

LEG. FINANCE - BILLS 1981 - 1982 1638

SB 178 cont. - CSSB 180

1638

1 property and of remitting, refunding, or forgiving taxes.

2 (e) In this section "disaster" means a major disaster declared by
3 the President of the United States under the provisions of the Federal
4 Disaster Act of 1950, Title 42, United States Code, sec. 1855-1855g, or
5 other federal law, or a disaster declared by the governor under AS 26.
6 23.010 - 26.23.110.

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

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

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

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

28 ARTICLE 2. ENFORCEMENT OF TAX LIENS.

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

1 valid and binding on all persons, notwithstanding a defect, error,
2 omission, or invalidity in the assessment rolls or proceedings pertain-
3 ing to the assessment roll.

4 Sec. 29.45.300. TAX LIABILITY. (a) The owner of assessed per-
5 sonal property is personally liable for the amount of taxes assessed
6 against his property. The tax, together with penalty and interest, may
7 be collected in a personal action brought in the name of the municipal-
8 ity.

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

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

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

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

1 ity shall enforce delinquent real property tax liens by annual fore-
2 closure, unless otherwise provided by ordinance.

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

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

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

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

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

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

23 (1) the last known owner;

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

26 (3) years and amounts of delinquency;

27 (4) penalty and interest due;

28 (5) a statement that the list is available for public inspec-
29 tion at the clerk's office;

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

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

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

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

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

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

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

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

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

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

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

25 Sec. 29.45.410. EFFECT. Receipt of redemption money by the muni-
26 cipality releases the judgment obtained under AS 29.45.380. The clerk
27 or his designee shall record the redemption and issue a certificate
28 containing a property description, the redemption amount, and the dates
29 of judgment and decree of foreclosure. The clerk or his designee shall

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

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

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

13 Sec. 29.45.440. EXPIRATION. (a) At least 30 days before the
14 expiration of the redemption period the clerk or his designee shall
15 publish a redemption period expiration notice. The notice shall contain
16 the date of judgment, the date of expiration of the period of redemp-
17 tion, and a warning that all properties ordered sold under the judgment,
18 unless redeemed, shall be deeded to the municipality immediately on
19 expiration of the period of redemption and that every right or interest
20 of a person in the properties will be forfeited forever to the muni-
21 cipality. The notice appears once a week for four consecutive weeks in
22 a newspaper of general circulation distributed in the municipality. If
23 there is no newspaper of general circulation distributed in the muni-
24 cipality, the notice is posted in three public places for at least four
25 consecutive weeks. The clerk shall send a copy of the notice by certi-
26 fied mail to each record owner of property against which a judgment of
27 foreclosure has been taken and, if the assessed value of the property is
28 more than \$100,000, to all holders of mortgages or other liens of record
29 on the property. The notice shall be mailed within five days after the

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

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

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

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

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

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

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

1 person having an interest in the property is forever barred.

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

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

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

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

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

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

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

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

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

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

3 Sec. 29.45.490. PAYMENT OF TAXES UPON PUBLIC UTILIZATION. If a
4 municipality takes title to tax-foreclosed property for a public pur-
5 pose, the municipality shall satisfy unpaid taxes and assessments
6 against the property held by other municipalities, with accrued interest
7 but without penalty. If the amount required to satisfy the unpaid taxes
8 and assessments exceeds the assessed value of the property, the munici-
9 pality shall pay the other municipalities the assessed value, which
10 shall be divided between the other municipalities in proportion to their
11 respective taxes and assessments against the property at the time of
12 foreclosure.

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

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

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

1 petition must state the proposed tax rate. The petition may request that
2 incorporation be dependent on the passage of the property tax proposi-
3 tion. If so, the incorporation proposition fails if the property tax
4 fails.

5 ARTICLE 4. BOROUGH SALES AND USE TAX.

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

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

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

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

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

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

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

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

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

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

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

28 ARTICLE 5. CITY SALES AND USE TAXES.

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

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

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

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

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

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

18 CHAPTER 46. SPECIAL ASSESSMENTS.

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

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

1 (2) the governing body.

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

6 (1) a procedure for filing petitions;

7 (2) a survey and report by the mayor concerning the need for,
8 desirable extent of, and estimated cost of each proposed local improve-
9 ment;

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

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

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

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

19 (7) a resolution or ordinance confirming the special assess-
20 ment roll for the proposed local improvement;

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

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

1 in AS 29.46.030 - 29.46.100.

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

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

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

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

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

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

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

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

10 (b) The special assessment roll shall contain property descrip-
11 tions, names of record owners, and assessment amounts.

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

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

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

1 The entire assessment may be prepaid without interest or penalty within
2 30 days after mailing of the assessment statement, and thereafter the
3 assessment may be prepaid in whole or in part with interest to the
4 payment date.

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

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

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

1 ciproality is appealable under AS 44.62.560 - 44.62.570.

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

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

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

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

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

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

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

11 (2) when property exempted under (a)(1) or (2) of this section
12 receives more than one sewer connection or more than one water connec-
13 tion; or

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

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

18 (e) In this section

19 (1) "minor heir" means a person who, at the time of transfer
20 of the property, has not attained the age of 19 years or who, if he has
21 not attained the age of 22 years, is a full-time student at an educa-
22 tional institution or a member of the armed forces of the United States;

23 (2) "real property" includes, but is not limited to, mobile
24 homes, whether classified as real or personal property for municipal tax
25 purposes;

26 (3) "resident" means a person who for 12 consecutive months
27 has maintained his permanent place of abode in the state.

28 Sec. 29.46.100. REASSESSMENT. (a) The governing body shall
29 within one year correct any deficiency in a special assessment found by

1 a court. Notice and hearing must conform to the initial assessment
2 procedures.

3 (b) Payments on the initial assessment are credited to the prop-
4 erty upon reassessment. The reassessment becomes a charge upon the
5 property notwithstanding failure to comply with any provision of the
6 assessment procedure.

7 Sec. 29.46.110. ALLOWABLE COSTS. (a) When a special assessment
8 district is created, there may be included in the assessments

9 (1) all of the cost of acquiring, installing, making, or
10 constructing the local improvement;

11 (2) the costs of all engineering and surveying to be done in
12 connection with creating the district or improvement;

13 (3) the cost of mailing and publishing notices;

14 (4) interest on interim financing;

15 (5) the cost of legal services and other expenses incurred in
16 the formation of the special assessment district;

17 (6) the cost of completing the improvement and financing the
18 improvement, including the issuance of bonds.

19 (b) The total amount of the assessment roll may not exceed actual
20 costs, but actual costs may include reasonable estimates of the costs to
21 be incurred in connection with issuance of bonds.

22 Sec. 29.46.120. OBJECTION AND APPEAL. (a) The validity of an
23 assessment may not be contested by a person who did not file with the
24 municipal clerk a written objection to the assessment roll before its
25 confirmation.

26 (b) The decision of the governing body on an objection may be
27 appealed to the superior court within 30 days after the date of confir-
28 mation of the assessment roll. If no objection is filed or appeal taken
29 within that time, the assessment procedure is considered valid in all

1 respects.

2 Sec. 29.46.130. INTERIM FINANCING. (a) A municipality may provide
3 by resolution or ordinance for the issuance of notes in payment of the
4 costs of a local improvement project, payable out of special assessments
5 for the improvement. The notes shall bear interest at a rate or rates
6 authorized by the resolution or ordinance, and shall be redeemed either
7 in cash or bonds for the improvement project.

8 (b) Notes issued against assessments shall be claims against the
9 assessments that are prior and superior to a right, lien or claim of a
10 surety on the bond given to the municipality to secure the performance
11 of its contract for a local improvement project, or to secure the payment
12 of persons who have performed work or furnished materials under the
13 contract.

14 (c) The municipal treasurer may accept notes against special
15 assessments on conditions prescribed by the governing body in payment of

16 (1) assessments against which the notes were issued in order
17 of priority;

18 (2) judgments rendered against property owners who have
19 become delinquent in the payment of assessments; and

20 (3) certificates of purchase when property has been sold
21 under execution or at tax sale for failure to pay the assessments.

22 Sec. 29.46.140. SPECIAL ASSESSMENT BONDS. (a) The municipality
23 may by ordinance authorize the issuance and sale of special assessment
24 bonds to pay all or part of the cost of an improvement in a special
25 assessment district. The principal and interest of bonds issued shall
26 be payable solely from the levy of special assessments against the
27 property to be benefited. The assessments shall constitute a sinking
28 fund for the payment of principal and interest on the bonds. The bene-
29 fited property may be pledged by the governing body to secure a payment.

1 (b) On default in a payment due on a special assessment bond, a
2 bondholder may enforce payment of principal, interest, and costs of
3 collection in a civil action in the same manner and with the same effect
4 as actions for the foreclosure of mortgages on real property. Fore-
5 closure shall be against all property on which assessments are in
6 default. The period for redemption is the same as for a mortgage
7 foreclosure on real property.

8 (c) Before the governing body may issue special assessment bonds,
9 it shall establish a guarantee fund and appropriate to the fund annually
10 a sum adequate to cover a deficiency in meeting payments of principal
11 and interest on bonds if the reason for the deficiency is nonpayment of
12 assessments when due. Money received from actions taken against prop-
13 erty for nonpayment of assessments shall be credited to the guarantee
14 fund.

15 * Sec. 13. AS 29 is amended by adding a new chapter to read:

16 CHAPTER 47. MUNICIPAL DEBT.

17 ARTICLE 1. REVENUE ANTICIPATION NOTES.

18 Sec. 29.47.010. BORROWING IN ANTICIPATION OF REVENUE. A muni-
19 cipality that is authorized to incur indebtedness may borrow money to
20 meet appropriations for any fiscal year in anticipation of the collec-
21 tion of the revenues for that year, but all debt so contracted shall be
22 paid before the end of the next fiscal year. Negotiable or nonnegotiable
23 revenue anticipation notes may be issued as evidence of the borrowing.

24 Sec. 29.47.020. ISSUANCE OF NOTES. A municipality may by ordi-
25 nance or resolution authorize the issuance of revenue anticipation
26 notes. The governing body may delegate to its chief fiscal officer the
27 power to issue the notes from time to time under the terms and condi-
28 tions of the ordinance or resolution that provides for the manner of
29 their sale.

1 Sec. 29.47.030. ISSUANCE OF NOTES IN ANTICIPATION OF STATE, FED-
2 ERAL GRANTS. (a) A municipality, on adoption of a long-range capital
3 improvement budget by ordinance or resolution, may by resolution provide
4 for negotiable or nonnegotiable revenue anticipation notes in an amount
5 not to exceed the total amount of any state or federal grants finally
6 committed for these projects. The notes mature no later than the end of
7 the next fiscal year. The notes may be for single or multiple projects
8 outlined in the adopted capital improvement budget.

9 (b) If the state or federal grants for capital improvement pro-
10 jects have not been paid to the municipality before maturity of the
11 notes issued in anticipation of the receipt of the revenue, the govern-
12 ing body may issue new notes in order to meet payment of the notes then
13 maturing or may renew the outstanding revenue anticipation notes. New
14 notes issued or renewals of outstanding revenue anticipation notes
15 mature not later than the end of the next fiscal year.

16 Sec. 29.47.040. PRIORITY OF REPAYMENT. The payment of the princi-
17 pal and interest on revenue anticipation notes is payable from revenues,
18 and their payment additionally shall be secured by a pledge of the full
19 faith and credit of the municipality issuing them.

20 ARTICLE 2. BOND ANTICIPATION NOTES.

21 Sec. 29.47.080. BOND ANTICIPATION BORROWING. A municipality may
22 borrow money in anticipation of the sale of general obligation and
23 revenue bonds if

- 24 (1) the general obligation bonds to be sold have been autho-
25 rized by ordinance and ratified by a majority vote at an election;
26 (2) the revenue bonds to be sold have been authorized by
27 ordinance.

28 Sec. 29.47.090. ISSUANCE OF NOTES. The governing body shall issue
29 negotiable or nonnegotiable notes for the amounts borrowed with a matur-

1 ity date not to exceed one year from the date of issue. All notes and
2 the interest on them are payable at fixed places on or before a fixed
3 time from the proceeds of the sale of bonds in anticipation of which the
4 original note or notes were issued, unless the bonds have not been sold
5 by the maturity date of the notes.

6 Sec. 29.47.100. ISSUANCE OF NEW NOTES. If the sale of the bonds
7 has not occurred before the maturity of the notes issued in anticipation
8 of the sale, the governing body shall issue new notes in order to meet
9 payment of the notes then maturing, or shall renew the outstanding bond
10 anticipation notes. New notes issued or renewals of outstanding bond
11 anticipation notes bear a maturity date not to exceed one year from the
12 date of issue. Notes, new notes, and renewals of notes may not be
13 outstanding for a total elapsed time of more than three years.

14 Sec. 29.47.110. REPAYMENT OF NOTES. Every note is payable from
15 the proceeds of the sale of bonds that the notes anticipated or from the
16 proceeds of the sale of new bond anticipation notes.

17 Sec. 29.47.120. SECURITY. (a) Notwithstanding other provisions
18 of this chapter as to payment of notes, notes issued in anticipation of
19 the sale of general obligation bonds and the interest on them are secured
20 by the full faith and credit of the municipality. The municipality may
21 levy ad valorem taxes for payment without limitation of rate or amount.

22 (b) Notes issued in anticipation of the sale of revenue bonds and
23 the interest on them are secured in the same manner as are the revenue
24 bonds in anticipation of which the notes are issued.

25 Sec. 29.47.130. LIMITATION. The total amount of notes issued and
26 outstanding may at no time exceed the total amount of bonds authorized
27 to be issued.

28 Sec. 29.47.140. USE OF PROCEEDS. The proceeds from the sale of
29 notes shall be used only for the purposes for which the proceeds from

1 the sale of bonds may be used, or to meet payment of outstanding bond
2 anticipation notes.

3 ARTICLE 3. GENERAL OBLIGATION BONDS.

4 Sec. 29.47.180. GENERAL OBLIGATION BONDS. A municipality may
5 acquire, construct, improve, and equip capital improvements and issue
6 negotiable or nonnegotiable general obligation bonds for these purposes.

7 Sec. 29.47.190. VOTE AND NOTICE OF EXISTING INDEBTEDNESS REQUIRED.

8 (a) A municipality may incur general obligation bond debt only after a
9 bond authorization ordinance is approved by a majority vote at an elec-
10 tion. Any municipal voter may vote in the bond election, except as
11 otherwise provided by law.

12 (b) Before a general obligation bond issue election, the governing
13 body shall have published a notice of the total existing bond indebted-
14 ness at least once a week for three consecutive weeks. The first notice
15 shall be published at least 20 days before the date of the election. A
16 notice shall include

17 (1) the current total general obligation bonded indebtedness,
18 including authorized but unsold bonds of the municipality;

19 (2) the cost of the debt service on the current indebtedness;

20 (3) the total assessed value of property in the municipality.

21 Sec. 29.47.200. PAYMENT. (a) The full faith and credit of a
22 municipality are pledged for the payment of principal and interest on
23 general obligation bonds. The municipality may levy ad valorem taxes
24 for payment without limitation of rate or amount to pay or secure the
25 payment of the principal and interest on bonds, regardless of whether
26 the bonds are in default or in danger of default.

27 (b) General obligation bonds issued for acquiring, constructing,
28 improving and equipping a municipally owned utility or other revenue-
29 generating enterprise may be additionally secured by a pledge of the

1 revenue derived from operation. Bonds so secured are not subject to a
2 debt limitation imposed by a home rule charter. This subsection applies
3 to home rule and general law municipalities.

4 ARTICLE 4. REVENUE BONDS.

5 Sec. 29.47.240. REVENUE BONDS. (a) A municipality may issue
6 negotiable or nonnegotiable revenue bonds for a public enterprise or
7 public corporation of the municipality where the only security is the
8 revenue of the public enterprise or corporation.

9 (b) A municipality may issue its revenue bonds to finance the
10 purchase of residential mortgage loans. The revenue bonds issued under
11 this subsection are payable solely from the principal and interest of
12 the mortgage loans and from other amounts pledged by the municipality,
13 except the pledge of revenues derived from taxes. Revenue bonds issued
14 under this subsection do not constitute a general obligation of the
15 municipality.

16 Sec. 29.47.250. NO ELECTION REQUIRED. An election is not required
17 to authorize the issuance and sale of revenue bonds, unless otherwise
18 provided by ordinance.

19 Sec. 29.47.260. CONSTRUCTION. The prohibitions of AS 37.10.085 do
20 not apply to the issuance of revenue bonds or the use of proceeds from
21 revenue bonds by a home rule or general law municipality.

22 ARTICLE 5. REFUNDING BONDS.

23 Sec. 29.47.300. AUTHORIZATION. If a municipality has outstanding
24 general obligation or revenue bonds and the governing body determines
25 that it would be financially advantageous to refund the bonds, the
26 municipality may provide by ordinance or resolution for the issuance of
27 negotiable or nonnegotiable

- 28 (1) general obligation refunding bonds; or
29 (2) revenue refunding bonds.

1 Sec. 29.47.310. EFFECT OF BONDS. The refunding bonds may take up
2 and refund all or part of outstanding bonds at or before their maturity
3 or redemption date. The governing body may include various series and
4 issues of bonds in a single issue of refunding bonds.

5 Sec. 29.47.320. NO ELECTION REQUIRED. An election is not required
6 to authorize the issuance and sale of refunding bonds. Their issuance
7 may be authorized and all proceedings with reference to them prescribed
8 by ordinance. However, when it is desirable to use general obligation
9 bonds to refund a revenue bond issue, the governing body shall call an
10 election on the question.

11 Sec. 29.47.330. PAYMENT OF REFUNDING BONDS. General obligation
12 refunding bonds are payable according to AS 29.47.200. Revenue refund-
13 ing bonds are payable according to AS 29.47.240.

14 Sec. 29.47.340. SALE OF REFUNDING BONDS. General obligation or
15 revenue refunding bonds may, at the discretion of the governing body, be
16 exchanged for the bonds being refunded, or may be sold at public or
17 private sale. They may be issued and delivered at any time before the
18 date of maturity or redemption of the refunded bonds.

19 ARTICLE 6. MISCELLANEOUS PROVISIONS.

20 Sec. 29.47.390. OTHER MUNICIPAL FINANCING. (a) A municipality
21 may authorize by ordinance or resolution the issuance of negotiable or
22 nonnegotiable revenue bonds to finance any project that serves a public
23 purpose, and the bonds shall be secured and payable from any source
24 except revenues of the municipality, including tax revenue.

25 (b) Bonds issued under this section are not a debt or liability of
26 the municipality and do not create or constitute an indebtedness,
27 liability, or obligation of the municipality, nor do they constitute a
28 pledge of faith, credit, or taxing power of the municipality. Each bond
29 must contain on its face a statement that the municipality is not obli-

1 gated to pay the principal or the interest on the bonds except from
2 those sources indicated, and that neither the faith and credit nor the
3 taxing power of the municipality is pledged to the payment of principal
4 or interest on the bond.

5 (c) A municipality may

6 (1) loan the proceeds of the bonds issued under this section;

7 (2) pledge, mortgage or assign money, leases, agreements,
8 property, or other assets of the project being financed;

9 (3) enter into covenants and agreements concerning bonds
10 issued under this section that the municipality determines to be de-
11 sirable;

12 (4) provide for any matter that affects the security of the
13 bonds.

14 (d) In this section

15 (1) "bonds" means bonds, notes, or other evidence of indebt-
16 edness;

17 (2) "project" includes but is not limited to commercial,
18 manufacturing, agricultural, industrial, residential housing, recrea-
19 tion, tourism, and medical projects and programs.

20 Sec. 29.47.400. SALE. Bonds and notes issued under this chapter
21 may be sold at either public or private sale by the municipality in the
22 manner and at the price it determines.

23 Sec. 29.47.410. FORMS AND TERMS. The municipality may by ordi-
24 nance or resolution fix the date, denominations, maturities, rate or
25 rates of interest, redemption terms, registration privileges, manner of
26 execution, signatures required, purchase price, manner of sale, and
27 other requirements for issuing bonds or notes under this chapter. If an
28 official whose signature appears on the bonds or coupons ceases to be an
29 official before delivery of the bonds, his signature is valid as if he

1 had remained in office until delivery.

2 Sec. 29.47.420. INTEREST RATE. The interest rate payable on a
3 bond or note issued under this chapter shall be determined by the muni-
4 cipality and is not subject to the usury rate limitations of AS 45.-
5 45.010.

6 Sec. 29.47.430. REDEMPTION BEFORE MATURITY. A bond or note issued
7 under this chapter may be made subject to redemption before maturity as
8 stated in the authorization or in the bond or note.

9 Sec. 29.47.440. BOROUGH INDEBTEDNESS. (a) A borough may incur
10 indebtedness

11 (1) on an areawide basis for areawide functions; or

12 (2) on a nonareawide basis for functions performed only in
13 the borough area outside all cities; or

14 (3) on a service area basis for functions performed only in a
15 service area.

16 (b) Payment of debt principal and interest as well as other costs
17 shall be derived from the area incurring the debt under (a)(2) or (a)(3)
18 of this section, except that the full faith and credit of the entire
19 borough may be pledged to guarantee payment of principal and interest.

20 (c) If the bonded debt to be incurred by a borough is an areawide
21 debt, the vote is areawide. If the full faith and credit of the entire
22 borough is pledged for the payment of the debt of the borough area
23 outside all cities or of a service area, an areawide election is held
24 and the proposition must pass both areawide and in the area that will
25 benefit from the improvement. If the bonded indebtedness to be incurred
26 is limited to the borough area outside all cities, the vote is limited
27 to voters outside all cities. If the indebtedness to be incurred is
28 limited to a service area, the vote is limited to voters in the service
29 area. Only the full faith and credit of the area voting on the indebted-

1 ness is pledged for the payment of the debt.

2 (d) The indebtedness of a municipality reclassified under AS 29.-
3 04.040 is not affected by reclassification. All property in a muni-
4 cipality that is reclassified remains subject to taxation to amortize
5 bonded or other indebtedness affecting the municipality and authorized
6 on the effective date of reclassification.

7 Sec. 29.47.450. SERVICE AREA DEBT. The indebtedness of a service
8 area acquired under AS 29.47.440 remains the indebtedness of the area
9 that incurred the debt, notwithstanding a subsequent court determination
10 that the service area was not validly formed under law or by virtue of a
11 defect in the proceedings creating the service area. All property in
12 the service area remains subject to taxation to pay the bonded indebted-
13 ness.

14 * Sec. 14. AS 29 is amended by adding a new chapter to read:

15 CHAPTER 55. MUNICIPAL PROGRAMS.

16 Sec. 29.55.010. CREATION OF LOCAL HISTORICAL DISTRICT COMMISSIONS.
17 The governing body of a municipality may establish a local historical
18 district commission or designate the planning commission or itself to
19 serve as the historical district commission.

20 Sec. 29.55.020. ESTABLISHMENT OF HISTORICAL DISTRICTS. (a) In
21 addition to existing municipal authority providing for the preservation,
22 protection, and maintenance of historic sites, the local historical
23 district commission, in consultation with the Historic Sites Advisory
24 Committee in the Department of Natural Resources, may establish a his-
25 torical district in the boundaries of the municipality.

26 (b) A historical district shall be a reasonably compact area of
27 historical significance in which two or more structures important in
28 state or national history, and related by physical proximity or histori-
29 cal association, are located. For purposes of this section, "structures

1 important in state or national history" means properties recommended by
2 historical district commissions that are listed in the National Register
3 of Historic Places or are characteristic of the Russian-American period
4 before October 18, 1867, the early territorial period before 1930, or
5 early Native heritage, reflecting the indigenous characteristics of
6 Native culture in Alaska. On recommendation of the governing body of a
7 municipality and the Historic Sites Advisory Committee, the Department
8 of Natural Resources may by regulation formulate additional criteria for
9 the establishment of historical districts not inconsistent with this
10 subsection.

11 (c) The establishment of a historical district under this section
12 shall be consistent with any applicable comprehensive plan for the
13 municipality.

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

15 CHAPTER 60. STATE PROGRAMS.

16 ARTICLE 1. MUNICIPAL TAX RESOURCE EQUALIZATION.

17 Sec. 29.60.010. STATE EQUALIZATION OF TAX RESOURCES FOR MUNICIPAL
18 SERVICES. (a) During each fiscal year the department shall compute an
19 equalization entitlement for municipal services provided by a taxing
20 unit.

21 (b) The equalization entitlement computed for a taxing unit is
22 based on the population, relative ability to generate revenue, and local
23 tax burden of the taxing unit and is determined by the application of
24 the formula

25 Entitlement = P x R

26 where P = population, and

27 R = millage rate equivalent, determined by dividing the sum of
28 the locally generated revenue of the taxing unit by one-tenth of one
29 percent of the full and true value of assessed property of the taxing

1 unit determined under AS 29.60.030(d); however, the per capita property
2 value used under this subsection may not be less than 15 percent of the
3 statewide average per capita full and true assessed property value.

4 (c) For purposes of this section, locally generated revenue

5 (1) includes

6 (A) the actual revenue derived from the levy and collec-
7 tion of local taxes in the taxing unit for municipal services
8 during the preceding fiscal year of the taxing unit;

9 (B) motor vehicle payments received by the municipality
10 during the preceding fiscal year under AS 28.10.431;

11 (C) revenue from fees, rentals, leases, penalties,
12 licenses or permits received during the preceding fiscal year by
13 the municipality for a function or service over which it has con-
14 trol, including revenues derived from parks and recreation ser-
15 vices, mass transit, offstreet parking, and garbage and solid waste
16 disposal services;

17 (D) special assessments received during the preceding
18 fiscal year; and

19 (E) payments received by a municipality from a utility
20 that are in place of taxes levied and collected by the municipi-
21 ality;

22 (2) excludes

23 (A) revenue derived from the levy and collection of
24 municipal taxes and appropriated for the operating expenses and
25 debt service of utilities;

26 (B) revenue from interest earned on investments and from
27 the sale and lease of land or equipment; and

28 (C) all other revenue from whatever service derived.
29 Sec. 29.60.020. DETERMINATION OF POPULATION. For purposes of

1 AS 29.60.010 - 29.60.080, the population of a taxing unit shall include
2 permanent residents and military personnel or employees of a military
3 reservation located in the taxing unit. Population shall also include
4 all persons working at isolated job sites in a taxing unit. The commis-
5 sioner of community and regional affairs shall determine the number of
6 persons working at isolated sites from information supplied by employers
7 which shows the number of persons employed on the sites as of July 1 of
8 each year, notwithstanding the place of permanent residence of those
9 employees.

10 Sec. 29.60.030. DETERMINATION OF MILLAGE RATE EQUIVALENT. (a)
11 The department may require a municipality to return a certification,
12 signed by the municipal treasurer or manager and the mayor, that pro-
13 vides an estimate of the locally generated revenue received by the
14 municipality during the preceding fiscal year.

15 (b) By October 15 of each year, the department shall make an
16 initial determination of the millage rate equivalent of each taxing unit
17 to be used for computing and distributing equalization entitlements for
18 the current fiscal year under AS 29.60.010 - 29.60.080. The department
19 shall base the initial determination on the estimates in the certifica-
20 tion returned by a municipality under (a) of this section.

21 (c) As early as possible, but not later than December 15 of each
22 year, the department shall make a final determination of the millage
23 rate equivalent of each taxing unit to use to compute and distribute
24 equalization entitlements under AS 29.60.010 - 29.60.080. The depart-
25 ment shall base the determination on audits, financial statements and
26 other financial reports prepared and submitted by a municipality. The
27 department shall adjust the locally generated revenue reported by a
28 municipality to exclude the municipal revenue claimed that does not
29 qualify for inclusion in or recognition as locally generated revenue for

1 municipal purposes under AS 29.60.010(c)(1). The adjustment shall be
2 made by deducting from total revenue claimed by the municipality the
3 amount of the department's estimate of revenue that is not recognized
4 for municipal purposes.

5 (d) The full and true assessed property value shall be determined
6 by the department in the manner provided for the computation of state
7 aid to education under AS 14.17.140. When the determination of locally
8 generated revenue includes revenue of a utility received under AS 29.-
9 60.010(c)(1)(E), the full and true assessed property value shall include
10 the computed assessed value of the utility, determined by dividing the
11 amount of the payment in place of taxes made by the utility by the
12 millage rate that would apply to the utility if the utility were subject
13 to levy and collection of taxes under AS 29.45.

14 (e) In addition to the computation for municipalities that levy
15 and collect a property tax, the department shall determine an estimated
16 full and true assessed property value under (d) of this section for

17 (1) each municipality that is a school district and that does
18 not levy and collect a property tax;

19 (2) each second class city with a population of 750 or more
20 persons; however, a computation is not required under this paragraph
21 more often than once during a period of three successive calendar years;
22 and

23 (3) all other second class cities, by determining the average
24 per capita full and true assessed property value of all cities having a
25 population of less than 750 persons in which an assessment has been
26 completed by a municipality or for which a determination is not made
27 under (1) or (2) of this subsection.

28 (f) The department shall annually compute a statewide average per
29 capita full and true assessed property value.

1 Sec. 29.60.040. REPORTS. A payment of an equalization entitlement
2 may not be made to a municipality under AS 29.60.010 - 29.60.080 until
3 the municipality has submitted its certificate of estimated revenue and
4 its financial report to the department for the fiscal year preceding the
5 year for which the equalization entitlement is sought, together with a
6 budget for the municipality's current fiscal year. The financial report
7 shall include a listing of general revenue collected from taxes levied
8 and assessed and any other revenue that, in the opinion of the municipal
9 officials, is eligible for inclusion in computations of the locally
10 generated revenue of the taxing unit.

11 Sec. 29.60.050. LIMITATION ON COMPUTATION AND USE OF PAYMENTS.

12 (a) An equalization entitlement generated by the tax levy of a taxing
13 unit may be used only for authorized expenditures of that taxing unit,
14 but up to 15 percent of the payment of an equalization entitlement
15 generated by areawide revenue of a municipality may be used by the
16 municipality for areawide or nonareawide purposes at the discretion of
17 its governing body. This subsection applies to home rule and general
18 law municipalities.

19 (b) An equalization entitlement determined with reference to
20 revenue other than revenue obtained from the levy and collection of
21 taxes may be used for areawide or nonareawide purposes, at the discre-
22 tion of the governing body.

23 Sec. 29.60.060. TAX EQUALIZATION ACCOUNT. The tax equalization
24 account is established. Money to carry out the provisions of AS 29.60.-
25 010 - 29.60.080 shall be allocated by the department to the account.
26 The amount allocated to the account shall be fully distributed by the
27 department as payments to municipalities to fulfill each share autho-
28 rized under AS 29.60.010. The amount allocated to the account shall be
29 distributed by the department pro rata among eligible municipalities.

1 Sec. 29.60.070. ADMINISTRATION. (a) The department may adopt
2 regulations necessary to implement AS 29.60.010 - 29.60.080. The regu-
3 lations shall include, among other provisions,

4 (1) procedures and filing dates for submitting certification
5 and financial reports;

6 (2) procedures for obtaining information required to compute
7 and determine the municipality's millage rate equivalent; and

8 (3) procedures by which the department shall notify a munici-
9 pality in writing of the reasons for a proposed disallowance or adjust-
10 ment of any factor bearing upon the determination of the municipality's
11 entitlement and by which the municipality will be provided reasonable
12 time in which to respond or to challenge the department's determination.

13 (b) The department shall make reasonable efforts to advise and
14 assist municipalities in collecting information and completing reports
15 necessary for the determination of entitlements under AS 29.60.010 -
16 29.60.080.

17 (c) The department shall, by regulation, classify for inclusion or
18 exclusion as a component of a municipality's millage rate equivalent
19 under AS 29.60.010 any tax revenue appropriated for a utility not in-
20 cluded in the definition set out in AS 29.60.080(4).

21 Sec. 29.60.080. DEFINITIONS. In AS 29.60.010 - 29.60.080

22 (1) "taxing unit" means a municipality and

23 (A) in a borough or unified municipality, a service area
24 or the entire area outside cities;

25 (B) in a city, a differential tax zone;

26 (2) "utility" means electric, water, sewer, gas heat, tele-
27 phone, or refuse and garbage collection service.

28 ARTICLE 2. STATE AID FOR MISCELLANEOUS PURPOSES.

29 Sec. 29.60.100. REVENUE SHARING PAYABLE. In addition to the

1 equalization entitlements paid under AS 29.60.010 - 29.60.080, during
2 each fiscal year the department shall pay aid

3 (1) to a municipality or other eligible recipient that has
4 the power to provide the services described in AS 29.60.030 - 29.60.070
5 and exercises the power in the manner required by AS 29.60.100 - 29.60.-
6 180;

7 (2) to an unincorporated community under AS 29.60.140.

8 Sec. 29.60.110. STATE AID TO MUNICIPALITIES FOR ROADS. (a) The
9 department shall pay to a municipality that has power to provide for
10 road maintenance and exercises that power, \$2,500 a mile for each mile
11 of road, street, or highway maintained by the municipality, excluding
12 (1) the official state highway system, (2) roads, streets, or highways
13 not dedicated to public use, (3) roads, streets, or highways maintained
14 under the local service road program (AS 19.30.111 - 19.30.251), and (4)
15 alleyways, in accordance with regulations adopted by the Department of
16 Transportation and Public Facilities. A payment may not be made under
17 this subsection for maintenance of a road that is not used by automotive
18 equipment.

19 (b) A frozen waterway and a connection from an inhabited area to a
20 waterway that may be safely used for public transportation by automotive
21 equipment and is so used during a portion of a year is eligible for a
22 payment of \$1,500 per mile if the waterway and connection are maintained
23 during the period of use by a municipality or combination of municipali-
24 ties. The department, after consultation with the Department of Trans-
25 portation and Public Facilities, shall determine which waterways and
26 connections qualify and, where the waterways or connections lie outside
27 the corporate limits of a municipality, which municipalities shall
28 receive the payments under this subsection, unless the municipalities
29 involved have agreed in writing to a particular distribution.

1 Sec. 29.60.120. STATE AID TO MUNICIPALITIES AND OTHER ELIGIBLE
2 RECIPIENTS FOR HEALTH FACILITIES AND HOSPITALS. (a) The department
3 shall pay

4 (1) to a municipality that has the power to provide hospital
5 facilities and services and that exercises that power, \$1,000 per bed
6 for each bed actually used for patient care, limited to the number of
7 beds provided for in the construction design of the hospital, or
8 \$250,000 a hospital for those hospitals with 10 or more beds, or \$50,000
9 a hospital for those hospitals with less than 10 beds, as the municipal-
10 ity may elect; money received under this paragraph may be used only for
11 hospitals and shall be apportioned among qualifying hospitals as the
12 municipality determine;

13 (2) on the basis set out in (1) of this subsection to a
14 municipality for a nonprofit hospital not operated by a municipality if
15 the municipality first certifies to the department that the nonprofit
16 hospital is in compliance with all standards for hospitals that have
17 been adopted by the municipality; money may not be paid on behalf of a
18 nonprofit hospital without this certification; payments to the municipi-
19 pality shall be transferred to the nonprofit hospital in accordance with
20 the basis by which the payment was generated by the hospital, and shall
21 be applied to the annual cost of operation and maintenance of the hos-
22 pital or for the provision of health care service at the hospital as the
23 directors of the hospital determine;

24 (3) to a municipality in which a health facility is operated,
25 \$7,000 per bed for each bed actually used for patient care, limited to
26 the number of beds provided for in the construction design of the health
27 facility, or \$8,000 per health facility as the municipality determines.

28 (b) A hospital may not receive payment under both (a)(1) and
29 (a)(2) of this section.

1 (c) Money received by a municipality under (a)(3) of this section
2 shall be used for expenses of health services or operation and main-
3 tenance of health facilities as the municipality determines.

4 (d) Before money may be distributed under this section, the com-
5 missioner of health and social services shall certify to the commis-
6 sioner of community and regional affairs that any accumulation of assets
7 by nonprofit corporations or other recipients under this section is
8 dedicated irrevocably to a public purpose.

9 (e) Subsections (a) and (c) of this section apply to home rule and
10 general law municipalities.

11 Sec. 29.60.130. STATE AID TO VOLUNTEER FIRE DEPARTMENTS NOT IN
12 ORGANIZED MUNICIPALITY. (a) The department shall pay to a volunteer
13 fire department registered with the state fire marshal and serving an
14 area not in an organized municipality a sum for protection purposes
15 equal to \$10 per capita for the population served by the fire depart-
16 ment, as determined by the state fire marshal. For purposes of this
17 subsection, population shall include permanent residents and military
18 personnel or employees of a military reservation served by the fire
19 department. Population shall also include all persons working at
20 isolated job sites served by the fire department. The state fire marshal
21 shall determine the number of persons working at isolated sites from
22 information supplied by employers which shows the number of persons
23 employed on the sites as of July 1 of each year, notwithstanding the
24 place of permanent residence of those employees.

25 (b) A grant shall be made under (a) of this section to facilitate
26 the organization of a volunteer fire department in an area not in an
27 organized municipality, upon application of the proposed fire protection
28 group to the state fire marshal and upon approval of applications accord-
29 ing to standards of organization and service prescribed by regulations

1 adopted by the state fire marshal.

2 Sec. 29.60.140. STATE AID TO UNINCORPORATED COMMUNITIES. (a) The
3 Department of Community and Regional Affairs shall pay an entitlement of
4 \$25,000 each fiscal year to each unincorporated community. The Depart-
5 ment of Community and Regional Affairs with advice from the Department
6 of Law shall determine whether there is in each unincorporated community
7 an incorporated nonprofit entity or a Native village council that will
8 agree to receive and spend the entitlement. If there is more than one
9 qualified entity in an unincorporated community, the Department of
10 Community and Regional Affairs shall pay the money under the entitlement
11 to the entity that the department finds most qualified to receive and
12 spend the money. The Department of Community and Regional Affairs may
13 not pay money under an entitlement to a Native village council unless
14 the council waives immunity from suit for contract claims arising out of
15 activities of the council related to the entitlement. A waiver of
16 immunity from suit under this subsection must be on a form provided by
17 the Department of Law. Neither this subsection nor any action taken
18 under it enlarges or diminishes the governmental authority or jurisdic-
19 tion of a Native village council. If there is no qualified incorporated
20 nonprofit entity or Native village council in an unincorporated community
21 that is willing to receive money under an entitlement, the entitlement
22 for that unincorporated community may not be paid.

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

26 Sec. 29.60.160. AREA COST-OF-LIVING DIFFERENTIAL. (a) Payments
27 to a municipality or other eligible recipient under AS 29.60.110 -
28 29.60.120 shall reflect area cost-of-living differentials. Payments
29 shall be based on the sum of per capita, per mile and per bed or facil-

1 ity grants due each municipality or other recipient multiplied by the
2 appropriate area cost-of-living differential. The area cost-of-living
3 differential for each recipient shall be determined annually by election
4 district under the provisions of AS 39.27.030. Application of the area
5 cost-of-living differential may not result in distribution of an amount
6 less than the amount of the payment determined without reference to
7 application of this section.

8 (b) The election districts used to establish area cost-of-living
9 differentials under (a) of this section are those designated by the
10 proclamation of reapportionment and redistricting of December 7, 1961,
11 and retained for the house of representatives by proclamation of the
12 governor September 3, 1965.

13 Sec. 29.60.170. MISCELLANEOUS SERVICES ACCOUNT. The miscellaneous
14 services account is established. Money to carry out the provisions of
15 AS 29.60.100 - 29.60.180 shall be allocated by the department to the
16 account in accordance with AS 29.60.280. If amounts in the account are
17 insufficient to pay each municipality's or other recipient's share
18 authorized under AS 29.60.100 - 29.60.180, the amounts that are avail-
19 able shall be distributed pro rata among eligible municipalities and
20 other recipients.

21 Sec. 29.60.180. REGULATIONS. The department shall adopt regula-
22 tions necessary to carry out the purposes of AS 29.60.100 - 29.60.180.
23 The regulations shall include minimum standards required to qualify a
24 municipality or other recipient for payments for each service. The
25 department may require a municipality or other recipient to submit a
26 performance report adequate to demonstrate to the department that a
27 service for which payment is requested under AS 29.60.100 - 29.60.180
28 was performed by the municipality or other recipient and meets minimum
29 standards of service prescribed by regulation.

1 operating expenses of the municipality or other hospital or health
2 facility sponsor;

3 (C) the cost of financing the project, including inter-
4 est on bonds issued to finance the project; and

5 (D) the cost of other items, including any indemnity and
6 surety bonds and premiums on insurance, legal fees, fees and ex-
7 penses of trustees, depositories, financial advisors, and paying
8 agents for the bonds issued as the issuer considers necessary.

9 (c) This section applies to home rule and general law municipali-
10 ties.

11 Sec. 29.60.240. HOSPITAL AND HEALTH FACILITY CONSTRUCTION ASSIS-
12 TANCE ACCOUNT. The hospital and health facility construction assistance
13 account is established. Money to carry out the provisions of AS 29.-
14 60.230 - 29.60.240 shall be allocated by the department to the account
15 in accordance with AS 29.60.280. If amounts in the account are insuffi-
16 cient to pay each recipient's share authorized under AS 29.60.230 -
17 29.60.240, the amounts that are available shall be distributed pro rata
18 among eligible recipients.

19 ARTICLE 4. ADMINISTRATION OF STATE AID PROGRAMS.

20 Sec. 29.60.280. ALLOCATION AND DISTRIBUTION. (a) Each year, the
21 department shall allocate money appropriated to the accounts established
22 in AS 29.60.060, 29.60.170, and 29.60.240 in the amounts determined by
23 the legislature.

24 (b) Money in the miscellaneous services account established in
25 AS 29.60.170 that exceeds the amount required to fully fund distribu-
26 tions authorized by AS 29.60.100 - 29.60.180 shall be reallocated to the
27 tax equalization account established in AS 29.60.060 and distributed
28 according to the provisions of AS 29.60.010 - 29.60.080.

29 (c) Money in the hospital and health facility construction assis-

1 tance account established in AS 29.60.240 that exceeds the amount re-
2 quired to fully fund distributions authorized by AS 29.60.230 - 29.60.-
3 240 shall be reallocated to the tax equalization account established in
4 AS 29.60.060 and distributed according to the provisions of AS 29.60.-
5 010 - 29.60.080.

6 Sec. 29.60.290. QUALIFICATION FOR MINIMUM PAYMENT. (a) A munici-
7 pality qualifying for an entitlement under AS 29.60.010 - 29.60.080 or
8 29.60.100 - 29.60.180 shall receive a minimum payment of \$25,000 plus an
9 area cost-of-living differential for each fiscal year if

10 (1) the municipality has conducted a regular election during
11 the fiscal year preceding the year for which payment of an entitlement
12 is authorized by AS 29.60.010 - 29.60.080 or 29.60.100 - 29.60.180 and
13 has reported the results of the election to the commissioner;

14 (2) regular meetings of the governing body are held in the
15 municipality during the fiscal year preceding the year for which payment
16 of an entitlement is authorized by AS 29.60.010 - 29.60.080 or 29.60.-
17 100 - 29.60.180 and a record of the proceedings is maintained;

18 (3) a municipal budget has been adopted for the fiscal year
19 during which payment of an entitlement is authorized by AS 29.60.010 -
20 29.60.080 or 29.60.100 - 29.60.180 and an audit or financial statement
21 for the preceding fiscal year has been prepared and furnished to the
22 department in accordance with AS 29.20.640(a); and

23 (4) local ordinances adopted by the municipality have been
24 codified in accordance with AS 29.25.050.

25 (b) The area cost-of-living differential payable to each munici-
26 pality under this section shall be determined annually by election
27 district under the provisions of AS 39.27.030. Except as provided in
28 AS 29.60.300, application of the area cost-of-living differential may
29 not result in a payment that is less than the minimum payment determined

1 under (a) of this section. For purposes of this subsection, the elec-
2 tion districts used are those designated by the proclamation of reappor-
3 tionment and redistricting of December 7, 1961, and retained for the
4 house of representatives by proclamation of the governor September 3,
5 1965.

6 (c) The department shall pay to each municipality eligible to
7 receive a minimum payment under this section an amount equal to the
8 difference between the minimum payment determined under (a) and (b) of
9 this section and the sum of the amounts payable for the same fiscal year
10 under AS 29.60.010 - 29.60.080 and 29.60.100 - 29.60.180.

11 (d) A payment under this section may be prorated and reduced under
12 AS 29.60.300.

13 (e) Payments under this section shall be made from the money
14 allocated to the tax equalization account established in AS 29.60.060.

15 Sec. 29.60.300. PRORATION OF PAYMENTS. (a) Payments under AS 29.-
16 60.290 and 29.60.010 - 29.60.180 shall equal the amount allocated to the
17 tax equalization account (AS 29.60.060), adjusted in accordance with
18 AS 29.60.280.

19 (b) Adjustments of payments shall be determined by prorating
20 amounts payable under AS 29.60.290 and amounts payable under AS 29.-
21 60.010 - 29.60.180 by a factor that, when applied, reduces all payments
22 in equal proportion so that payment under AS 29.60.290 and payments
23 under AS 29.60.010 - 29.60.180 equal the amount allocated to the tax
24 equalization account established in AS 29.60.060.

25 ARTICLE 5. MUNICIPAL ASSISTANCE.

26 Sec. 29.60.350. MUNICIPAL ASSISTANCE FUND. (a) There is estab-
27 lished in the department the municipal assistance fund. The legislature
28 may appropriate to the municipal assistance fund during each fiscal year
29 an amount equal to or greater than 10 percent of the income tax revenue

1 received by the state under AS 43.20.011(e) and AS 43.21 for the previous
2 fiscal year.

3 (b) The department shall distribute money from the municipal
4 assistance fund to each municipality on an annual basis as provided in
5 AS 29.60.360 and 29.60.370. A municipality may not receive payment
6 until it submits to the department a resolution approved by the govern-
7 ing body of the municipality that requests the money. Distribution of
8 money from the municipal assistance fund to a municipality with a fiscal
9 year beginning on January 1 shall be made on February 1 of the state
10 fiscal year for which the appropriation to the fund is made. Distribu-
11 tion of money from the municipal assistance fund to all other muni-
12 cipalities shall be made on June 1 of the state fiscal year for which
13 the appropriation to the fund is made. A municipality that incorporates
14 after December 31 of a state fiscal year is not eligible for a distribu-
15 tion under this section until the following state fiscal year.

16 Sec. 29.60.360. BASE AMOUNT OF ASSISTANCE. (a) The base amount
17 to be distributed from the municipal assistance fund to each munici-
18 pality for the fiscal year shall be the amount received by the munici-
19 pality during fiscal year 1978 under AS 43.70.080. A city incorporated
20 within a borough after June 30, 1977, shall receive as a base amount a
21 share of the amount distributed to the borough in which it is located
22 based on the ratio of population in the city to the total population in
23 the borough. A city incorporated outside a borough after June 30, 1977,
24 shall receive as a base amount the amount received by the city in the
25 state most closely approximating it in population at the time of its
26 incorporation. A borough incorporated after June 30, 1977, shall receive
27 as a base amount the amount received by the borough in the state most
28 closely approximating it in population at the time of its incorporation.

29 (b) If the amount appropriated to the municipal assistance fund by

1 the legislature during a fiscal year is insufficient for distribution of
2 the full base amount to each municipality, the department shall prorate
3 the amount available for distribution on the basis of amounts received
4 during the fiscal year 1978 under AS 43.70.08.

5 Sec. 29.60.370. INCREASED ASSISTANCE. (a) If the amount in the
6 municipal assistance fund at the time of distribution exceeds the base
7 amount to be distributed under AS 29.60.360, the excess amount shall be
8 distributed to each municipality on the basis of population. Population
9 for the purpose of this section shall be as certified by the commis-
10 sioner of community and regional affairs. In determining the population
11 of a borough, the population of all cities in the borough shall be
12 deducted from the total population of the borough.

13 (b) The intent of (a) of this section is that a municipality that
14 levies property taxes reduce those levies in reasonable proportion to
15 the amount of increased state aid received by the municipality. The
16 governing body of each municipality shall furnish a notice with each tax
17 statement describing its use of this increased state aid.

18 ARTICLE 15. GENERAL PROVISIONS.

19 Sec. 29.60.800. DEFINITIONS. In this chapter

20 (1) "health facility"

21 (A) means a facility is licensed, when required, by the
22 state under AS 18.20.010 - 18.20.130 and that is owned or operated
23 or both by a municipality or by a nonprofit corporation or other
24 nonprofit sponsor;

25 (B) includes a public health center, maternity home,
26 community mental health center, facility for the mentally or
27 physically handicapped, nursing home, or convalescent center;

28 (C) excludes a facility operated or wholly supported by
29 the state or the federal government;

1 (2) "hospital" means a licensed hospital determined by the
2 Department of Health and Social Services to be a general hospital; the
3 term excludes a facility operated or wholly supported by the state or
4 the federal government.

5 * Sec. 16. AS 29 is amended by adding a new chapter to read:

6 CHAPTER 65. GENERAL GRANT LAND.

7 Sec. 29.65.010. DETERMINATION OF ENTITLEMENT OF BOROUGHES AND
8 UNIFIED MUNICIPALITIES. The general grant land entitlement of each of
9 the municipalities in this section is the amount set out opposite each:

- 10 (1) Municipality of Anchorage - 44,893 acres;
11 (2) City and Borough of Juneau - 19,584 acres;
12 (3) City and Borough of Sitka - 10,500 acres;
13 (4) Bristol Bay Borough - 2,898 acres;
14 (5) Fairbanks North Star Borough - 112,000 acres;
15 (6) Haines Borough - 2,800 acres;
16 (7) Kenai Peninsula Borough - 155,780 acres;
17 (8) Ketchikan Gateway Borough - 11,593 acres;
18 (9) Kodiak Island Borough - 56,500 acres;
19 (10) Matanuska-Susitna Borough - 355,210 acres;
20 (11) North Slope Borough - 89,850 acres.

21 Sec. 29.65.020. DETERMINATION OF ENTITLEMENT FOR CITIES. The
22 general grant land entitlement of a city formerly eligible to receive
23 general grant land under the provisions of AS 29.18.190 and 29.18.200 is
24 10 percent of the maximum total acreage of vacant, unappropriated,
25 unreserved land in the boundaries of each city at any time between the
26 initial date of eligibility under former AS 29.18.190 and 29.18.200 and
27 July 1, 1978. Within six months after July 1, 1978, the director shall
28 determine the entitlement for each city eligible to receive general
29 grant land under this section and certify that entitlement to the city.

1 Sec. 29.65.030. DETERMINATION OF ENTITLEMENT FOR NEWLY INCOR-
2 PORATED MUNICIPALITIES. (a) The general grant land entitlement of a
3 municipality incorporated after July 1, 1978, is 10 percent of the total
4 acreage of vacant, unappropriated, unreserved land within the boundaries
5 of the municipality on the date of its incorporation.

6 (b) Within six months after the date of incorporation of a muni-
7 cipality that is incorporated after July 1, 1978, the director shall
8 determine the entitlement of each municipality eligible to receive
9 general grant land under (a) of this section and certify the entitlement
10 to the municipality.

11 Sec. 29.65.040. STATUS OF ENTITLEMENTS. (a) After July 1, 1978,
12 general grant land entitlements provided in AS 29.65.010 and 29.65.020
13 are vested property rights that must be fulfilled as provided in AS 29.-
14 65.050 or 29.65.080.

15 (b) General grant land entitlements provided by AS 29.65.030 are
16 property rights that vest on the date of incorporation of the muni-
17 cipality. The entitlement must be fulfilled as provided in AS 29.65.050.

18 (c) Land may be selected or nominated for selection by a muni-
19 cipality to satisfy a general grant land entitlement under AS 29.65.010
20 and 29.65.020 at any time before October 1, 1980. However, if a muni-
21 cipal selection or nomination or a part of a municipal selection or
22 nomination is rejected by the director, the municipality may, not later
23 than 90 days after receipt of the director's rejection, select addi-
24 tional state land as necessary to satisfy its entitlement.

25 (d) Land may be selected by a municipality to satisfy a general
26 grant land entitlement under AS 29.65.030 at any time within one year
27 after the director certifies the entitlement to the municipality.

28 (e) The time limitations imposed by (c) and (d) of this section
29 for exercising a vested general grant land entitlement do not apply to

1 (1) the portion of an entitlement that cannot be satisfied by
2 that date because of a shortage of land suitable for residential, com-
3 mercial, and industrial purposes that is vacant, unappropriated, unre-
4 served land;

5 (2) payments for land deficiency under AS 29.65.080;

6 (3) the portion of an entitlement that cannot be satisfied
7 because the land selected by a municipality has been selected by a party
8 entitled to select land owned by the United States or the state; or

9 (4) the portion of an entitlement that cannot be satisfied
10 because the land nominated for selection by the municipality is not
11 tentatively approved for patent to the state.

12 Sec. 29.65.050. FULFILLMENT OF LAND ENTITLEMENTS. (a) The acreage
13 of each municipality's land selections for which patent has been issued
14 before July 1, 1978, shall be credited toward fulfillment of the entitle-
15 ment of that municipality.

16 (b) All approved selections under former AS 29.18.190 and 29.-
17 18.200 for which patent has not been issued to a municipality on July 1,
18 1978, shall be reviewed by the director within nine months after July 1,
19 1978. Any approved selection of land that was vacant, unappropriated,
20 or unreserved on the date of selection is valid as of the date of the
21 approval under former AS 29.18.190 and 29.18.200, and a patent shall be
22 issued to the municipality within three months after approval by the
23 director of a plat of survey. The acreage shall be credited toward
24 fulfillment of the municipality's entitlement. A municipality is not
25 entitled to receive patent under this chapter to more than its entitle-
26 ment determined under AS 29.65.010 - 29.65.030. Any prior approval by
27 the director of municipal selections for land that was not vacant,
28 unappropriated, or unreserved on the date of selection shall be re-
29 scinded, and patent may not be issued except when disposal to a third

1 party by sale or lease has occurred. Transfers of land to municipali-
2 ties under this chapter are subject to AS 38.05.321. Classification
3 actions as reflected on the land status records of the Department of
4 Natural Resources are determinative of land classification status for
5 purposes of this chapter.

6 (c) The director shall approve each selection for patent within
7 nine months of its selection by a municipality, and a patent shall be
8 issued to the municipality for land selected in satisfaction of a
9 general grant land entitlement vested under AS 29.65.010 - 29.65.030
10 within three months after approval by the director of a plat of survey.

11 Sec. 29.65.060. SCHOOL, UNIVERSITY, AND MENTAL HEALTH LAND. (a)
12 If an entitlement determined in AS 29.65.010 or 29.65.020 results in a
13 per capita entitlement for the municipality of less than one and one-
14 half acre, the municipality may select vacant school, university, or
15 mental health land in the municipality in partial fulfillment of its
16 land entitlement under this chapter. School, university, or mental
17 health land may be selected notwithstanding the fact that these lands
18 are not unappropriated and unreserved within the meaning of this chapter
19 and under former AS 29.18.190 and 29.18.200, but each selection of
20 school, university, or mental health land by a municipality must be
21 vacant, unappropriated, or unreserved land as defined in this chapter,
22 except that it need not be general grant land.

23 (b) The acreage of school, university, or mental health land, if
24 any, in a municipality may not be included in the determination of
25 entitlement under AS 29.65.010 or 29.65.020.

26 (c) Land conveyed under this section will be credited against a
27 municipality's remaining land entitlement under this chapter.

28 (d) Within six months after approval of a municipal selection of
29 school, university, or mental health land, the director shall identify

1 state general grant land of approximately equal value to the land re-
2 quested by the municipality and shall propose the replacement land for
3 the concurrence of the appropriate board. If a proposal by the director
4 is rejected by the board, the director shall meet with the board as
5 often as necessary to determine the type and amount of equal value
6 replacement land that would be required to obtain the board's concur-
7 rence, and shall propose the replacement land for consideration by the
8 board. The replacement land shall thereafter be managed for the pur-
9 poses for which the land selected by the municipality was acquired by
10 the Territory and State of Alaska.

11 (e) The notice and review provisions of AS 38.05.305 and 38.05.345
12 apply to the designation of other general grant land as school, univer-
13 sity, or mental health land in replacement of land selected under this
14 section. The provisions of AS 38.50 and AS 38.05.032 do not apply to
15 such designations under this section. The provisions of AS 38.05.-
16 030(a), 38.05.030(e), and 38.05.035(a)(13) that require the approval of
17 the respective trust board before disposal of land by the director do
18 not apply to selections of school, university, or mental health land by
19 a local government under this section.

20 (f) For purposes of determining the per capita entitlement under
21 (a) of this section, the population of a municipality shall be the
22 population determined by the commissioner under former AS 43.18.010 for
23 the program year beginning July 1, 1978, for a municipality whose en-
24 titlement is determined under AS 29.65.010.

25 Sec. 29.65.070. SELECTION AND CONVEYANCE PROCEDURE. (a) If land
26 selected by a municipality is unsurveyed at the time of approval, the
27 director shall survey, or may approve the municipality's survey of, the
28 exterior boundaries of an approved selection without interior subdivi-
29 sion, and shall issue patent in terms of the exterior boundary survey.

1 The cost of the survey shall be borne by the municipality. If land
2 selected by a municipality has been surveyed at the time of its selec-
3 tion, the boundaries shall conform to the public land subdivisions
4 established by the approved survey.

5 (b) The director may approve municipal selections of land that
6 have been tentatively approved or patented to the state by the federal
7 government, but he may not issue patent to a municipality until the land
8 has first been patented to the state. After approval of a selection by
9 the director, but before patent to a municipality, the municipality may
10 execute conditional leases and make conditional sales only with the
11 consent of the director. Conditional sales and conditional leases made
12 before July 1, 1978, do not require the consent of the director.

13 (c) Nothing in this chapter affects a valid existing claim, loca-
14 tion, or entry under the laws of the state or the United States whether
15 for homestead, mineral, right-of-way, or other purposes. Nothing in
16 this chapter affects the rights of an owner, claimant, locater, or
17 entryman to the full use and enjoyment of the land so occupied.

18 Sec. 29.65.080. PAYMENT FOR LAND DEFICIENCY. (a) The Alaska
19 municipal land account is established in the general fund for the follow-
20 ing purposes:

21 (1) providing payment to the boroughs and unified municipali-
22 ties designated in AS 29.65.010 for a deficiency of land physically
23 suitable for residential, commercial, or industrial purposes; or

24 (2) providing payment to the boroughs and unified municipali-
25 ties designated in AS 29.65.010 for certain general grant lands selected
26 by the state and conveyed to a Native corporation under the provisions
27 of the Alaska Native Claims Settlement Act.

28 (b) A municipality shall receive payment for its land deficiency
29 from the municipal land account. A municipality is eligible to receive

1 payment for land deficiency if, after July 1, 1980, the amount of land
2 selected by a municipality that is physically suitable for residential,
3 commercial, or industrial purposes amounts to less than one-third acre
4 per capita. Any entitlement under AS 29.65.010 that is less than one-
5 third acre per capita will, for the purposes of this subsection, be
6 considered a land deficiency. An unselected remaining entitlement will,
7 for the purpose of deficiency payment under this subsection, be con-
8 sidered as land physically suitable for residential, commercial, or
9 industrial purposes. A municipality eligible under this subsection is
10 entitled to receive a payment for land deficiency equal to \$1,000 per
11 acre for a number of acres equal to the difference between one-third of
12 the population of the municipality less the number of acres physically
13 suitable for residential, commercial or industrial purposes that has
14 been selected by the municipality. For the purpose of this subsection,
15 the population of the municipality shall be the population determined in
16 accordance with AS 29.65.060(f). No payment may be made to a munici-
17 pality under this subsection in excess of \$9,000,000.

18 (c) If a municipality selected vacant, unappropriated, unreserved
19 land on or before December 18, 1971, to which the state had received
20 tentative approval or patent, and that land was also selected by a
21 Native corporation organized under the Alaska Native Claims Settlement
22 Act (P.L. 92-203), and title to that land is ultimately vested in that
23 Native corporation, the municipality may, at its option, request payment
24 for land deficiency from the municipal land account. The acceptance of
25 payment under this subsection by a municipality constitutes a relin-
26 quishment of any other right, title, or claim to the land by that muni-
27 cipality. The total payment to a municipality under this subsection may
28 not exceed \$1,000 per acre to a maximum of 8,000 acres.

29 (d) The governor shall annually submit to the legislature a request

1 for an appropriation to the municipal land account for the municipali-
2 ties that have elected to receive payments under (b) or (c) of this
3 section. The request for appropriation shall distinguish between
4 amounts necessary to make payments for land deficiency under (b) of this
5 section and those required to make payments for land deficiency under
6 (c) of this section.

7 (e) For purposes of fulfilling entitlements under this section,
8 the legislature is authorized to appropriate

9 (1) not more than \$4,000,000 per fiscal year, and not more
10 than \$12,000,000 in total, for the purpose of paying entitlements under
11 (b) of this section;

12 (2) not more than \$1,000,000 per fiscal year, and not more
13 than \$8,000,000 in total, for the purpose of paying entitlements under
14 (c) of this section.

15 (f) If an annual appropriation is not sufficient to meet the
16 amount due to all municipalities that have elected to accept payment for
17 land deficiency under (b) or (c) of this section, the governor shall
18 apportion the appropriation among the municipalities in proportion to
19 the payment calculated for each municipality for that year. When a
20 distribution of payments is made under (c) of this section, the remain-
21 ing entitlement of a municipality to which payment is made shall be
22 reduced in an amount equal to the number of acres for which payment was
23 received. An appropriation made under this section is in addition to
24 other grants and entitlements authorized to eligible municipalities.

25 (g) Payments authorized by this section may not be made to a muni-
26 cipality eligible for an entitlement under AS 29.65.020 or 29.65.030.

27 (h) Payments made under this section shall be used by a municipal-
28 ity that levies property taxes to reduce the levy in proportion to the
29 amount of state payments received by the municipality for a given fiscal

1 year. The governing body of each municipality shall furnish a notice
2 with the tax statement describing the effect on property tax levies of
3 payments received under this section.

4 Sec. 29.65.090. AUTHORIZATION FOR LAND EXCHANGES. The director,
5 with the concurrence of the commissioner, and a municipality are autho-
6 rized to exchange land or interests in land when it is in the public
7 interest. Land or interests in land exchanged under this section must
8 be of approximately equal value, including the nonmonetary value of
9 public benefits. Exchange procedures shall comply with applicable law
10 and municipal ordinances. The notice and review provisions of AS 38.-
11 05.305 and 38.05.345 apply to exchanges of land under this section. The
12 provisions of AS 38.50 do not apply to exchanges of land under this
13 section.

14 Sec. 29.65.100. PUBLIC PURPOSE AND EXPANSION NEEDS. (a) Consis-
15 tent with the best interests of the state, if a municipality does not
16 contain and cannot reasonably acquire sufficient nonfederal land within
17 its boundaries to meet its legitimate needs for public or private
18 settlement or development, it shall be the policy of the state to select
19 federal land reasonably necessary to meet the needs of the municipality
20 and to make the land selected available to the municipality under AS 38.-
21 05.315 or (b) of this section.

22 (b) Where state land is the most logical location for demonstrated
23 municipal expansion for nonpublic settlement and development purposes,
24 and when an exchange of land under AS 29.65.090 is not possible or is
25 not in the public interest, it is the policy of the state to sell or
26 lease the land at public auction. The state may contract with a muni-
27 cipality to act as its agent in an auction of state land under appli-
28 cable statutes. When a municipality acts as the agent of the state in
29 an auction, the municipality may retain from the proceeds of the auction

1 the expenses that the director determines to be necessary and reason-
2 able.

3 (c) Nothing in this chapter limits or impairs the authority of the
4 director to transfer land to municipalities, without limit or considera-
5 tion, for public purposes in accordance with AS 38.05.315. If there is
6 a remaining entitlement of the municipality, land transferred under
7 AS 38.05.315 shall be credited toward fulfillment of the entitlement.

8 Sec. 29.65.110. ELECTION OF BENEFITS. (a) A municipality that on
9 July 1, 1978, is engaged in litigation, or that becomes engaged in
10 litigation, regarding a claim to state land under former AS 29.18.190
11 and 29.18.200 shall elect either to obtain the benefits provided in this
12 chapter or to pursue the litigation and waive any claim to entitlement
13 under this chapter. An election shall be made by filing a motion for
14 dismissal with prejudice in the court in which the litigation is pending.
15 If the claim involves a municipality identified in AS 29.65.010, the
16 municipality shall file its motion for dismissal within 60 days after
17 July 1, 1978. If a claim involves a city eligible to receive an entitle-
18 ment under AS 29.65.020 the city shall file its motion for dismissal
19 within 60 days after receiving the certificate of entitlement provided
20 by the director under AS 29.65.020. Failure of the municipality to file
21 a motion for dismissal during the time period provided in this subsec-
22 tion is considered a waiver of entitlement under this chapter.

23 (b) A municipality that was eligible to file land selections under
24 former AS 29.18.190 and 29.18.200 and that does not enter into litiga-
25 tion over a claim to rights under those sections before the expiration
26 of the time period within which it could make an election under (a) of
27 this section is considered to have elected to receive benefits under
28 this chapter and to have waived any claim that might have been raised
29 under former AS 29.18.190 and 29.18.200.

1 (c) The provisions of this chapter do not affect the rights of a
2 party to litigation regarding the former AS 29.18.190, 29.18.200 or
3 29.18.420 maintained by a municipality that has elected not to obtain
4 the benefits provided by this chapter.

5 Sec. 29.65.120. ADMINISTRATION. The commissioner of natural
6 resources may adopt regulations in accordance with the Administrative
7 Procedure Act (AS 44.62) necessary to carry out the purposes of this
8 chapter.

9 Sec. 29.65.130. DEFINITIONS. In this chapter, unless the context
10 otherwise requires,

11 (1) "approved selection" means a municipal land selection
12 that has been approved in writing by the director for transfer by patent
13 to a municipality;

14 (2) "director" means the director of the division of lands,
15 Department of Natural Resources, or his designee;

16 (3) "general grant land" means land patented or tentatively
17 approved to the state from the United States under sec. 6(a) or (b) of
18 the Alaska Statehood Act;

19 (4) "mental health land" means land granted under Title II,
20 sec. 202 of P.L. 84-830, as amended before or after July 1, 1978;

21 (5) "municipal land selection" means a request by a munici-
22 pality, filed in writing with the director under authority of former
23 AS 29.18.190 and 29.18.200 or under this chapter for vacant, unappro-
24 priated, unreserved general grant land within its municipal boundaries
25 in partial fulfillment of its municipal entitlement;

26 (6) "patent" means a document, issued by the director to a
27 municipality for a previously approved selection, that conveys and
28 quitclaims all the right, title, and interest of the state without
29 reservation or condition except as may be required by law;

1 (7) "remaining entitlement" means the general grant land
2 entitlement determined in accordance with this chapter, reduced by the
3 total acreage of approved selections, including both patented and un-
4 patented parcels;

5 (8) "school land" means those rectangular sections 16 and 36
6 within each township surveyed on or before January 3, 1959, and con-
7 firmed and transferred to the State of Alaska upon its admission under
8 sec. 6(k), Alaska Statehood Act, 72 Stat. 339, and any other land
9 designated solely for school revenues;

10 (9) "university land" means all sections 33 reserved to the
11 university under 38 Stat. 1214, as amended (48 U.S.C. 353) and all land
12 granted to or reserved for the benefit of the university;

13 (10) "vacant, unappropriated, unreserved land" means general
14 grant land as defined in (4) of this section, excluding minerals as
15 required by sec. 6(i) of the Alaska Statehood Act, that

16 (A) has not been set aside by statute for one or more
17 particular uses or purposes;

18 (B) has not been approved for patent to a municipality
19 under this chapter or former AS 29.18.190 and 29.18.200; or

20 (C) is unclassified or, if classified under AS 38.05.-
21 300, is classified for agricultural, grazing, commercial, indus-
22 trial, private recreational, residential, utility, or open-to-entry
23 purposes, or is classified in accordance with an agreement between
24 a municipality and the state providing for state management of land
25 of the municipality.

26 Sec. 29.65.140. APPLICATION. This chapter applies to home rule
27 and general law municipalities.

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

29 CHAPTER 71. GENERAL PROVISIONS.

1 Sec. 29.71.010. ADVERSE POSSESSION. A municipality may not be
2 divested of title to real property by adverse possession.

3 Sec. 29.71.020. DEDICATION OF MUNICIPAL PROPERTY. Dedication of
4 streets, rights-of-way, easements or other areas for public use may not
5 be construed to require the municipality to maintain, improve or provide
6 for municipal services in the area dedicated and the dedication does not
7 impose any liability on the municipality for the condition of the area
8 dedicated.

9 Sec. 29.71.030. TAXATION OF MUNICIPALITIES. No state law or
10 regulation may assess or tax, or be construed to assess or tax, a muni-
11 cipality unless the law or regulation expressly provides that the muni-
12 cipality is to be assessed or taxed by the particular law or regulation.

13 Sec. 29.71.040. DEFINITIONS. In this title, unless otherwise
14 provided or the context otherwise requires,

15 (1) "areawide" means throughout a borough, both inside and
16 outside all cities in the borough;

17 (2) "assembly" means the governing body of a borough;

18 (3) "borough" means a general law first or second class
19 borough or a home rule borough;

20 (4) "city" means a general law first or second class city or
21 a home rule city;

22 (5) "commissioner" means the commissioner of community and
23 regional affairs;

24 (6) "consolidation" means dissolution of two or more muni-
25 cipalities and their incorporation as a new municipality;

26 (7) "council" means the governing body of a city;

27 (8) "department" means the Department of Community and
28 Regional Affairs;

29 (9) "election" means a regular or special municipal election

1 and does not include a state election;

2 (10) "governing body" means the legislative body of a muni-
3 cipality that is the assembly of a borough or the council of a city;

4 (11) "majority" means a simple majority;

5 (12) "merger" means dissolution of a municipality and its
6 absorption by another municipality;

7 (13) "municipality" means a political subdivision incorporated
8 under the laws of the state that is a home rule or general law city, a
9 home rule or general law borough, or a unified municipality;

10 (14) "nonareawide" means throughout the area of a borough
11 outside all cities in the borough;

12 (15) "owner" or "record owner" means the owner of record or
13 purchaser of record as shown in the records of the district recorder;

14 (16) "personal property" means tangible property other than
15 real property, such as merchandise, stock in trade, machinery, equip-
16 ment, furniture, fixtures, vehicles, boats, and aircraft;

17 (17) "property" means real and personal property;

18 (18) "published" means appearing at least once in a newspaper
19 of general circulation distributed in the municipality or, if there is
20 no newspaper of general circulation distributed in the municipality,
21 posting in three public places for at least five days;

22 (19) "real property" means land and improvements, all posses-
23 sory rights and privileges appurtenant to the property, and includes
24 personal property affixed to the land or improvements;

25 (20) "regular election" means the municipal election held on
26 the first Tuesday of October annually, or on a different date or inter-
27 val of years provided by ordinance or charter;

28 (21) "special election" means a municipal election and does
29 not include a regular election or a state election;

1 (22) "street" includes streets, avenues, boulevards, roads,
2 lanes, alleys, and other ways;

3 (23) "subdivision" means the division of a parcel of land into
4 two or more lots or other divisions for the purpose of sale or building
5 development, includes resubdivision, and relates to the process of
6 subdividing or to the land subdivided;

7 (24) "unified municipality" means a municipality unified in
8 accordance with AS 29.06.190 - 29.06.410;

9 (25) "voter" means a United States citizen who is qualified to
10 vote in state elections, has been a resident of the municipality for 30
11 days immediately preceding the election, is registered to vote in state
12 elections, and is not disqualified under art. V of the state constitu-
13 tion.

14 * Sec. 18. AS 01.10.060 is amended by adding a new paragraph to read:

15 (15) "municipality" means a political subdivision incorporated
16 under the laws of the state that is a home rule or general law city, a
17 home rule or general law borough, or a unified municipality.

18 * Sec. 19. AS 09.55.275 is amended to read:

19 Sec. 09.55.275. REPLAT APPROVAL. No agency of the state or
20 municipality may acquire property located within a municipality exercis-
21 ing the powers conferred by AS 29.40.070 - 29.40.160 that [AS 29.33.-
22 150 - 29.33.245 WHICH] results in a boundary change unless the agency or
23 municipality first obtains from the municipal platting authority pre-
24 liminary approval of a replat showing clearly the location of the pro-
25 posed public streets, easements, rights-of-way, and other taking of
26 private property. Final approval of replat shall be similarly obtained.
27 However, if a state agency clearly demonstrates an overriding state
28 interest, a waiver to the approval requirements of this section may be
29 granted by the governor. The platting authority shall treat applica-

1 tions for replat made by state or local governmental agencies in the
2 same manner as replat petitions originated by private landowners.

3 * Sec. 20. AS 09.65.070(e)(1) is amended to read:

4 (1) "municipality" means a home rule borough or city, a
5 general law borough or city of any class, or a unified municipality
6 [ESTABLISHED UNDER AS 29.68.240 - 29.68.440, OR A MUNICIPALITY ESTAB-
7 LISHED BY MERGER OR CONSOLIDATION UNDER AS 29.68.030 - 29.68.110]; the
8 term includes a public corporation established by a municipality;

9 * Sec. 21. AS 14.08.071(b) is amended to read:

10 (b) Except for the first election of regional school members under
11 (a) of this section, elections [ELECTION] shall be held annually on the
12 first Tuesday in October. Elections shall be supervised by the director
13 of elections in the office of the lieutenant governor, but shall be
14 administered within second class cities as part of the regular municipal
15 election. The lieutenant governor shall adopt [PROMULGATE] regulations
16 for the conduct of the election of regional school board members com-
17 parable, as far as practicable, to those prescribed for election of
18 school board members under AS 14.12 and AS 29.20.300 [AS 29.28] except
19 that the majority election requirements of AS 29.26.060 [AS 29.28.040]
20 do not apply to, nor may the regulations require runoff elections for,
21 the first election of regional school board members under (a) of this
22 section or, if a school board by resolution so requests, to subsequent
23 elections in the regional educational attendance area served by that
24 school board.

25 * Sec. 22. AS 14.08.081 is amended to read:

26 Sec. 14.08.081. RECALL. The members of a regional school board
27 are subject to recall in accordance with AS 29.26.240 - 29.26.360
28 [AS 29.28.130 - 29.28.250], except that the director of the division of
29 elections shall perform the functions of a municipal clerk, and the

1 lieutenant governor shall perform the functions of the assembly or
2 council under those sections.

3 * Sec. 23. AS 14.12.030(c) is amended to read:

4 (c) The [NOTWITHSTANDING THE] provisions of (a) and (b) of this
5 section do not apply if [, WHERE] the [BOROUGH] assembly serves as the
6 school board of the borough school district [UNDER AS 29.41.020 THE
7 NUMBER OF MEMBERS OF THE ASSEMBLY-SCHOOL BOARD SHALL BE DETERMINED IN
8 THE MANNER PRESCRIBED BY AS 29.23.020].

9 * Sec. 24. AS 14.12.110 is amended to read:

10 Sec. 14.12.110. SINGLE BODY AS ASSEMBLY AND SCHOOL BOARD. Not-
11 withstanding the provisions of this chapter or other law, a single body
12 may serve as both the [BOROUGH] assembly and [BOROUGH] school board in
13 the manner provided for third class boroughs under AS 29.20.300(b)
14 [AS 07.17.030], if

15 (1) an [A BOROUGH] ordinance for that purpose is approved by
16 the assembly and ratified by a referendum of a majority of the qualified
17 borough voters voting on the question at a regular or special election;
18 [,) and

19 (2) [IF] the public school population within the borough is
20 500 pupils or less.

21 * Sec. 25. AS 14.14.020 is amended to read:

22 Sec. 14.14.020. BOND REQUIRED. Before the officer responsible for
23 custody [OF], investment, or management of school district money enters
24 upon the duties of office, the district, or the municipality if the
25 treasury is centralized, shall obtain a bond with sufficient sureties in
26 an amount equal to the money that may come into the officer's official
27 custody, but not to exceed \$50,000. The bond shall be conditioned on
28 the officer's honest and faithful disbursement and accounting of all
29 money that may come into his official custody. The bond shall be filed

1 with the clerk of the school board. This section does not apply to an
2 officer who has been bonded under AS 29.20.610 [AS 29.23.520].

3 * Sec. 26. AS 14.14.050(d) is amended to read:

4 (d) The school board shall not make the audit if an audit that
5 [WHICH] satisfies the requirements of this section and that [WHICH] is
6 filed and posted as required by this section [,] is made according to
7 AS 29.35.110 [AS 29.48.220].

8 * Sec. 27. AS 14.17.140(a) is amended to read:

9 (a) To determine the equalized percentage to be applied to basic
10 need under AS 14.17.021, and the matching ratio for required local
11 effort under AS 14.17.071, the Department of Community and Regional
12 Affairs, in consultation with the assessor for each district, shall
13 determine the full value of the taxable real and personal property in
14 each district. Exemptions granted under ch. 129, SLA 1957, known as the
15 Alaska Industrial Incentive Act (AS 43.25), shall be honored. If there
16 is no local assessor or current local assessment for a district, then
17 the Department of Community and Regional Affairs shall make the deter-
18 mination of full value from information available. In making the deter-
19 mination, the Department of Community and Regional Affairs shall be
20 guided by AS 29.45.110 [AS 29.53.060]. The determination of full value
21 shall be made before October 1 and sent by certified mail, return
22 receipt requested, before that date to the president of the school board
23 in each district. Duplicate copies shall be sent to the commissioner.
24 The governing body of the municipality that [BOROUGH OR CITY WHICH] is
25 the district may obtain judicial review of the determination by filing a
26 motion in the superior court of the judicial district in which the
27 district is located within 30 days after receipt of the determination.
28 The superior court may modify the determination of the Department of
29 Community and Regional Affairs only upon a finding of abuse of discre-

1 tion or upon a finding that there is no substantial evidence to support
2 the determination.

3 * Sec. 28. AS 15.13.010(a) is amended to read:

4 (a) This chapter applies in every election for governor, lieu-
5 tenant governor, a member of the state legislature, a delegate to a
6 constitutional convention, or judge seeking electoral confirmation. It
7 also applies to every candidate for election to a municipal office in a
8 municipality [CITY OR BOROUGH] with a population of more than 1,000
9 inhabitants according to the latest United States census figures or
10 estimates of population certified as correct for administrative purposes
11 by the Department of Community and Regional Affairs. A municipality may
12 exempt its elected municipal officers from the requirements of this
13 chapter if a majority of the voters voting on the question at a [ANY]
14 regular election, as defined by AS 29.71.040(20) [AS 29.78.010(14)], or
15 a special municipality-wide election called for that purpose, vote to
16 exempt its elected municipal officers from the requirements of this
17 chapter. The question of exemption from the requirements of this
18 chapter may be submitted by the governing body [CITY COUNCIL OR BOROUGH
19 ASSEMBLY] by ordinance or by initiative election [ORDINANCE]. Nothing
20 in this chapter prohibits a municipality from regulating by ordinance
21 campaign contributions and expenditures.

22 * Sec. 29. AS 15.56.110(b)(2) is amended to read:

23 (2) a borough assemblyman under AS 29.20.170(6) [AS 29.23.-
24 060(c)];

25 * Sec. 30. AS 15.56.110(b)(3) is amended to read:

26 (3) a borough mayor under AS 29.20.280(6) [AS 29.23.130(f)];

27 * Sec. 31. AS 15.56.110(b)(4) is amended to read:

28 (4) a city councilman under AS 29.20.170(6) [AS 29.23.-
29 210(b)];

1 * Sec. 32. AS 15.56.110(b)(5) is amended to read:

2 (5) a city mayor under AS 29.20.280(6) [AS 29.23.255];

3 * Sec. 33. AS 16.20.036(g) is amended to read:

4 (g) The establishment of a refuge under this section does not
5 impair or alter existing rights of a municipality [BOROUGH OR CITY] to
6 state land selected [SELECT STATE LAND] under former AS 29.18.190 -
7 29.18.200.

8 * Sec. 34. AS 16.20.038(g) is amended to read:

9 (g) The establishment of a refuge under this section does not
10 impair or alter existing rights of a municipality [BOROUGH OR CITY] to
11 state land selected [SELECT STATE LAND] under former AS 29.18.190 -
12 29.18.200.

13 * Sec. 35. AS 18.26.250(2) is amended to read:

14 (2) municipality [MUNICIPAL CORPORATION OR POLITICAL SUB-
15 DIVISION OF THE STATE AS THE TERMS ARE USED IN AS 29];

16 * Sec. 36. AS 18.80.290(d) is amended to read:

17 (d) The governing [LEGISLATIVE] body of a general law or home rule
18 municipality has the authority under AS 29.20.320 [AS 29.48.035] to
19 grant to local commissions powers and duties similar to those exercised
20 by the Alaska Human Rights Commission under the provisions of this Act.

21 * Sec. 37. AS 19.30.241(2) is amended to read:

22 (2) "home rule city" means a city as defined in AS 29.04.010
23 [AS 29.08.010];

24 * Sec. 38. AS 19.30.241(3) is amended to read:

25 (3) "local government" means an organized borough of any
26 class, a unified municipality [ORGANIZED UNDER AS 29.68.240 - 29.68.440],
27 a home rule city, or a first class city [OF THE FIRST CLASS];

28 * Sec. 39. AS 23.30.005 is amended by adding a new subsection to read:

29 (m) The board shall adopt regulations that permit two or more

1 municipalities to form an employer group for the purpose of providing
2 self-insurance under this chapter.

3 * Sec. 40. AS 26.23.230(5) is amended to read:

4 (5) "political subdivision" means a home rule or general law
5 borough or city [, WHETHER HOME RULE OR OTHERWISE,] including a unified
6 municipality [MUNICIPALITIES UNIFIED UNDER AS. 29.68.240 - 29.68.440],
7 an unincorporated village, or other unit of local government;

8 * Sec. 41. AS 28.15.051(d) is amended to read:

9 (d) The department may issue a special driver's permit to a person
10 who is at least 14 years of age with the consent of his parents or
11 guardians for the purpose of driving a motor-driven cycle. This permit
12 may be issued upon application and successful completion of all pre-
13 scribed tests and fees, and is valid for the same period of time as a
14 driver's license. The permit is not valid in a municipality that
15 [WHICH] by ordinance prohibits the driving of a motor-driven cycle by a
16 person under the age of 16 years; a borough may adopt the ordinance on a
17 nonareawide basis only, unless the power to adopt it on an areawide
18 basis is acquired under AS 29.35.300 - 29.35.330 or former AS 29.33.250 -
19 29.33.290.

20 * Sec. 42. AS 38.04.020(b)(1) is amended to read:

21 (1) land nominated for selection or selected by a municipal-
22 ity to satisfy a general grant land entitlement under AS 29.65 or former
23 AS 29.18.201 - 29.18.213;

24 * Sec. 43. AS 38.04.020(e)(4) is amended to read:

25 (4) for preliminary feasibility studies, engineering design
26 work, and construction of access roads and capital improvements required
27 by municipal subdivision ordinance or regulation of the platting author-
28 ity [BOARD UNDER AS 29.33.150]; if an accurate determination of the
29 amounts necessary for access roads or capital improvements cannot be

1 made at the time the estimate is submitted, a schedule for obtaining the
2 estimates, constructing the access roads or capital improvements, and
3 disposing of the land shall be submitted;

4 * Sec. 44. AS 38.04.021(a) is amended to read:

5 (a) A municipality may apply for financial assistance for the
6 execution of a land disposal program of general grant land entitlements
7 received from the state under AS 29.65 or former AS 29.18.201 - 29.18.-
8 213 by submitting a request to the commissioner for inclusion in the
9 request submitted to the legislature under AS 38.04.020(e). A munici-
10 pality may request financial assistance for expenses of surveying land,
11 designing subdivision plats, installing improvements required by municipi-
12 pal ordinance or regulation of the local platting authority [BOARD], and
13 other reasonable direct costs of land disposal.

14 * Sec. 45. AS 38.04.021(d) is amended to read:

15 (d) A grant made under this section may not exceed five times the
16 amount of money appropriated by a first class city, a borough, or a
17 unified municipality [UNIFIED UNDER AS 29.68.240 - 29.68.440] for the
18 disposal of municipal land in the current fiscal year unless the commis-
19 sioner exempts the municipality from this subsection.

20 * Sec. 46. AS 38.04.021(e)(2) is amended to read:

21 (2) a first class city, a borough, or a unified municipality
22 that [UNIFIED UNDER AS 29.68.240 - 29.68.440 WHICH] is exempted by the
23 commissioner under (d) of this section.

24 * Sec. 47. AS 38.04.900(b) is amended to read:

25 (b) A municipality has standing to petition the commissioner for
26 the adoption of a regulation, or for the amendment or repeal of an
27 existing regulation, or to appeal a decision of the commissioner with
28 respect to classification, management, or disposal of land made under
29 authority of a regulation adopted under (a) of this section with respect

1 to state land outside the corporate boundaries of the municipality to
2 protect any interest which the municipality is authorized to regulate
3 outside its boundaries under AS 29.35.020 [AS 29.48.037].

4 * Sec. 48. AS 38.05.127(d) is amended to read:

5 (d) Upon application by a municipality or an affected owner of
6 land, the department may vacate, release, modify, or relocate an ease-
7 ment and right-of-way for public access to or along navigable or public
8 waters reserved by the department in a patent issued under AS 29.18.-
9 510 - 29.18.610, AS 29.05, AS 29.65, or former AS 29.18.011 - 29.18.460,
10 [AS 29.18] if the commissioner determines the action is consistent with
11 the public interest.

12 * Sec. 49. AS 38.05.290(b) is amended to read:

13 (b) Consistent with the best interests of the state, in the selec-
14 tion of general grant land it is the policy of the state to make avail-
15 able the maximum land area from which municipalities may fulfill land
16 entitlements under AS 29.65 or former AS 29.18.201 - 29.18.213.

17 * Sec. 50. AS 38.05.321(b) is amended to read:

18 (b) State land classified as agricultural land that [WHICH] has
19 been selected by a municipality under former AS 29.18.190 - 29.18.200 or
20 former AS 29.18.205(e) may be approved by the director for patent under
21 AS 29.65.050(c) or former AS 29.18.205(f); however, only rights in the
22 land for agricultural purposes may be transferred and all other inter-
23 ests in the land will remain with the state. Agricultural land approved
24 for patent to a municipality [UNDER AS 29.18.205(f)] shall be credited,
25 acre for acre, toward fulfillment of that municipality's entitlement
26 under AS 29.65.010 - 29.65.030 or former AS 29.18.201 - 29.18.203. If
27 the director later determines it to be in the best interests of the
28 state to transfer some or all of the additional rights in that approved
29 or patented agricultural land, those rights shall pass without consider-

1 ation to the municipality in which the land is located. The notice and
2 review provisions of [AS 38.05.305 AND] AS 38.05.345 are applicable to
3 conveyance of rights under this section.

4 * Sec. 51. AS 38.05.321(c) is amended to read:

5 (c) The provisions of this section do not apply to state land
6 classified as agricultural land which has been selected by a municipal-
7 ity under the provisions of former AS 29.18.190 - 29.18.200 if the
8 selection is an approved selection before April 1, 1978 and is otherwise
9 valid under AS 29.65.050(b) or former AS 29.18.205(b).

10 * Sec. 52. AS 38.05.362(b) is amended to read:

11 (b) Nothing in this section affects the selection rights of a
12 municipality [BOROUGH OR CITY] under former AS 29.18.190 - 29.18.200 for
13 areas selected as of July 1, 1977, or a valid existing claim, location,
14 or entry under law, as of July 1, 1976.

15 * Sec. 53. AS 39.50.145 is amended to read:

16 Sec. 39.50.145. PARTICIPATION BY MUNICIPALITIES. A municipality
17 may exempt its municipal officers from the requirements of this chapter
18 if a majority of the voters voting on the question at a [ANY] regular
19 election, as defined by AS 29.71.040(20) [AS 29.78.010(14)], or a
20 special municipality-wide election, vote to exempt its municipal
21 officers from the requirements of this chapter. The question of
22 exemption from the requirements of this chapter may be submitted by the
23 city council or borough assembly by ordinance or by initiative election
24 [ORDINANCE].

25 * Sec. 54. AS 39.50.200(a)(6) is amended to read:

26 (6) "municipal officer" includes a borough or city mayor,
27 borough assemblyman, city councilman, school board member, elected
28 utility board member, city or borough manager, members of a city or
29 borough planning or zoning commission within a home rule or general law

1 city or borough or [INCLUDING BUT NOT LIMITED TO] a unified municipality
2 [UNDER AS 29.68];

3 * Sec. 55. AS 40.15.075 is amended to read:

4 Sec. 40.15.075. AUTHORITY IN THE UNORGANIZED BOROUGH AND THIRD
5 CLASS BOROUGH. The division of lands is the platting authority in the
6 area outside organized boroughs and outside cities in the unorganized
7 borough and in the third class borough for only the purposes of hearing
8 and acting on petitions for the change or vacation of plats and shall
9 execute this function substantially in conformity with the provisions of
10 AS 29.40.130 - 29.40.160 [AS 29.33.210 - 29.33.240]. Costs of publica-
11 tion and mailing [AS WELL AS OTHER COSTS] authorized in AS 29.40.130
12 [AS 29.33.210] shall be paid to the division by the petitioner. The
13 Department of Natural Resources shall adopt reasonable regulations
14 governing the exercise of the authority conferred by this section upon
15 the division of lands.

16 * Sec. 56. AS 40.15.200 is amended to read:

17 Sec. 40.15.200. APPLICATION TO STATE AND POLITICAL SUBDIVISIONS.
18 All subdivisions of land made by the state, its agencies, instrumentali-
19 ties and political subdivisions are subject to the provisions of this
20 chapter and AS 29.40.070 - 29.40.160 [AS 29.33.150 - 29.33.240], or home
21 rule ordinances or regulations governing subdivisions, and shall comply
22 with ordinances and other local regulations adopted under this chapter
23 and AS 29.40.070 - 29.40.160 or former AS 29.33.150 - 29.33.240, or
24 under home rule authority, in the same manner and to the same extent as
25 subdivisions made by other landowners.

26 * Sec. 57. AS 41.22.020(d) is amended to read:

27 (d) In (a) of this section "municipalities" includes cities or
28 organized boroughs of any class and unified municipalities exercising
29 powers to initiate projects described in AS 41.22.020 and acquire parks

1 and open space land, as otherwise authorized by law [, AND INCLUDES BUT
2 IS NOT LIMITED TO UNIFIED MUNICIPALITIES ORGANIZED UNDER AS 29.68.240 -
3 29.68.440].

4 * Sec. 58. AS 41.35.180(5) is amended to read:

5 (5) consult with local historical district commissions re-
6 garding the establishment of historical districts under AS 29.55.010 -
7 29.55.020 [AS 29.48.108 - 29.48.110] and the approval of project altera-
8 tions under AS 45.98.040; recommend, if appropriate, the formulation of
9 additional criteria for the designation of historical districts under
10 AS 29.55.020(b) [AS 29.48.110(b)]; approve plans for and evaluate the
11 suitability of specific structures for purposes of loan eligibility and
12 continuance under the historical district revolving loan fund (AS 45.98);
13 and consult with the Department of Commerce and Economic Development
14 relative to the adoption of regulations for historical district loans
15 under AS 45.98.

16 * Sec. 59. AS 43.18.430 is amended to read:

17 Sec. 43.18.430. POWER OF MUNICIPALITY. A municipality may own,
18 maintain and employ a facility constructed under AS 43.18.400 - 43.18.-
19 460. The exercise of this power on an areawide basis is at the option
20 of the borough and is not subject to the restrictions on acquiring
21 additional areawide powers in AS 29.35.300 - 29.35.330 [AS 29.33.250 -
22 29.33.290].

23 * Sec. 60. AS 43.18.500(d)(2)(A) is amended to read:

24 (A) has the authority under AS 29.35 [AS 29.41 OR AS 29.-
25 48] to provide and maintain a cultural facility;

26 * Sec. 61. AS 43.56.010(b) is amended to read:

27 (b) A municipality may levy and collect a tax under AS 29.45.080
28 [AS 29.53.045] at the rate of taxation that applies to other property
29 taxed by the municipality. The tax shall be levied at a rate no higher

1 than the rate applicable to other property taxable by the municipality.
2 No municipality may exempt from taxation property authorized to be taxed
3 under this chapter. Exemptions shall be limited to those in AS 29.-
4 45.030, 29.45.050, [AS 29.53.020 AND AS 29.53.025] and AS 43.56.020.

5 * Sec. 62. AS 43.56.010(c) is amended to read:

6 (c) If the total value of assessed property of a municipality
7 taxing under AS 29.45.080(c) [AS 29.53.045(c)] exceeds the product of
8 225 percent of the average per capita assessed full and true value of
9 property in the state (to be determined by the department and reported
10 to each municipality by January 15 of each year) multiplied by the
11 number of residents of the taxing municipality, the department shall
12 designate the portion of the tax base against which the local tax may be
13 applied. For purposes of this subsection the average per capita
14 assessed full and true value of property in the state shall be calcu-
15 lated without regard to the assessed value of taxable property under
16 AS 43.58.

17 * Sec. 63. AS 43.56.010(d) is amended to read:

18 (d) A tax paid to a municipality under AS 29.45.080 [AS 29.53.045]
19 on or before June 30 of the tax year shall be credited against the tax
20 levied under (a) of this section for that tax year. If, however, a tax
21 is not paid to a municipality until after June 30 of the taxable year,
22 the department upon application shall refund to the taxpayer the amount
23 of tax paid to the municipality under AS 29.45.080 [AS 29.53.045]. The
24 credit or refund of taxes paid to a municipality may not exceed the
25 total amount of tax levied by the department upon the taxpayer for the
26 tax year, under (a) of this section.

27 * Sec. 64. AS 43.56.060(a) is amended to read:

28 (a) The department shall assess property for the tax levied under
29 AS 43.56.010(b) and AS 29.45.080 [AS 29.53.045] on property used or

1 committed by contract or other agreement for use for the pipeline trans-
2 portation of gas or unrefined oil or for the production of gas or un-
3 refined oil at its full and true value as of January 1 of the assessment
4 year.

5 * Sec. 65. AS 43.75.130(1) is amended to read:

6 (1) to each unified municipality [UNIFIED UNDER AS 29.68.-
7 240 - 29.68.440,] and to each city located in the unorganized borough,
8 50 percent of the amount of tax revenue collected in the municipality
9 from taxes levied by AS 43.75;

10 * Sec. 66. AS 44.07.360(8) is amended to read:

11 (8) "municipality" means a home rule or general law city or
12 borough including but not limited to the capital city and a unified
13 municipality [ORGANIZED UNDER AS 29.68.240 - 29.68.440];

14 * Sec. 67. AS 44.08.065(c) is amended to read:

15 (c) A property owner aggrieved by determination of his assessment
16 may appeal under AS 29.45.190 [AS 29.53.130 - 29.53.135].

17 * Sec. 68. AS 44.08.065(d) is amended to read:

18 (d) All adjustments in valuation approved by the board of equali-
19 zation are subject to review and final approval by the commissioner. A
20 property owner may appeal the final determination in accordance with
21 AS 29.45.210 [AS 29.53.140].

22 * Sec. 69. AS 44.47 is amended by adding a new section to read:

23 Sec. 44.47.157. FEASIBILITY STUDIES OF PROPOSED BOROUGHs. (a)
24 There is established a program of financial assistance for studies of
25 the feasibility of forming boroughs in the unorganized borough. A
26 municipality located in the unorganized borough or a resident of the
27 unorganized borough may request a feasibility study of an area of the
28 unorganized borough. The request shall be in writing and shall be
29 delivered to the commissioner. The request shall include

1 (1) a description of the boundaries of the area to be stud-
2 ied, and

3 (2) a showing of local interest in the feasibility study
4 demonstrated by

5 (A) a petition for the feasibility study containing the
6 signatures and addresses of at least five percent of the voters
7 residing in the area to be studied based on the number who voted in
8 the area at the last statewide election, or

9 (B) resolutions adopted by the governing bodies of at
10 least five percent of the municipalities within the area to be
11 studied.

12 (b) Upon receipt of a request for a feasibility study and after a
13 public hearing in the area of the proposed study, the commissioner may
14 authorize a study of the area as requested or alter the boundaries of
15 the area of the proposed study and authorize a study of the area as
16 altered. In determining which geographical area is appropriate for
17 study as a proposed borough, the commissioner shall consider

18 (1) the standards applicable to the incorporation of boroughs
19 under AS 29.05.030;

20 (2) the boundaries of the Native regional corporations estab-
21 lished under the Alaska Native Claims Settlement Act (43 U.S.C.
22 secs. 1601 - 1628);

23 (3) census divisions of the state used for the 1980 census;

24 (4) boundaries of the regional educational attendance areas;

25 and

26 (5) coastal resource service areas organized under AS 46.-
27 40.110 - 46.40.130.

28 (c) Subject to appropriations for the purpose, the commissioner
29 shall award a contract in accordance with AS 37.05.220 - 37.05.280 for a

1 study authorized under (b) of this section. The commissioner shall
2 include terms in the contract that provide for maximum public participa-
3 tion in the preparation of the feasibility study.

4 (d) A feasibility study under this section shall include

5 (1) a recommendation for or against incorporation of a
6 borough government for all or part of the area studied;

7 (2) an evaluation of the economic development potential of
8 the area;

9 (3) an evaluation of capital facility needs of the area;

10 (4) an evaluation of demographic, social, and environmental
11 factors affecting the area;

12 (5) an evaluation of current relationships among the regional
13 educational attendance areas, the coastal resource service areas, and
14 other regional entities responsible for providing services in the area
15 studied;

16 (6) an evaluation of the relationships between the existing
17 municipal governments in the area studied and regional entities re-
18 sponsible for providing services in the area;

19 (7) review of a home rule charter if one is submitted for
20 review by the resident or municipality that requested the study;

21 (8) specific recommendations for

22 (A) organization of a borough government if one is rec-
23 ommended; or

24 (B) the improvement of the delivery of services by the
25 state in the area studied.

26 * Sec. 70. AS 44.83.162(m) is amended to read:

27 (m) For purposes of (c) of this section, the number of residents
28 of the community equals the number of residents of the community deter-
29 mined by the Department of Community and Regional Affairs in accordance

1 with AS 29.60.020 [AS 29.88.015].

2 * Sec. 71. AS 44.85.270(i) is amended to read:

3 (i) All references to the "reserve fund" in this section include
4 special accounts within the reserve fund which may be created by the
5 authority to secure the payment of particular bonds, including, without
6 limitation, bonds issued by the capital city established under AS 29.-
7 14.010 [AS 29.18.510]. The commissioner of revenue may lend surplus
8 money in the general fund to the authority for deposit to any account in
9 the reserve fund in an amount equal to the required debt service reserve.
10 The loans shall be made on such terms and conditions as may be agreed
11 upon by the commissioner of revenue and the authority, including, without
12 limitation, terms and conditions providing that the loans need not be
13 repaid until the obligations of the corporation secured and to be secured
14 by the account in the reserve fund are no longer outstanding.

15 * Sec. 72. AS 44.85.410(3)(A) is amended to read:

16 (A) a general obligation bond that [WHICH] is a direct
17 and general obligation of a political subdivision of the state, all
18 the taxable property within which is subject to taxation to pay the
19 bond, note or evidence of debt, and the interest without limita-
20 tion, as to rate or amount generally to the extent permitted by law
21 or to avoid a default as provided for second class cities under
22 AS 29.45.590 [AS 29.53.410]; or

23 * Sec. 73. AS 44.85.410(3)(D) is amended to read:

24 (D) a bond of a borough issued as a general obligation
25 of a service area under AS 29.47.440 or former AS 29.58.340; [.]

26 * Sec. 74. AS 45.98.020 is amended to read:

27 Sec. 45.98.020. HISTORICAL DISTRICT LOANS. Upon endorsement and
28 plan approval by a local historical district commission established
29 under AS 29.55.010 or former AS 29.48.108 and the recommendation of a

1 majority of the members of the Historic Sites Advisory Committee, the
2 Department of Commerce and Economic Development may make loans to a
3 person, firm, business or municipality subject to applicable laws for
4 the restoration, improvement, rehabilitation, or maintenance of a struc-
5 ture that [WHICH] is

6 (1) within the boundaries of a historical district estab-
7 lished under AS 29.55.020 or former AS 29.48.110;

8 (2) identified as important in state or national history as
9 provided for in AS 29.55.020(b) or former AS 29.48.110(b); and

10 (3) another building or structure within a historical dis-
11 trict, and suitable for superficial modification so that it can conform
12 to the period or motif of the surrounding buildings or structures that
13 are the reason for the area's designation as a historical district.

14 * Sec. 75. AS 46.03.210(a) is amended to read:

15 (a) A municipality with a population in excess of 1,000 may,
16 within five years from August 5, 1969, establish and administer within
17 its jurisdiction an air pollution control program. Organized boroughs
18 may establish an air pollution control program on an areawide basis, and
19 the exercise of powers with respect to the program is not subject to the
20 restrictions on acquiring additional areawide powers specified in
21 AS 29.35.300 - 29.35.330 [AS 29.33.250 - 29.33.290]. Local programs
22 shall

23 (1) provide by ordinance for requirements compatible with
24 those imposed by the provisions of AS 46.03.140 and 46.03.170 and
25 applicable regulations;

26 (2) provide for the enforcement of the requirements imposed
27 through appropriate administrative and judicial processes;

28 (3) provide for a local administrative organization, staff,
29 and other resources necessary to effectively carry out the purposes of

1 the program; and

2 (4) be approved by the department as being satisfactory to
3 meet the requirements of AS 46.03.140 - 46.03.170 and the applicable
4 regulations.

5 * Sec. 76. AS 46.11.040(3)(A) is amended to read:

6 (A) is constructed under an exception to the municipal
7 building code granted because the exception will result in in-
8 creased energy efficiency [UNDER AS 29.33.080(g)];

9 * Sec. 77. AS 46.11.900(8) is amended to read:

10 (8) "state financial assistance" means a loan, grant, guaran-
11 tee, insurance, payment, rebate, subsidy, or other form of state assis-
12 tance (other than aid under AS 29.60 [AS 29.88, AS 29.89, AS 29.90,
13 AS 29.95] and AS 43.18) including the purchase by a state agency of a
14 loan to finance the construction of a new residential, commercial, or
15 industrial building;

16 * Sec. 78. AS 46.35.200(3) is amended to read:

17 (3) "local government" means a city or borough including a
18 unified municipality [UNIFIED UNDER AS 29.68.240 - 29.68.440];

19 * Sec. 79. AS 46.40.140(h) is amended to read:

20 (h) Members of coastal resource service area boards are subject to
21 recall on the same grounds and in the same manner as provided for recall
22 of municipal officials in AS 29.26.240 - 29.26.350 [AS 29.28.130 -
23 29.28.250]. The lieutenant governor functions in place of the assembly
24 or council and municipal clerk for receipt and review of recall petitions
25 and the conduct of recall elections.

26 * Sec. 80. AS 46.40.210(2)(A) is amended to read:

27 (A) unified municipalities [ESTABLISHED UNDER AS 29.-
28 68.240 - 29.68.440];

29 * Sec. 81. AS 47.35.010(b) is amended to read:

1 (b) The department shall, within 90 days after receiving a written
2 request that it do so, delegate its powers relating to nurseries under
3 this section and under AS 47.35.040, 47.35.050 and 47.35.060 to a muni-
4 cipality which has adopted an ordinance providing for day care licensing
5 under home rule powers or as authorized under AS 29.35.200 - 29.35.210
6 [AS 29.48.035(a)(20)]. A municipality to which these powers have been
7 delegated may waive or modify any regulation or standard established by
8 the department under the authority of AS 47.35.010 - 47.35.080 as it
9 applies to nurseries or the application of any such regulation or stan-
10 dard as it applies to a particular day care licensee but must notify the
11 department of any waiver.

12 * Sec. 82. The following laws are repealed: AS 04.11.340(4), 04.11.-
13 400(c); AS 04.21.080(11); AS 14.56.065(b), 14.56.180(3); AS 15.13.130(6);
14 AS 18.55.950(10); AS 24.55.330(3); AS 28.35.260(10); AS 29.08; AS 29.13;
15 AS 29.18.011 - 29.18.460; AS 29.23; AS 29.28; AS 29.33; AS 29.38; AS 29.41;
16 AS 29.43; AS 29.48; AS 29.53; AS 29.58; AS 29.63; AS 29.68; AS 29.73; AS 29.-
17 78; AS 29.88; AS 29.89; AS 29.90; AS 29.95; AS 30.15.070(3); AS 30.30.170(2);
18 AS 35.15.080(3), 35.15.120(3); AS 42.06.630(6); AS 43.18.500(j)(6); AS 43.20.-
19 016; AS 43.56.210(8); AS 44.47.310(5); and AS 44.85.410(4).

20 * Sec. 83. A right or liability of a municipality existing on July 1,
21 1982, is not affected by the enactment of this Act. Ordinances and regula-
22 tions in effect on July 1, 1982, remain in effect unless they conflict with
23 provisions of this Act. Ordinances and regulations in effect on July 1,
24 1982, that conflict with provisions of this Act remain in effect for 180 days
25 after July 1, 1982. The terms of elected or appointed municipal officials in
26 office on July 1, 1982, are not affected by this Act, and their terms expire
27 as provided before July 1, 1982.

28 * Sec. 84. AS 29.45.030(a)(7), (m), and (n) as enacted in sec. 11 of this
29 Act are retroactive to December 31, 1980. AS 29.45.030(j) and (k) as enacted

1 in sec. 11 of this Act are retroactive to January 1, 1982.

2 * Sec. 85. AS 29.45.030(a)(7), (j), (k), (m), and (n) as enacted in sec.
3 11 of this Act and sec. 84 of this Act take effect immediately in accordance
4 with AS 01.10.070(c).

5 * Sec. 86. Except for AS 29.45.030(a)(7), (j), (k), (m), and (n) as
6 enacted in sec. 11 of this Act and sec. 84 of this Act, this Act takes effect
7 July 1, 1982.

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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, after line 24, insert:

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

Page 195, line 25:

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

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

COMMITTEE REPORT

HOUSE

FURTHER:

(11)

5/8/82

Date: 5/8/82

Mr. Speaker:

The Committee on Finance has had CSSB 180 (C&PA) 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)
- replace with CS for CSSB 180 (Fin) same title
 new title
- and recommends with attached amendment
- AND attaches a "Letter of Intent" New Fiscal Note (3)
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]

[Signature]
CHAIRMAN

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, 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)

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 Date January 20, 1982
Council

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)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		405	255	430	255	430
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
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

Original: Legislative Finance

PHONE 465-4730

cc: Budget and Management

Prime Sponsor (First Legislator Named)

POSITION PAPERRequested by: Senate Community & Regional AffairsSubject: 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.