

SB 550

2/3/88  
H Fic  
7

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	6.5	6.5	6.5	6.5	6.5	6.5
SUPPLIES						
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)

Prepared by: Linda Edgeworth Phone: 465-4611  
Division: Division of Elections Date: 2/1/88

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

*Mary*

5850

LEGISLATIVE COUNCIL



From The  
**SENATE  
FINANCE COMMITTEE**

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April 7, 1987

Legal Services -

Please prepare a Senate Finance Committee Substitute for SB 50 incorporating language from the attached Judiciary Committee amendment as a new Sec. 3, and return the final to Kachy or Vicki, Room 413, Capitol Building. The bill was reported out of committee at our meeting this morning and will be read across at the 11:00 a.m. floor session.

Thank you,

kachy  
4935

SENATE COMMITTEE REPORT

FURTHER:

4/3/87

DATE TURNED INTO OFFICE 4/7/87

Mr. President:

FINANCE

Committee considered

SB 50

dissolution of a municipality

and recommended:

replace with \_\_\_\_\_ CS FOR SB 50 (Finance) )  same title  
 or adopt \_\_\_\_\_ CS FOR \_\_\_\_\_ )  new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

letter of intent Finance adopted \_\_\_\_\_

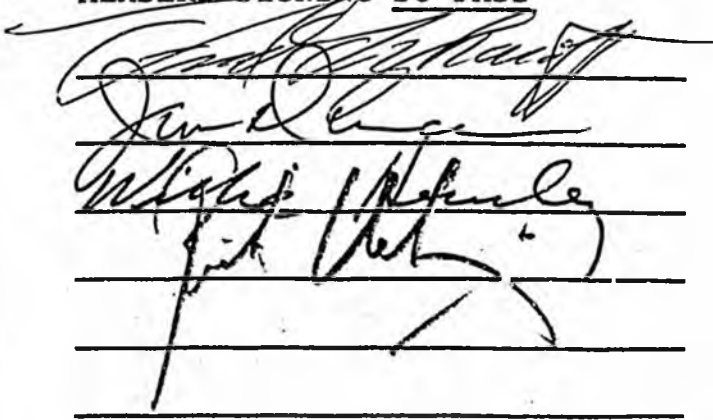
Committee  attached or  adopted fiscal note(s)

new  updated or  previous

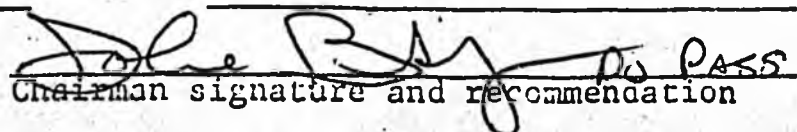
zero  fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS



\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

  
Chairman signature and recommendation

Committee Backup Attached

NO. 116

A/B

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

REQUEST: CS SB 50 (C+RA) M&A  
Revision Date: \_\_\_\_\_  
Title: "An Act relating to dissolution of a municipality."  
Sponsor: Senator Binkley  
Requestor: Senate C&RA

Bill Version: CS SB 0050 (C&RA)  
Publish Date: 02/06/87 5-11-87

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
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						

POSITIONS:

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

ANALYSIS :

[Empty box for analysis]

Prepared by: Douglas B. Griffin  
Division: Municipal and Regional Assistance

Phone: 465-4750  
Date: 02/06/87

Approved by Commissioner: [Signature]  
Agency: Community and Regional Affairs

Date: 2-6-87

- Distribution (by preparer):
- Legislative Finance
  - Legislative Sponsor
  - Requestor
  - Office of Management and Budget
  - Impacted Agency(ies)
  - Senate Secretary

Original sponsor: Binkley

*Finance Committee*  
BY THE ~~COMMUNITY AND~~  
~~REGIONAL AFFAIRS COMMITTEE~~

1 IN THE SENATE

2

CS FOR SENATE BILL NO. 50 (G&RA *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

*Insert New Sec. 3 (Judiciary Amendment Language)*

1        the petition.

2        → Sec. 34 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.

# SENATE AMENDMENT

BY: JUDICIARY COMMITTEE

TO: CS SENATE BILL NO. 50(C&RA)

TO: \_\_\_\_\_ HOUSE BILL NO. \_\_\_\_\_

Page 2, line 2: insert a new Section 3 to read:

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

(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 unless such timing would cause the election to be held between May 1 and November 1. If the director of elections receives notification after April 1, but before October 1, the election shall be held within 60 days after November 1. A person who is a voter of the municipality may vote in the dissolution election.

Renumber existing section accordingly.

(TURN IN ORIGINAL AMENDMENT TO SENATE SECRETARY'S OFFICE.  
THE AMENDMENT WILL BE NUMBERED, COPIED AND DISTRIBUTED.)

CSSB 50 (Finance)

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.

4/17/87  
Adopted

Revised letter  
of Intent  
Submitted by  
Sen. Bradley

CSSB 509 <sup>FIN</sup> ~~(CORA)~~

#### 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.

LEGISLATIVE INTENT

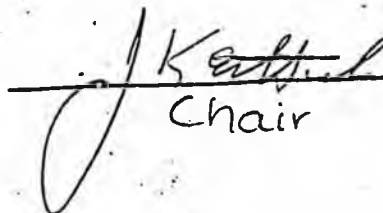
Existing laws apparently will not permit the dissolution of a city government in a community unless that community suffers drastic reductions in its population and/or economy. The legislature recognizes that there are other circumstances under which the dissolution of a city government may be warranted.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

1. the residents of a 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 ~~community served by the city,~~ the region in which the city is located, and the state, i.e., dissolving primarily to void a viable tax base.

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 providing for the health, safety, and welfare of the residents, such as police and fire protection services and maintenance of public facilities, i.e., water and sewer systems; washeterias; community buildings, etc.

moved OUT OF COMMITTEE 4/2  
ADOPTED by SENATE JUDICIARY

  
Chair

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.

SENATE COMMITTEE REPORT

FURTHER:

FINANCE

3/11/87

DATE TURNED INTO OFFICE 4-2-87

Mr. President:

JUDICIARY

Committee considered

SB 50

dissolution of a municipality.

and recommended:

replace with CS FOR \_\_\_\_\_ )  same title  
 or adopt \_\_\_\_\_ CS FOR \_\_\_\_\_ )  new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

letter of intent adopted \_\_\_\_\_

Committee  attached or  adopted fiscal note(s)

new  updated or  previous  
 zero  fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

\_\_\_\_\_  
\_\_\_\_\_  
*Josephine*  
*Charles Stangor*  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*Josephine* *Do not*  
Chairman signature and recommendation

Committee Backup Attached

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 2/12/87 5-DAY NOTICE  
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: JUDICIARY  
FINANCE

\*\*FISCAL NOTE(S) ATTACHED yes \*\*  
IN ACCORDANCE WITH AS 24.08/035  
(see below)

1/19/87

DATE TURNED INTO OFFICE

3/11/87

Mr. President:

COMMUNITY & REGIONAL AFFAIRS Committee considered SB 50

relating to dissolution of a municipality,

and recommended:

replace with CS SB 50 (C+RA)  same title  
 attached amendment(s) and  new title

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

letter of intent adopted and attached

\*\* Committee  attached or  adopted fiscal note(s)  
 zero  fiscal impact

MEMBERS SIGNING DO PASS

M. Stangor  
Paul Stangor  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

OTHER RECOMMENDATIONS

Rick Helford DO NOT PASS  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Arless Stangor  
Chairman signature and recommendation

Committee Backup Attached

Do Pass

# Senator John Binkley

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




Finance Committee  
Co-Chairman

## M E M O R A N D U M

April 6, 1987

TO: SENATE FINANCE COMMITTEE MEMBERS

FROM: SENATOR JOHN BINKLEY 

Subj: CSSB 50: "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 (once upon reconsideration) in 1985. 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.

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 of this bill 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.

The assets of the dissolved municipality are to be distributed either to another municipality or to the state. If the assets are 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.

The Senate Judiciary Committee passed CSSB 50(C&RA) with an amendment and a letter of intent. The amendment 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.