, On Appeal, in the Superior Court for the State of Alaska at Bethel, May 28, 1986]

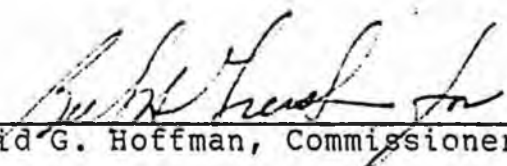
Provisions of the current bill do, in fact, effect this directive and provide the Local Boundary Commission with the flexibility to address this matter. Alterations to existing law created by CSSB 50 (Rules) am provide the mechanics for dissolution of municipal governments who are "viable" governments but who simply desire a return to unincorporated community status. That is, the Commission may approve dissolution if the municipality is free of debt (or has satisfied each of its creditors), the dissolution petition is signed by a number of voters of the municipality proposed for dissolution which is greater than 50 percent of the number of votes cast in the last general election in that municipality and the dissolution is in the best interest of the state.

Certainly the provision for debt repayment is self evident and reasonable in the face of dissolving an entity with the power and authority to incur indebtedness. The requirement for a specified percentage of voter signatures insures that the Commission is apprised of the sentiments of the community's population regarding dissolution. This provision in tandem with the responsibility to determine whether the dissolution is in the best interest of the state permits the Commission the flexibility to examine the circumstances specific to the municipality and to conclude the interests best served by approval of the action (certainly as indicated by the number of voter signatures). Finally, the provision for approval of the action at an election by a number of voters greater than 50 percent of the number of people registered to vote in the municipality simply clarifies and refines existing law.

The Department is not alone in its support of this bill. On November 7, 1987 the Local Boundary Commission adopted a formal resolution strongly supporting CSSB 50 (Rules) am as the best mechanism for resolving difficulties inherent in current statutes and regulations.

Conclusion:

The Department firmly supports CSSB 50 (Rules) am. Up to now the needs of communities desiring dissolution in favor of a return to unincorporated status have not been addressed through statute. This bill clearly speaks to these communities and their particular circumstances.



David G. Hoffman, Commissioner

SENATE

CSSB 50 (Rules) am

LEGISLATIVE INTENT

Existing laws apparently do not permit the dissolution of a city government unless that community suffers drastic reductions in its population or economy. The legislature recognizes that there are other circumstances under which the dissolution of a city government may be warranted. Such circumstances include those where:

1. the residents of community have abandoned their city government;
2. alternative entities exist through which essential services* may be delivered in the absence of city government; and
3. dissolution would not be adverse to the interests of the region in which the city is located and the state (e.g., dissolving primarily to avoid a viable tax base, returning education function to the state).

It may be considered to be in the best interest of the state, under the provisions of Section 2 of this Act, for any city to be dissolved where such circumstances exist.

* Definition of "essential services": Basic municipal services provided for the health, safety, and welfare of the residents, such as police and fire protection services and maintenance of public facilities, e.g., water and waste disposal systems, community buildings, etc.

Adopted 5/14.

Senator John Binkley

Senate Finance Committee
P.O. Box V • Juneau, Alaska 99811 • (907) 465-4985



Finance Committee
Co-Chairman

MEMORANDUM

May 16, 1987

TO: REPRESENTATIVE AL ADAMS

FROM: SENATOR JOHN BINKLEY

Subj: CSSB 50(RIs) am: "An Act relating to the dissolution of a municipality."

Residents and local elected officials of several small cities in Alaska have expressed an interest or desire in dissolving their municipal government. State laws provide standards and procedures for dissolution. However, existing regulations do not specifically address voluntary dissolution of active municipalities.

Existing regulations only pertain to dissolution of a community which effectively ceases to function as a governmental entity. State statutes require that, in order to dissolve, a municipal government must be free of debt and must cease to exercise its mandatory powers or it must be determined to no longer meet the standards of incorporation. Administrative regulations require that all three standards must be met in order for a municipal government to dissolve.

In 1984, residents of the City of Akiachak initiated a petition for the dissolution of their city. The matter was brought before the Alaska Local Boundary Commission twice; however, the Commission denied the petition principally because it found that Akiachak failed to meet two of the standards of dissolution of a municipality: (1) the community did not fall below the minimum standards for incorporation; and (2) the city must cease for two or more consecutive years to exercise virtually any of its municipal powers. The Commission determined that the City of Akiachak continued to function in certain respects (e.g., administration of grants). Akiachak has appealed the Commission's decision to the State Superior Court. ~~The result of the community's action and LBC's decision is that the community lacks any legal status afforded to municipalities under state law, yet is not considered an unincorporated community for the purpose of contracting with the state to provide services to the residents residing in that community.~~

Representative Al Adams
May 16, 1987
Page 2

Section 1 of this bill amends the standards by which the Local Boundary Commission is petitioned by requiring a petition signed by a number of voters of the municipality greater than 50 percent of the number of votes cast in the previous general election in that community.

Section 2 of this bill provides provides that the Local Boundary Commission determines whether the municipality meets the standards for dissolution and the dissolution is "in the best interest of the state."

Section 3 amends Sec. 29.06.510 pertaining to dissolution elections. The dissolution election could not be held between May 1 and November 1. This amendment serves two purposes: (1) given the high standard for the dissolution election (a majority of the number of registered voters in the municipality), it often would not be possible to obtain a turnout large enough to satisfy the election requirements because of conflicts with summer employment such as cannery, fire fighting, and construction, and subsistence activities in rural Alaska; and (2) the dissolution election would not interfere with the regular municipal election; that is, the dissolution issue would be resolved long before the subsequent municipal election.

Section 4 establishes standards for the election process for dissolution by requiring approval by a number of voters greater than 50 percent of the number of people registered to vote in that municipality.

Section 5 provides that a contract entered into between the state and a local entity does not constitute recognition by the state of governmental powers in that organization.

The assets of the dissolved municipality are to be distributed either to another municipality or to the state. If the assets are to remain within the community, the state would enter into contracts regarding the use of the assets with any person or organization, including a nonprofit corporation formed under the laws of the state or a Native council (IRA or traditional) formed under 25 U.S.C. 476. The contracting entity would be required, under existing state regulations, to waive sovereign immunity (if applicable) and be accountable for the use and maintenance of the assets, with a provision in the contract that: (1) the assets be used for a specified purpose; (2) the assets be used to provide services to residents without regard to race, color, creed, religion, or national origin; and (3) the contracting entity is liable for claims arising out of the use or management of the assets.

Senate Bill 50 has a zero fiscal note.

APPENDIX C

A RESOLUTION OF THE ALASKA LOCAL BOUNDARY COMMISSION
CONCERNING LEGISLATION RELATING TO
MUNICIPAL DISSOLUTION

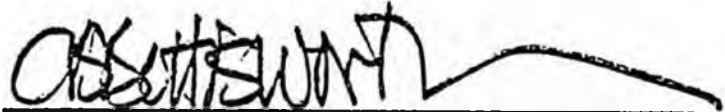
WHEREAS, the Local Boundary Commission has formally expressed its desire that the major public policy issues surrounding municipal dissolution be addressed by the Alaska Legislature; and

WHEREAS, Committee Substitute for Senate Bill No. 50 (Rules) amended addresses the major policy issues of concern to the Local Boundary Commission; and

WHEREAS, the Local Boundary Commission fully supports and endorses CSSB No. 50 (Rules) amended.

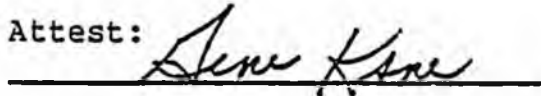
NOW, THEREFORE, BE IT RESOLVED THAT the Alaska Local Boundary Commission urges the Second Session of the Fifteenth Alaska Legislature to consider and adopt CSSB No. 50 (Rules) amended at its earliest opportunity.

APPROVED AND ADOPTED by the Alaska Local Boundary Commission on this 7th day of November, 1987.



C.B. Bettisworth, Chair
Local Boundary Commission

Attest:



STEVE COWPER, GOVERNOR

DEPARTMENT OF LAW

POUCH K - STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3600

OFFICE OF THE ATTORNEY GENERAL

April 20, 1987

The Honorable Jan Faiks
President of the Senate
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Re: CSCB 50 (Finance) (Dissolution
of municipalities)

Dear Senator Faiks:

At your request I have reviewed CSSB 50, relating to dissolution of municipalities. Your particular concern was whether this bill had an effect on Native sovereignty efforts in some communities.

We believed that the original version of SB 50 did have sovereignty implications because of a section that would have permitted the assets of a dissolved municipality to be conveyed to a Native council formed under the Indian Reorganization Act. We conveyed our opinion to the first committee of referral, the C&RA committee, which deleted that section. As it stands now, CSSB 50(Fin) would not alter the present law on disposition of assets of a dissolved municipality. That law requires that the Department of Community and Regional Affairs act as trustee for the assets and administer them on behalf of the entire community, and that if the Department contracts for execution of any of its duties as trustee, the entity carrying out the duties must do so on a nondiscriminatory basis on behalf of the entire public. In short, a Native council cannot succeed to the assets or powers of a municipality. CSSB 50(Fin) retains current law on the subject.

As to the balance of CSSB 50(Fin), we do not believe it would affect the current sovereignty debate. It is true that several villages are looking at dissolution as a first step toward establishment of a Native council as a substitute local government, but we believe that that view

The Honorable Jan Faiks
President of the Senate


April 20, 1987
Page 2

is based on the mistaken assumption that a Native council could succeed to the assets and powers of a state-chartered municipality. Without that possibility, a Native council occupies the same legal position whether or not it coexists with a municipal government: It cannot exercise governmental powers or control public assets. Thus making it easier for a municipality to dissolve, as CSSB 50(Fin), does not make it easier for a Native council to claim governmental or sovereign status.

Please let us know if you have further questions.

Sincerely yours,

GRACE BERG SCHAIBLE
ATTORNEY GENERAL

By: 
Douglas K. Mertz
Assistant Attorney General

DKM/dlm

Original sponsor: Binkley

1 IN THE SENATE

BY THE RULES COMMITTEE

2

CS FOR SENATE BILL NO. 50 (Rules) am

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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FIFTEENTH LEGISLATURE - FIRST SESSION

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A BILL

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Original sponsor: Binkley

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2 CS FOR SENATE BILL NO. 50 (Rules)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - FIRST SESSION

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16 (2) the municipality ceases to use each of its mandatory
17 powers; or

18 (3) dissolution is requested by petition on a form provided
19 by the department signed by a number of voters of the municipality
20 proposed to be dissolved greater than 50 percent of the number of
21 votes cast in the last general election in that municipality.

22 * Sec. 2. AS 29.06.500(a) is amended to read:

23 (a) If the Local Boundary Commission determines that a munic-
24 ipality fails to meet the standards for dissolution, it shall reject
25 the petition. If the commission determines that the municipality
26 meets the standards under AS 29.06.470(a)(1) or (2), it shall accept
27 the petition. If the commission determines that the municipality
28 meets the standards under AS 29.06.470(a)(3) and that dissolution of
29 the municipality is in the best interest of the state, it shall accept

1 the petition.

2 * Sec. 3. AS 29.06.510(a) is amended to read:

3 (a) The Local Boundary Commission shall immediately notify the
4 director of elections of its acceptance of a dissolution petition.
5 Within 30 days after notification, the director of elections shall
6 order an election in the municipality to determine whether the voters
7 desire dissolution. The election must be held at least 30 and not
8 more than 90 days after the election order unless such timing would
9 cause the election to be held between May 1 and November 1. If the
10 director of elections receives notification after April 1, but before
11 October 1, the election shall be held within 60 days after November 1.
12 A person who is a voter of the municipality may vote in the dissolu-
13 tion election.

14 * Sec. 4. AS 29.06.510(c) is amended to read:

15 (c) The director of elections shall certify the election re-
16 sults. If dissolution is approved by a number of voters greater than
17 50 percent of the number of people registered to vote in the munici-
18 pality, the director of elections shall declare that the municipality
19 is dissolved effective on the date of certification.

20 * Sec. 5. AS 29.06.520 is amended to read:

21 Sec. 29.06.520. SUCCESSION. A municipality [THE GOVERNMENT]
22 succeeding to a dissolved municipality succeeds to all [ITS RIGHTS,
23 POWERS, DUTIES,] assets [,] and liabilities of the dissolved munici-
24 pality. Otherwise, the state succeeds to those assets and liabili-
25 ties. If the state succeeds to a dissolved municipality, the state
26 may enter into a contract for the performance of duties or powers in
27 the area of the dissolved municipality. However, a contract with an
28 organization for the performance of duties or powers entered into
29 under this section does not constitute recognition by the state of

1 governmental powers of that organization.

Original sponsor: Binkley

1 IN THE SENATE BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 50 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to dissolution of a municipality."

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

8 * Section 1. AS 29.06.470(a) is amended to read:

9 (a) Except as provided in (b) of this section, voters of a
10 municipality may petition for dissolution when the municipality is
11 free of debt, or, if in debt, each of its creditors is satisfied with
12 a method of repayment and

13 (1) the municipality [IT] no longer meets the minimum
14 standards prescribed for incorporation by AS 29.05, or former AS 29.-
15 18.030 if it is a third class borough; [OR]

16 (2) the municipality ceases to use each of its mandatory
17 powers; or

18 (3) dissolution is requested by petition on a form provided
19 by the department signed by a number of voters of the municipality
20 proposed to be dissolved greater than 50 percent of the number of
21 votes cast in the last general election in that municipality.

22 * Sec. 2. AS 29.06.500(a) is amended to read:

23 (a) If the Local Boundary Commission determines that a munic-
24 ipality fails to meet the standards for dissolution, it shall reject
25 the petition. If the commission determines that the municipality
26 meets the standards under AS 29.06.470(a)(1) or (2), it shall accept
27 the petition. If the commission determines that the municipality
28 meets the standards under AS 29.06.470(a)(3) and that dissolution of
29 the municipality is in the best interest of the state, it shall accept

1 the petition.

2 * Sec. 3. AS 29.06.510(a) is amended to read:

3 (a) The Local Boundary Commission shall immediately notify the
4 director of elections of its acceptance of a dissolution petition.
5 Within 30 days after notification, the director of elections shall
6 order an election in the municipality to determine whether the voters
7 desire dissolution. The election must be held at least 30 and not
8 more than 90 days after the election order unless such timing would
9 cause the election to be held between May 1 and November 1. If the
10 director of elections receives notification after April 1, but before
11 October 1, the election shall be held within 60 days after November 1.
12 A person who is a voter of the municipality may vote in the dissolu-
13 tion election.

14 * Sec. 4. AS 29.06.510(c) is amended to read:

15 (c) The director of elections shall certify the election re-
16 sults. If dissolution is approved by a number of voters greater than
17 50 percent of the number of people registered to vote in the munici-
18 pality, the director of elections shall declare that the municipality
19 is dissolved effective on the date of certification.

Original sponsor: Binkley

1 IN THE SENATE BY THE COMMUNITY AND
REGIONAL AFFAIRS COMMITTEE

2 CS FOR SENATE BILL NO. 50 (C&RA)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - FIRST SESSION
5 A BILL

6 For an Act entitled: "An Act relating to dissolution of a municipality."

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

8 * Section 1. AS 29.06.470(a) is amended to read:

9 (a) Except as provided in (b) of this section, voters of a
10 municipality may petition for dissolution when the municipality is
11 free of debt, or, if in debt, each of its creditors is satisfied with
12 a method of repayment and

13 (1) the municipality [IT] no longer meets the minimum
14 standards prescribed for incorporation by AS 29.05, or former AS 29.-
15 18.030 if it is a third class borough; [OR]

16 (2) the municipality ceases to use each of its mandatory
17 powers; or

18 (3) dissolution is requested by petition on a form provided
19 by the department signed by a number of voters of the municipality
20 proposed to be dissolved greater than 50 percent of the number of
21 votes cast in the last general election in that municipality.

22 * Sec. 2. AS 29.06.500(a) is amended to read:

23 (a) If the Local Boundary Commission determines that a munic-
24 ipality fails to meet the standards for dissolution, it shall reject
25 the petition. If the commission determines that the municipality
26 meets the standards under AS 29.06.470(a)(1) or (2), it shall accept
27 the petition. If the commission determines that the municipality
28 meets the standards under AS 29.06.470(a)(3) and that dissolution of
29 the municipality is in the best interest of the state, it shall accept

1 the petition.

2 * Sec. 3. AS 29.06.510(c) is amended to read:

3 (c) The director of elections shall certify the election re-
4 sults. If dissolution is approved by a number of voters greater than
5 50 percent of the number of people registered to vote in the munici-
6 pality, the director of elections shall declare that the municipality
7 is dissolved effective on the date of certification.

1 IN THE SENATE

BY BINKLEY

2

SENATE BILL NO. 50

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to dissolution of a municipality."

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

8 * Section 1. AS 29.06.470(a) is amended to read:

9 (a) Except as provided in (b) of this section, voters of a
10 municipality may petition for dissolution when the municipality is
11 free of debt, or, if in debt, each of its creditors is satisfied with
12 a method of repayment and

13 (1) it no longer meets the minimum standards prescribed for
14 incorporation by AS 29.05, or former AS 29.18.030 if it is a third
15 class borough; [OR]

16 (2) the municipality ceases to use each of its mandatory
17 powers; or

18 (3) dissolution is approved in an advisory election held on
19 the question by the municipality proposed to be dissolved.

20 * Sec. 2. AS 29.06.520 is repealed and reenacted to read:

21 Sec. 29.06.520. SUCCESSION. (a) The Local Boundary Commission
22 shall provide for the distribution of assets and liabilities of a
23 municipality upon its dissolution. Assets and liabilities may be
24 distributed to the state, another municipality, a nonprofit corpora-
25 tion formed under the laws of the state, or a Native council organized
26 under 25 U.S.C. 476.

27 (b) In determining how to distribute the assets of a municipali-
28 ty upon its dissolution, the Local Boundary Commission shall consider
29 the manner in which the assets will be best used to continue to

1 provide services to the area of the dissolved municipality. Prefer-
2 ence in the distribution of the assets shall be given to the state,
3 another municipality or a nonprofit corporation.