

LEG. FINANCE - BILLS 1983 - 1984 1852

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1 of the United States Bureau of the Census or on other reliable popula-  
2 tion data. For purposes of (b) and (c) of this section, the average  
3 per capita assessed full and true value of property in the state shall  
4 be calculated without regard to the assessed value of taxable property  
5 under AS 43.58.

6 Sec. 29.45.100. NO LIMITATIONS ON TAXES TO PAY BONDS. The  
7 limitations provided for in AS 29.45.080 - 29.45.090 do not apply to  
8 taxes levied or pledged to pay or secure the payment of the principal  
9 and interest on bonds. Taxes to pay or secure the payment of princi-  
10 pal and interest on bonds may be levied without limitation as to rate  
11 or amount, regardless of whether the bonds are in default or in danger  
12 of default.

13 Sec. 29.45.110. FULL AND TRUE VALUE. (a) The assessor shall  
14 assess property at its full and true value as of January 1 of the  
15 assessment year, except as provided in this section, AS 29.45.060, and  
16 29.45.230. The full and true value is the estimated price that the  
17 property would bring in an open market and under the then prevailing  
18 market conditions in a sale between a willing seller and a willing  
19 buyer both conversant with the property and with prevailing general  
20 price levels.

21 (b) Assessment of business inventories may be based on the  
22 average monthly method of assessment rather than the value existing on  
23 January 1. The method used to assess business inventories shall be  
24 prescribed by the governing body.

25 (c) In the case of cessation of business during the tax year,  
26 the municipality may provide for reassessment of business inventories  
27 using the average monthly method of assessment for the tax year rather  
28 than the value existing on January 1 of the tax year, and for reduc-  
29 tion and refund of taxes. In enacting an ordinance authorized by this

1 section, the municipality may prescribe procedures, restrictions, and  
2 conditions of assessing or reassessing business inventories and of  
3 remitting or refunding taxes.

4 Sec. 29.45.120. RETURNS. (a) The municipality may require each  
5 person having ownership or control of or an interest in property to  
6 submit a return in the form prescribed by the assessor, based on prop-  
7 erty values existing on January 1, except as otherwise provided in  
8 this chapter.

9 (b) The assessor may, by written notice, require a person to  
10 provide additional information within 30 days.

11 Sec. 29.45.130. INDEPENDENT INVESTIGATION. (a) The assessor is  
12 not bound to accept a return as correct. The assessor may make an  
13 independent investigation of property returned or of taxable property  
14 on which no return has been filed. In either case, the assessor may  
15 make the assessor's own valuation of the taxable property and this  
16 valuation is prima facie evidence of the value of the property.

17 (b) For investigation, the assessor or the assessor's agent may  
18 enter a premise during reasonable hours and may examine property on  
19 the premise. The assessor or the assessor's agent may examine all  
20 property records involved. A person shall, on request, furnish to the  
21 assessor or the assessor's agent every facility and assistance for the  
22 investigation. The assessor may seek a court order to compel entry  
23 and production of records needed for assessment purposes.

24 (c) An assessor may examine a person on oath. On request, the  
25 person shall submit to examination at a reasonable time and place  
26 selected by the assessor.

27 Sec. 29.45.140. VIOLATIONS. A person who knowingly fails to  
28 file a statement required by ordinance or who knowingly makes a false  
29 affidavit to a statement required by a tax ordinance relative to the

1 amount, location, kind or value of property subject to taxation with  
2 intent to evade the taxation, is guilty of a class B misdemeanor.

3 Sec. 29.45.150. REEVALUATION. A systematic reevaluation of  
4 taxable real and personal property undertaken by the assessor, whether  
5 of specific areas in which real property is located or of specific  
6 classes of real or personal property to be assessed, shall be made  
7 only in accordance with a resolution or other act of the municipality  
8 directing a systematic reevaluation of all taxable property in the  
9 municipality over the shortest period of time practicable, as fixed in  
10 the resolution or act.

11 Sec. 29.45.160. ASSESSMENT ROLL. (a) The assessor shall pre-  
12 pare an annual assessment roll. The roll shall contain

- 13 (1) a description of all taxable property;  
14 (2) the assessed value of all taxable property;  
15 (3) the names and addresses of persons with property sub-  
16 ject to assessment and taxation.

17 (b) The assessor may list real property by any description that  
18 may be made certain. Real property is assessed to the record owner.  
19 The district recorder shall at least monthly provide the assessor a  
20 copy of each recorded change of ownership showing the name and mailing  
21 address of the owner and the name and mailing address of the person  
22 recording the change of ownership. Other persons having an interest  
23 in the property may be listed on the assessment records with the  
24 owner. The person in whose name property is listed as owner is conclu-  
25 sively presumed to be the legal record owner. If the property owner  
26 is unknown, the property may be assessed to "unknown owner". An  
27 assessment is not invalidated by a mistake, omission, or error in the  
28 name of the owner, if the property is correctly described.

29 Sec. 29.45.170. ASSESSMENT NOTICE. (a) The assessor shall give

1 each person named in the assessment roll a notice of assessment,  
2 showing the assessed value of the person's property. On each notice  
3 is printed a brief summary of the dates when taxes are payable,  
4 delinquent, and subject to penalty and interest, and the dates when  
5 the board of equalization will sit.

6 (b) Sufficient assessment notice is given if mailed by first  
7 class mail 30 days before the equalization hearings. If the address  
8 is not known to the assessor, the notice may be addressed to the  
9 person at the post office nearest the property. Notice is effective  
10 on the date of mailing.

11 Sec. 29.45.180. CORRECTIONS. (a) A person receiving an assess-  
12 ment notice shall advise the assessor of errors or omissions in the  
13 assessment of the person's property. The assessor may correct errors  
14 or omissions in the roll before the board of equalization hearing.

15 (b) If errors found in the preparation of the assessment roll  
16 are adjusted, the assessor shall mail a corrected notice allowing 30  
17 days for appeal to the board of equalization.

18 Sec. 29.45.190. APPEAL. (a) A person whose name appears on the  
19 assessment roll or the agent or assigns of that person may appeal to  
20 the board of equalization for relief from an alleged error in valua-  
21 tion not adjusted by the assessor to the taxpayer's satisfaction.

22 (b) The appellant shall, within 30 days after the date of mail-  
23 ing of notice of assessment, submit to the assessor a written appeal  
24 specifying grounds in the form that the board of equalization may  
25 require. Otherwise, the right of appeal ceases unless the board of  
26 equalization finds that the taxpayer was unable to comply.

27 (c) The assessor shall notify an appellant by mail of the time  
28 and place of hearing.

29 (d) The assessor shall prepare for use by the board of equaliza-

1           tion a summary of assessment data relating to each assessment that is  
2           appealed.

3           (e) A city in a borough may appeal an assessment to the borough  
4           board of equalization in the same manner as a taxpayer. Within five  
5           days after receipt of the appeal, the assessor shall notify the person  
6           whose property assessment is being appealed by the city.

7           Sec. 29.45.200. BOARD OF EQUALIZATION. (a) The governing body  
8           sits as a board of equalization for the purpose of hearing an appeal  
9           from a determination of the assessor, or it may delegate this author-  
10          ity to one or more boards appointed by it. An appointed board may be  
11          composed of not less than three persons, who may be members of the  
12          governing body, municipal residents, or a combination of members of  
13          the governing body and residents. The governing body shall by ordi-  
14          nance establish the qualifications for membership.

15          (b) The board of equalization is governed in its proceedings by  
16          rules adopted by ordinance that are consistent with general rules of  
17          administrative procedure. The board may alter an assessment of a lot  
18          only pursuant to an appeal filed as to the particular lot.

19          (c) Notwithstanding other provisions in this section, a deter-  
20          mination of the assessor as to whether property is taxable under law  
21          may be appealed directly to the superior court.

22          Sec. 29.45.210. HEARING. (a) If an appellant fails to appear,  
23          the board of equalization may proceed with the hearing in the absence  
24          of the appellant.

25          (b) The appellant bears the burden of proof. The only grounds  
26          for adjustment of assessment are proof of unequal, excessive, im-  
27          proper, or under valuation based on facts that are stated in a valid  
28          written appeal or proven at the appeal hearing. If a valuation is  
29          found to be too low, the board of equalization may raise the assess-

1 ment.

2 (c) The board of equalization shall certify its actions to the  
3 assessor within seven days. Except as to supplementary assessments,  
4 the assessor shall enter the changes and certify the final assessment  
5 roll by June 1.

6 (d) An appellant or the assessor may appeal a determination of  
7 the board of equalization to the superior court as provided by rules  
8 of court applicable to appeals from the decisions of administrative  
9 agencies. Appeals are heard on the record established at the hearing  
10 before the board of equalization.

11 Sec. 29.45.220. SUPPLEMENTARY ASSESSMENT ROLLS. The assessor  
12 shall include property omitted from the assessment roll on a supple-  
13 mentary roll, using the procedures set out in this chapter for the  
14 original roll.

15 Sec. 29.45.230. TAX ADJUSTMENTS ON PROPERTY AFFECTED BY A NATU-  
16 RAL DISASTER. (a) The municipality may provide for assessment or  
17 reassessment and reduction of taxes for property destroyed, damaged,  
18 or otherwise reduced in value as a result of a natural disaster.

19 (b) An assessment or reassessment under this section may be made  
20 by the assessor only upon the receipt of a sworn statement of the tax-  
21 payer that losses exceed \$1,000. A reduction of taxes may be made  
22 only on losses in excess of \$1,000 for the remainder of the year  
23 following the disaster. On reassessment, the municipality shall  
24 recompute this tax and refund taxes that have already been paid.

25 (c) The municipality shall give notice of assessment or re-  
26 assessment under this section and shall hold an equalization hearing  
27 as provided in this chapter, except that a notice of appeal must be  
28 filed with the board of equalization within 10 days after notice of  
29 assessment or reassessment is given to the person appealing. Other-

1 wise, the right of appeal ceases unless the board finds that the  
2 taxpayer is unable to comply.

3 (d) In enacting an ordinance or resolution authorized by this  
4 section the municipality may, consistent with this section, prescribe  
5 procedures, restrictions, and conditions of assessing or reassessing  
6 property and of remitting, refunding, or forgiving taxes.

7 (e) In this section "disaster" means a major disaster declared  
8 by the President of the United States under the provisions of the  
9 Federal Disaster Act of 1950, Title 42, United States Code, sec.  
10 1855-1855g, or other federal law, or a disaster declared by the gover-  
11 nor under AS 26.23.010 - 26.23.110.

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

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

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

1 not returned.

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

5 ARTICLE 2. ENFORCEMENT OF TAX LIENS.

6 Sec. 29.45.290. VALIDITY. Certified assessment and tax rolls  
7 are valid and binding on all persons, notwithstanding a defect, error,  
8 omission, or invalidity in the assessment rolls or proceedings per-  
9 taining to the assessment roll.

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

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

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

27 (b) If the personal property sold is not sufficient to satisfy  
28 the tax, penalty, and interest, and costs of sale, the warrant may  
29 authorize the seizure of other personal property sufficient to satisfy

1 the tax, penalty, interest, and costs of sale. If the property is  
2 sold for more money than is needed to satisfy the tax, the municipal-  
3 ity shall remit the excess to the former record owner upon  
4 presentation of a proper claim. A claim for the excess filed after  
5 six months of the date of sale is forever barred.

6 Sec. 29.45.320. REAL PROPERTY TAX COLLECTION. (a) The municipi-  
7 tality shall enforce delinquent real property tax liens by annual  
8 foreclosure, unless otherwise provided by ordinance.

9 (b) If the tax on property described in AS 29.45.070 or on a  
10 taxable interest in tax-exempt property is not paid when due, a muni-  
11 cipality may enforce the tax by a personal action against the delin-  
12 quent taxpayer brought in the district or superior court, in addition  
13 to other remedies available to enforce the lien.

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

15 (1) annually present a petition for judgment and a certi-  
16 fied copy of the foreclosure list for the previous year's delinquent  
17 taxes in the superior court for judgment;

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

23 (3) within 10 days after the first publication or posting,  
24 mail to the last known owner of each property as the owner's name and  
25 address appear on the list a notice advising of the foreclosure pro-  
26 ceeding in which a petition for judgment of foreclosure has been filed  
27 and describing the property and the amount due as stated on the list.

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

- 1 (1) the last known owner;
- 2 (2) the property description as stated on the assessment
- 3 roll;
- 4 (3) years and amounts of delinquency;
- 5 (4) penalty and interest due;
- 6 (5) a statement that the list is available for public
- 7 inspection at the clerk's office;
- 8 (6) a statement that the list has been presented to the
- 9 superior court with a petition for judgment and decree.

10 (c) Completion of the requirements of (a) of this section con-  
11 stitutes and has the same force and effect as the filing of an indi-  
12 vidual and separate complaint and service of summons to foreclose a  
13 lien against each property described on the foreclosure list.

14 Sec. 29.45.340. CLEARING DELINQUENCIES. During the publication  
15 or posting of the foreclosure list and up to the time of transfer to  
16 the municipality a person may pay the taxes, together with the penal-  
17 ty, interest, and costs. The collector shall note payment on the  
18 foreclosure list.

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

22 Sec. 29.45.360. GENERAL FORECLOSURE. A municipality shall bring  
23 one general foreclosure proceeding in rem against the properties in-  
24 cluded in the foreclosure list. If the owner is unknown, the property  
25 is proceeded against as belonging to "unknown owner."

26 Sec. 29.45.370. ANSWER AND OBJECTION. A person having an inter-  
27 est in a lot on the foreclosure list may file an answer within 30 days  
28 of the date of last publication, specifying the person's objection.  
29 The court shall make its decision in summary proceedings. The fore-

1 closure list is prima facie evidence that the assessment and levy of  
2 the tax is valid and that the tax is unpaid.

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

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

14 (b) The court clerk shall deliver a certified copy of the judg-  
15 ment and decree to the municipal clerk. The certified judgment and  
16 decree constitutes a transfer to the municipality.

17 (c) The judgment and decree stops objections to it that could  
18 have been presented before judgment and decree. Appeal from a judg-  
19 ment and decree of foreclosure, or from a final order in the proceed-  
20 ing, may be taken in the manner provided for appeals in civil actions.

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

1           Sec. 29.45.410. EFFECT. Receipt of redemption money by the  
2 municipality releases the judgment obtained under AS 29.45.380. The  
3 clerk or the clerk's designee shall record the redemption and issue a  
4 certificate containing a property description, the redemption amount,  
5 and the dates of judgment and decree of foreclosure. The clerk or the  
6 clerk's designee shall collect the recording fee at the time of re-  
7 demption and shall file the certificate with the record as part of the  
8 judgment roll.

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

14           Sec. 29.45.430. POSSESSION DURING REDEMPTION PERIOD. Foreclo-  
15 sure does not affect the former owner's right to possession during the  
16 redemption period. If waste is committed by the former owner or by  
17 anyone acting under the permission or control of the former owner, the  
18 municipality may declare an immediate forfeiture of the right to  
19 possession.

20           Sec. 29.45.440. EXPIRATION. (a) At least 30 days before the  
21 expiration of the redemption period the clerk or the clerk's designee  
22 shall publish a redemption period expiration notice. The notice shall  
23 contain the date of judgment, the date of expiration of the period of  
24 redemption, and a warning that all properties ordered sold under the  
25 judgment, unless redeemed, shall be deeded to the municipality immedi-  
26 ately on expiration of the period of redemption and that every right  
27 or interest of a person in the properties will be forfeited forever to  
28 the municipality. The notice appears once a week for four consecutive  
29 weeks in a newspaper of general circulation distributed in the muni-

1       cipality. If there is no newspaper of general circulation distributed  
2       in the municipality, the notice is posted in three public places for  
3       at least four consecutive weeks. The clerk shall send a copy of the  
4       notice by certified mail to each record owner of property against  
5       which a judgment of foreclosure has been taken and, if the assessed  
6       value of the property is more than \$20,000, to all holders of mort-  
7       gages or other liens of record on the property. The notice shall be  
8       mailed within five days after the first publication. The mailing  
9       shall be sufficient if mailed to the property owner and to the holder  
10      of a mortgage or recorded lien at the last address of record.

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

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

17       Sec. 29.45.450. DEED TO BOROUGH OR CITY. (a) Unredeemed prop-  
18      erty in the area of the borough outside all cities is deeded to the  
19      borough by the clerk of the court. Unredeemed property in a city is  
20      deeded to the city subject to the payment by the city of unpaid bor-  
21      ough taxes and costs of foreclosure levied against the property before  
22      foreclosure. The deed shall be recorded in the recording district in  
23      which the property is located.

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

26       (c) If unredeemed property lies in a city and if the city has no  
27      immediate public use for the property but the borough does have an  
28      immediate public use, the city shall deed the property to the borough.  
29      If unredeemed property lies in the borough outside all cities and if

1 the borough does not have an immediate public use for the property but  
2 a city does have an immediate public use, the borough shall deed the  
3 property to the city.

4 (d) No deed is invalid for irregularities, omissions, or defects  
5 in the proceedings under this chapter unless the former owner has been  
6 misled so as to be injured. Two years after the date of the deed, its  
7 validity is conclusively presumed and a claim of the former owner or  
8 other person having an interest in the property is forever barred.

9 Sec. 29.45.460. DISPOSITION AND SALE OF FORECLOSED PROPERTY.

10 (a) The municipality shall determine by ordinance whether foreclosed  
11 property deeded to the municipality shall be retained for a public  
12 purpose. The ordinance shall contain the legal description of the  
13 property, the address or a general description of the property suffi-  
14 cient to provide the public with notice of its location, and the name  
15 of the last record owner of the property as the name appears on the  
16 assessment rolls.

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

23 (c) The clerk or the clerk's designee shall send a copy of the  
24 published notice of hearing of an ordinance to consider a determina-  
25 tion required under (a) or (b) of this section by certified mail to  
26 the former record owner of the property that is the subject of the  
27 ordinance. The notice shall be mailed within five days after its  
28 first publication and shall be sufficient if mailed to the last record  
29 owner of the property as the name appears on the assessment rolls of

1 the municipality.

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

5 Sec. 29.45.470. REPURCHASE BY RECORD OWNER. (a) The record  
6 owner at the time of tax foreclosure of property acquired by a muni-  
7 cipality, or the assigns of that record owner, may, within 10 years  
8 and before the sale or contract of sale of the tax-foreclosed property  
9 by the municipality, repurchase the property. The municipality shall  
10 sell the property for the full amount applicable to the property under  
11 the judgment and decree, with interest not to exceed 15 percent a year  
12 from the date of entry of the judgment of foreclosure to the date of  
13 repurchase, delinquent taxes assessed and levied as though it had  
14 continued in private ownership, and costs of foreclosure and sale.

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

19 Sec. 29.45.480. PROCEEDS OF TAX SALE. (a) On sale of fore-  
20 closed real or personal property the municipality shall divide the  
21 proceeds less cost of collection, between the borough and the city  
22 having unpaid taxes against the property. The division is in propor-  
23 tion to the respective municipal taxes against the property at the  
24 time of foreclosure.

25 (b) If tax-foreclosed real property that has been held by a  
26 municipality for less than 10 years after the close of the redemption  
27 period and never designated for a public purpose is sold at a tax-  
28 foreclosure sale, the former record owner is entitled to the portion  
29 of the proceeds of the sale that exceeds the amount of unpaid taxes,

1 the amount equal to taxes that would have been assessed and levied  
2 after foreclosure if the property had continued in private ownership,  
3 penalty, interest, and costs to the municipality of foreclosing and  
4 selling the property. If the proceeds of the sale of tax-foreclosed  
5 property exceed the total of unpaid and delinquent taxes, penalty,  
6 interest, and costs, the municipality shall provide the former owner  
7 of the property written notice advising of the amount of the excess  
8 and the manner in which a claim for the balance of the proceeds may be  
9 submitted. Notice is sufficient under this subsection if mailed to  
10 the former record owner at the last address of record of the former  
11 record owner. On presentation of a proper claim, the municipality  
12 shall remit the excess to the former record owner. A claim for the  
13 excess filed after six months of the date of sale is forever barred.

14 Sec. 29.45.490. PAYMENT OF TAXES UPON PUBLIC UTILIZATION. If a  
15 municipality takes title to tax-foreclosed property for a public pur-  
16 pose, the municipality shall satisfy unpaid taxes and assessments  
17 against the property held by other municipalities, with accrued inter-  
18 est but without penalty. If the amount required to satisfy the unpaid  
19 taxes and assessments exceeds the assessed value of the property, the  
20 municipality shall pay the other municipalities the assessed value,  
21 which shall be divided between the other municipalities in proportion  
22 to their respective taxes and assessments against the property at the  
23 time of foreclosure.

24 Sec. 29.45.500. REFUND OF TAXES. (a) If a taxpayer pays taxes  
25 under protest, the taxpayer may bring suit in the superior court  
26 against the municipality for recovery of the taxes. If judgment for  
27 recovery is given against the municipality, or, if in the absence of  
28 suit, it becomes obvious to the governing body that judgment for  
29 recovery of the taxes would be obtained if legal proceedings were

1 brought, the municipality shall refund the amount of the taxes to the  
2 taxpayer with interest at eight percent from the date of payment plus  
3 costs.

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

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

### 13 ARTICLE 3. CITY PROPERTY TAX.

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

18 Sec. 29.45.560. CITIES INSIDE BOROUGHES. Home rule and first  
19 class cities inside boroughs may levy a property tax. A property tax,  
20 if levied, is subject to AS 29.45.010 - 29.45.050, 29.45.090 - 29.45.-  
21 100, 29.45.250, 29.45.400 29.45.440 and 29.45.460 - 29.45.500. The  
22 council shall by June 15 of each year present to the assembly a state-  
23 ment of the city's rate of levy unless a different date is agreed upon  
24 by the borough and city.

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

27 Sec. 29.45.580. DIFFERENTIAL TAX ZONES. A city may by ordinance  
28 establish, alter, and abolish differential tax zones to provide and  
29 levy property taxes for services not provided generally in the city or

1 a different level of service than that provided generally in the city.

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

10 Sec. 29.45.600. COMBINING PROPERTY TAX WITH INCORPORATION OF A  
11 SECOND CLASS CITY. A petition for second class city incorporation may  
12 request that a property tax proposal be placed on the same ballot.  
13 The petition must state the proposed tax rate. The petition may re-  
14 quest that incorporation be dependent on the passage of the property  
15 tax proposition. If so, the incorporation proposition fails if the  
16 property tax fails.

17 ARTICLE 4. BOROUGH SALES AND USE TAX.

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

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

26 (c) A person who furnishes proof, in the form required by the  
27 borough tax collector, that the person has paid a sales tax on the  
28 source on which a use tax is levied by the borough is required to pay  
29 the use tax only to the extent of the difference between the amount of

1 the sales tax paid and the amount of the use tax levied by the bor-  
2 ough. This subsection applies to a sales tax levied in any taxing  
3 jurisdiction whether inside or outside the state.

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

9 (e) A borough may provide for the creation, recording, and  
10 notice of a lien on real or personal property to secure the payment of  
11 a sales and use tax, and the interest, penalties, and administration  
12 costs in the event of delinquency. When recorded, a lien authorized  
13 under this section has priority over other liens except those for  
14 property taxes and special assessments.

15 Sec. 29.45.660. NOTICE OF SALES AND USE TAX. (a) If the bor-  
16 ough levies and collects only a sales tax and use tax, the assembly  
17 shall provide a notice substantially in the form set out in AS 29.45.-  
18 020. In providing notice under this subsection, the assembly shall  
19 substitute for the millage equivalency its estimate of the equivalent  
20 sales tax rate for each of the categories of financial assistance set  
21 out in AS 29.45.020. Notice shall be provided

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

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

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

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

12 ARTICLE 5. CITY SALES AND USE TAXES.

13 Sec. 29.45.700. POWER OF LEVY. (a) A city in a borough that  
14 levies and collects areawide sales and use taxes may levy sales and  
15 use taxes on all sources taxed by the borough in the manner provided  
16 for boroughs, except that the assembly may by ordinance authorize a  
17 city to levy and collect sales and use taxes on other sources.

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

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

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

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

2 CHAPTER 46. SPECIAL ASSESSMENTS.

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

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

15 (2) the governing body.

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

20 (1) a procedure for filing petitions;

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

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

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

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

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

4 (7) a resolution or ordinance confirming the special as-  
5 sessment roll for the proposed local improvement.

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

12 (c) To the extent that the municipality does not prescribe a  
13 procedure for special assessments as permitted by this section, the  
14 municipality shall comply with the special assessment procedures set  
15 out in AS 29.46.030 - 29.46.100.

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

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

27 (c) The governing body shall set a time for public hearing on  
28 the improvement plan and the period for filing objections to the plan.  
29 The governing body shall publish a notice of the hearing and of the

1 period during which objections may be filed at least once a week for  
2 four consecutive weeks in a newspaper of general circulation if dis-  
3 tributed in the municipality and shall send notice by mail to every  
4 record owner of property in the special assessment district.

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

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

14 (b) If objections are made in writing during the period set for  
15 objections by the owners of property bearing 50 percent or more of the  
16 estimated total cost of the improvement, the governing body may not  
17 proceed with the improvement unless it revises the plan to meet the  
18 objections and the objections are reduced to less than 50 percent. A  
19 revised plan shall be approved and adopted as an original plan in  
20 accordance with AS 29.46.030.

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

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

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

1 than 15 days before the hearing.

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

11 Sec. 29.46.080. PAYMENT. (a) The governing body shall fix  
12 times of payment, penalties on delinquent payments, and the rate of  
13 interest on the unpaid balance of the assessment. Payment may be in  
14 one sum or by installments. If payment is to be in one sum, payment  
15 may not be required sooner than 60 days after mailing of the assess-  
16 ment statement. The entire assessment may be prepaid without interest  
17 or penalty within 30 days after mailing of the assessment statement,  
18 and thereafter the assessment may be prepaid in whole or in part with  
19 interest to the payment date.

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

27 (c) Assessments are liens on the property assessed and are prior  
28 and paramount to all liens except municipal tax liens. They may be  
29 enforced as provided in AS 29.53.200 - 29.53.390 for enforcement of

1 property tax liens.

2 Sec. 29.46.090. EXEMPTION. (a) The real property owned and  
3 occupied by a resident 65 years of age or over, or the spouse, widow,  
4 widower, or minor heir of the original applicant, on which is located  
5 only the permanent abode of the applicant that is a single-family  
6 residence, is exempt from (1) special sewer assessments levied by a  
7 municipality after September 2, 1975, and (2) special water assess-  
8 ments levied by a municipality after September 2, 1975. Only one  
9 exemption may be granted with respect to the same property, and, if  
10 two or more persons are eligible for an exemption with respect to the  
11 same property, the parties shall decide between or among themselves  
12 which shall receive the benefit of the exemption. Real property may  
13 not be exempted under this subsection that the municipality deter-  
14 mines, after notice and hearing to the parties concerned, has been  
15 conveyed to the applicant primarily for the purpose of obtaining the  
16 exemption. The determination of the municipality is appealable under  
17 AS 44.62.560 - 44.62.570.

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

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

29 (2) A claimant receiving the exemption must file with the

1        assessor by March 15 of each subsequent year a separate application  
2        proving eligibility as of January 1 in order to retain the exemption.  
3        Within the same year the assessor for good cause shown may waive the  
4        claimant's failure to make timely application and approve the applica-  
5        tion as if timely filed.

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

15               (c) The state shall reimburse a municipality for the sewer and  
16       water assessment revenues that it would receive but for the operation  
17       of this section. Reimbursement under this subsection is a lien in  
18       favor of the state against the property exempted to the extent of the  
19       assessment against the property exempted. When properly recorded, the  
20       lien is prior and superior to other liens against the property except  
21       for property taxes or other special assessments and may be enforced by  
22       lien foreclosure. The lien becomes immediately due and payable

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

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

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

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

5 (e) In this section

6 (1) "minor heir" means a person who, at the time of trans-  
7 fer of the property, has not attained the age of 19 years or who, if  
8 under 22 years of age, is a full-time student at an educational insti-  
9 tution or a member of the armed forces of the United States;

10 (2) "real property" includes, but is not limited to, mobile  
11 homes, whether classified as real or personal property for municipal  
12 tax purposes.

13 Sec. 29.46.100. REASSESSMENT. (a) The governing body shall  
14 within one year correct any deficiency in a special assessment found  
15 by a court. Notice and hearing must conform to the initial assessment  
16 procedures.

17 (b) Payments on the initial assessment are credited to the prop-  
18 erty upon reassessment. The reassessment becomes a charge upon the  
19 property notwithstanding failure to comply with any provision of the  
20 assessment procedure.

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

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

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

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

28 (4) interest on interim financing;

29 (5) the cost of legal services and other expenses incurred

1 in the formation of the special assessment district;

2 (6) the cost of completing the improvement and financing  
3 the improvement, including the issuance of bonds.

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

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

11 (b) The decision of the governing body on an objection may be  
12 appealed to the superior court within 30 days after the date of con-  
13 firmation of the assessment roll. If no objection is filed or appeal  
14 taken within that time, the assessment procedure is considered valid  
15 in all respects.

16 Sec. 29.46.130. INTERIM FINANCING. (a) A municipality may  
17 provide by resolution or ordinance for the issuance of notes in pay-  
18 ment of the costs of a local improvement project, payable out of  
19 special assessments for the improvement. The notes shall bear inter-  
20 est at a rate or rates authorized by the resolution or ordinance, and  
21 shall be redeemed either in cash or bonds for the improvement project.

22 (b) Notes issued against assessments shall be claims against the  
23 assessments that are prior and superior to a right, lien or claim of a  
24 surety on the bond given to the municipality to secure the performance  
25 of its contract for a local improvement project, or to secure the  
26 payment of persons who have performed work or furnished materials  
27 under the contract.

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

1 of

2 (1) assessments against which the notes were issued in  
3 order of priority;

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

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

8 Sec. 29.46.140. SPECIAL ASSESSMENT BONDS. (a) The municipality  
9 may by ordinance authorize the issuance and sale of special assessment  
10 bonds to pay all or part of the cost of an improvement in a special  
11 assessment district. The principal and interest of bonds issued shall  
12 be payable solely from the levy of special assessments against the  
13 property to be benefited. The assessments shall constitute a sinking  
14 fund for the payment of principal and interest on the bonds. The  
15 benefited property may be pledged by the governing body to secure a  
16 payment.

17 (b) On default in a payment due on a special assessment bond, a  
18 bondholder may enforce payment of principal, interest, and costs of  
19 collection in a civil action in the same manner and with the same  
20 effect as actions for the foreclosure of mortgages on real property.  
21 Foreclosure shall be against all property on which assessments are in  
22 default. The period for redemption is the same as for a mortgage  
23 foreclosure on real property.

24 (c) Before the governing body may issue special assessment  
25 bonds, it shall establish a guarantee fund and appropriate to the fund  
26 annually a sum adequate to cover a deficiency in meeting payments of  
27 principal and interest on bonds if the reason for the deficiency is  
28 nonpayment of assessments when due. Money received from actions taken  
29 against property for nonpayment of assessments shall be credited to

1 the guarantee fund.

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

3 CHAPTER 47. MUNICIPAL DEBT.

4 ARTICLE 1. REVENUE ANTICIPATION NOTES.

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

12 Sec. 29.47.020. ISSUANCE OF NOTES. A municipality may by ordi-  
13 nance or resolution authorize the issuance of revenue anticipation  
14 notes. The governing body may delegate to its chief fiscal officer  
15 the power to issue the notes from time to time under the terms and  
16 conditions of the ordinance or resolution that provides for the manner  
17 of their sale.

18 Sec. 29.47.030. ISSUANCE OF NOTES IN ANTICIPATION OF STATE, FED-  
19 ERAL GRANTS. (a) A municipality, on adoption of a long-range capital  
20 improvement budget by ordinance or resolution, may by resolution  
21 provide for negotiable or nonnegotiable revenue anticipation notes in  
22 an amount not to exceed the total amount of any state or federal  
23 grants finally committed for these projects. The notes mature no  
24 later than the end of the next fiscal year. The notes may be for  
25 single or multiple projects outlined in the adopted capital improve-  
26 ment budget.

27 (b) If the state or federal grants for capital improvement pro-  
28 jects have not been paid to the municipality before maturity of the  
29 notes issued in anticipation of the receipt of the revenue, the gov-

1       erning body may issue new notes in order to meet payment of the notes  
2       then maturing or may renew the outstanding revenue anticipation notes.  
3       New notes issued or renewals of outstanding revenue anticipation notes  
4       mature not later than the end of the next fiscal year.

5             Sec. 29.47.040. PRIORITY OF REPAYMENT. The payment of the  
6       principal and interest on revenue anticipation notes is payable from  
7       revenues, and their payment additionally shall be secured by a pledge  
8       of the full faith and credit of the municipality issuing them.

9                     ARTICLE 2. BOND ANTICIPATION NOTES.

10            Sec. 29.47.080. BOND ANTICIPATION BORROWING. A municipality may  
11       borrow money in anticipation of the sale of general obligation and  
12       revenue bonds if

13                   (1) the general obligation bonds to be sold have been  
14       authorized by ordinance and ratified by a majority vote at an elec-  
15       tion;

16                   (2) the revenue bonds to be sold have been authorized by  
17       ordinance.

18            Sec. 29.47.090. ISSUANCE OF NOTES. The governing body shall  
19       issue negotiable or nonnegotiable notes for the amounts borrowed with  
20       a maturity date not to exceed one year from the date of issue. All  
21       notes and the interest on them are payable at fixed places on or  
22       before a fixed time from the proceeds of the sale of bonds in antici-  
23       pation of which the original note or notes were issued, unless the  
24       bonds have not been sold by the maturity date of the notes.

25            Sec. 29.47.100. ISSUANCE OF NEW NOTES. If the sale of the bonds  
26       has not occurred before the maturity of the notes issued in antici-  
27       pation of the sale, the governing body shall issue new notes in order to  
28       meet payment of the notes then maturing, or shall renew the outstand-  
29       ing bond anticipation notes. New notes issued or renewals of out-

1 standing bond anticipation notes bear a maturity date not to exceed  
2 one year from the date of issue. Notes, new notes, and renewals of  
3 notes may not be outstanding for a total elapsed time of more than  
4 three years.

5 Sec. 29.47.110: REPAYMENT OF NOTES. Every note is payable from  
6 the proceeds of the sale of bonds that the notes anticipated or from  
7 the proceeds of the sale of new bond anticipation notes.

8 Sec. 29.47.120: SECURITY. (a) Notwithstanding other provisions  
9 of this chapter as to payment of notes, notes issued in anticipation  
10 of the sale of general obligation bonds and the interest on them are  
11 secured by the full faith and credit of the municipality. The muni-  
12 cipality may levy ad valorem taxes for payment without limitation of  
13 rate or amount:

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

17 Sec. 29.47.130: LIMITATION. The total amount of notes issued  
18 and outstanding may at no time exceed the total amount of bonds autho-  
19 rized to be issued.

20 Sec. 29.47.140. USE OF PROCEEDS: The proceeds from the sale of  
21 notes shall be used only for the purposes for which the proceeds from  
22 the sale of bonds may be used, or to meet payment of outstanding bond  
23 anticipation notes.

24 ARTICLE 3. GENERAL OBLIGATION BONDS.

25 Sec. 29.47.180. GENERAL OBLIGATION BONDS: A municipality may  
26 acquire, construct, improve, and equip capital improvements and issue  
27 negotiable or nonnegotiable general obligation bonds for these pur-  
28 poses.

29 Sec. 29.47.190. VOTE AND NOTICE OF EXISTING INDEBTEDNESS RE-

1 QUIRED. (a) A municipality may incur general obligation bond debt  
2 only after a bond authorization ordinance is approved by a majority  
3 vote at an election. Any municipal voter may vote in the bond  
4 election, except as otherwise provided by law.

5 (b) Before a general obligation bond issue election, the govern-  
6 ing body shall have published a notice of the total existing bond  
7 indebtedness at least once a week for three consecutive weeks. The  
8 first notice shall be published at least 20 days before the date of  
9 the election. A notice shall include

10 (1) the current total general obligation bonded indebted-  
11 ness, including authorized but unsold bonds of the municipality;

12 (2) the cost of the debt service on the current indebted-  
13 ness;

14 (3) the total assessed value of property in the municipal-  
15 ity.

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

22 (b) General obligation bonds issued for acquiring, constructing,  
23 improving and equipping a municipally owned utility or other revenue-  
24 generating enterprise may be additionally secured by a pledge of the  
25 revenue derived from operation. Bonds so secured are not subject to a  
26 debt limitation imposed by a home rule charter. This subsection  
27 applies to home rule and general law municipalities.

28 ARTICLE 4. REVENUE BONDS.

29 Sec. 29.47.240. REVENUE BONDS. (a) A municipality may issue

1 negotiable or nonnegotiable revenue bonds for a public enterprise or  
2 public corporation of the municipality where the only security is the  
3 revenue of the public enterprise or corporation.

4 (b) A municipality may issue its revenue bonds to finance the  
5 purchase of residential mortgage loans. The revenue bonds issued  
6 under this subsection are payable solely from the principal and inter-  
7 est of the mortgage loans and from other amounts pledged by the muni-  
8 cipality, except the pledge of revenues derived from taxes. Revenue  
9 bonds issued under this subsection do not constitute a general obli-  
10 gation of the municipality.

11 Sec. 29.47.250. NO ELECTION REQUIRED. An election is not re-  
12 quired to authorize the issuance and sale of revenue bonds, unless  
13 otherwise provided by ordinance.

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

17 ARTICLE 5: REFUNDING BONDS.

18 Sec. 29.47.300. AUTHORIZATION. If a municipality has outstand-  
19 ing general obligation or revenue bonds and the governing body deter-  
20 mines that it would be financially advantageous to refund the bonds,  
21 the municipality may provide by ordinance or resolution for the issu-  
22 ance of negotiable or nonnegotiable

23 (1) general obligation refunding bonds; or

24 (2) revenue refunding bonds.

25 Sec. 29.47.310. EFFECT OF REFUNDING BONDS. The refunding bonds  
26 may take up and refund all or part of outstanding bonds at or before  
27 their maturity or redemption date. The governing body may include  
28 various series and issues of bonds in a single issue of refunding  
29 bonds.

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

7           Sec. 29.47.330. PAYMENT OF REFUNDING BONDS. General obligation  
8           refunding bonds are payable according to AS 29.47.200. Revenue re-  
9           funding bonds are payable according to AS 29.47.240.

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

15                   ARTICLE 6. MISCELLANEOUS PROVISIONS.

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

21          (b) Bonds issued under this section are not a debt or liability  
22          of the municipality and do not create or constitute an indebtedness,  
23          liability, or obligation of the municipality, nor do they constitute a  
24          pledge of faith, credit, or taxing power of the municipality. Each  
25          bond must contain on its face a statement that the municipality is not  
26          obligated to pay the principal or the interest on the bonds except  
27          from those sources indicated, and that neither the faith and credit  
28          nor the taxing power of the municipality is pledged to the payment of  
29          principal or interest on the bond.

1 (c) A municipality may  
2 (1) loan the proceeds of the bonds issued under this sec-  
3 tion;  
4 (2) pledge, mortgage or assign money, leases, agreements,  
5 property, or other assets of the project being financed;  
6 (3) enter into covenants and agreements concerning bonds  
7 issued under this section that the municipality determines to be de-  
8 sirable;  
9 (4) provide for any matter that affects the security of the  
10 bonds.

11 (d) In this section  
12 (1) "bonds" means bonds, notes, or other evidence of in-  
13 debtedness;  
14 (2) "project" includes but is not limited to commercial,  
15 manufacturing, agricultural, industrial, residential housing, recrea-  
16 tion, tourism, and medical projects and programs.

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

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

29 Sec. 29.47.420. INTEREST RATE. The interest rate payable on a

1 bond or note issued under this chapter shall be determined by the  
2 municipality and is not subject to the usury rate limitations of  
3 AS 45.45.010.

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

7 Sec. 29.47.440. BOROUGH INDEBTEDNESS. (a) A borough may incur  
8 indebtedness

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

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

12 (3) on a service area basis for functions performed only in  
13 a service area.

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

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

1 (d) The indebtedness of a municipality reclassified under  
2 AS 29.04.040 - 29.04.060 is not affected by reclassification. All  
3 property in a municipality that is reclassified remains subject to  
4 taxation to amortize bonded or other indebtedness affecting the muni-  
5 cipality and authorized on the effective date of reclassification.

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

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

14 CHAPTER 55. MUNICIPAL PROGRAMS.

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

19 Sec. 29.55.020. ESTABLISHMENT OF HISTORICAL DISTRICTS. (a) In  
20 addition to existing municipal authority providing for the preserva-  
21 tion, protection, and maintenance of historic sites, the local histor-  
22 ical district commission, in consultation with the Historic Sites  
23 Advisory Committee in the Department of Natural Resources, may estab-  
24 lish historical districts within the boundaries of the municipality.

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

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

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

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

14 CHAPTER 60. STATE PROGRAMS.

15 ARTICLE 1. MUNICIPAL TAX RESOURCE EQUALIZATION.

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

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

24 Entitlement = P x R

25 where P = population, and

26 R = millage rate equivalent, determined by dividing the sum  
27 of the locally generated revenue of the taxing unit by one-tenth of  
28 one percent of the full and true value of assessed property of the  
29 taxing unit determined under AS 29.60.030(d); however, the per capita

1 property value used under this subsection may not be less than 15  
2 percent of the statewide average per capita full and true assessed  
3 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  
7 collection of local taxes in the taxing unit for municipal ser-  
8 vices during the preceding fiscal year of the taxing unit;

9 (B) motor vehicle payments received by the municipal-  
10 ity 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  
16 waste 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 municipal-  
21 ity;

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  
27 from 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 be  
2 determined annually by the latest figures of the United States Bureau  
3 of the Census or other population data that in the judgment of the  
4 department is reliable.

5 Sec. 29.60.030. DETERMINATION OF MILLAGE RATE EQUIVALENT. (a)

6 The department may require a municipality to return a certification,  
7 signed by the municipal treasurer or manager and the mayor, that pro-  
8 vides an estimate of the locally generated revenue received by the  
9 municipality during the preceding fiscal year.

10 (b) By October 15 of each year, the department shall make an  
11 initial determination of the millage rate equivalent of each taxing  
12 unit to be used for computing and distributing equalization entitle-  
13 ments for the current fiscal year under AS 29.60.010 - 29.60.080. The  
14 department shall base the initial determination on the estimates in  
15 the certification returned by a municipality under (a) of this sec-  
16 tion.

17 (c) As early as possible, but not later than December 15 of each  
18 year, the department shall make a final determination of the millage  
19 rate equivalent of each taxing unit to use to compute and distribute  
20 equalization entitlements under AS 29.60.010 - 29.60.080. The depart-  
21 ment shall base the determination on audits, financial statements and  
22 other financial reports prepared and submitted by a municipality. The  
23 department shall adjust the locally generated revenue reported by a  
24 municipality to exclude the municipal revenue claimed that does not  
25 qualify for inclusion in or recognition as locally generated revenue  
26 for municipal purposes under AS 29.60.010(c)(1). The adjustment shall  
27 be made by deducting from total revenue claimed by the municipality  
28 the amount of the department's estimate of revenue that is not recog-  
29 nized for municipal purposes.

1           (d) The full and true assessed property value shall be deter-  
2           mined by the department in the manner provided for the computation of  
3           state aid to education under AS 14.17.140. When the determination of  
4           locally generated revenue includes revenue of a utility received under  
5           AS 29.60.010(c)(1)(E), the full and true assessed property value shall  
6           include the computed assessed value of the utility, determined by  
7           dividing the amount of the payment in place of taxes made by the  
8           utility by the millage rate that would apply to the utility if the  
9           utility were subject to levy and collection of taxes under  
10          AS 29.53.010 - 29.53.420.

11          (e) In addition to the computation for municipalities that levy  
12          and collect a property tax, the department shall determine an esti-  
13          mated full and true assessed property value under (d) of this section  
14          for

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

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

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

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

28          Sec. 29.60.040. REPORTS. A payment of an equalization entitle-  
29          ment may not be made to a municipality under AS 29.60.010 - 29.60.080

1 until the municipality has submitted its certificate of estimated  
2 revenue and its financial report to the department for the fiscal year  
3 preceding the year for which the equalization entitlement is sought,  
4 together with a budget for the municipality's current fiscal year.  
5 The financial report shall include a listing of general revenue col-  
6 lected from taxes levied and assessed and any other revenue that, in  
7 the opinion of the municipal officials, is eligible for inclusion in  
8 computations of the locally generated revenue of the taxing unit.

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

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

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

21 Sec. 29.60.060. TAX EQUALIZATION ACCOUNT. The tax equalization  
22 account is established. Money to carry out the provisions of AS 29.-  
23 60.010 - 29.60.080 shall be allocated by the department to the ac-  
24 count. The amount allocated to the account shall be fully distributed  
25 by the department as payments to municipalities to fulfill each share  
26 authorized under AS 29.60.010. The amount allocated to the account  
27 shall be distributed by the department pro rata among eligible munici-  
28 palities.

29 Sec. 29.60.070. ADMINISTRATION. (a) The department may adopt

1 regulations necessary to implement AS 29.60.010 - 29.60.080. The  
2 regulations shall include, among other provisions,

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

5 (2) procedures for obtaining information required to com-  
6 pute and determine the municipality's millage rate equivalent; and

7 (3) procedures by which the department shall notify a  
8 municipality in writing of the reasons for a proposed disallowance or  
9 adjustment of any factor bearing upon the determination of the muni-  
10 cipality's entitlement and by which the municipality will be provided  
11 reasonable time in which to respond or to challenge the department's  
12 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  
18 or exclusion as a component of a municipality's millage rate equiva-  
19 lent under AS 29.60.010 any tax revenue appropriated for a utility not  
20 included in the definition set out in AS 29.60.080(2).

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  
24 area 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 29.60.110 - 29.60.-  
5 130 and exercises the power in the manner required by AS 29.60.100 -  
6 29.60.180;

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 main-  
14 tained under the local service road program (AS 19.30.111 - 19.30.-  
15 251), and (4) alleyways, in accordance with regulations adopted by the  
16 Department of Transportation and Public Facilities. A payment may not  
17 be made under this subsection for maintenance of a road that is not  
18 used by automotive equipment.

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

1 ular distribution.

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

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

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

25 (3) to a municipality in which a health facility is oper-  
26 ated, \$2,000 per bed for each bed actually used for patient care,  
27 limited to the number of beds provided for in the construction design  
28 of the health facility, or \$8,000 per health facility as the muni-  
29 cipality determines.

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

3 (c) Money received by a municipality under (a)(3) of this  
4 section shall be used for expenses of health services or operation and  
5 maintenance of health facilities as the municipality determines.

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

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

13 (f) In this section

14 (1) "health facility"

15 (A) means a facility that is licensed, when required,  
16 by the state under AS 18.20.010 - 18.20.130 and that is owned or  
17 operated or both by a municipality or by a nonprofit corporation  
18 or other nonprofit sponsor;

19 (B) includes a public health center, maternity home,  
20 community mental health center, facility for the mentally or  
21 physically handicapped, nursing home, or convalescent center;

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

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

28 Sec. 29.60.130. STATE AID TO VOLUNTEER FIRE DEPARTMENTS NOT IN  
29 ORGANIZED MUNICIPALITY. (a) The department shall pay to a volunteer

1 fire department registered with the state fire marshal and serving an  
2 area not in an organized municipality a sum for protection purposes  
3 equal to \$10 per capita for the population served by the fire  
4 department, as determined by the state fire marshal.

5 (b) A grant shall be made under (a) of this section to facili-  
6 tate the organization of a volunteer fire department in an area not in  
7 an organized municipality, upon application of the proposed fire  
8 protection group to the state fire marshal and upon approval of appli-  
9 cations according to standards of organization and service prescribed  
10 by regulations adopted by the state fire marshal.

11 Sec. 29.60.140. STATE AID TO UNINCORPORATED COMMUNITIES. (a)

12 The department shall pay to each unincorporated community an  
13 entitlement of \$25,000 each fiscal year to be used for a public  
14 purpose. The department with advice from the Department of Law shall  
15 determine whether there is in each unincorporated community an  
16 incorporated nonprofit entity or a Native village council that will  
17 agree to receive and spend the entitlement. If there is more than one  
18 qualified entity in an unincorporated community, the department shall  
19 pay the money under the entitlement to the entity that the department  
20 finds most qualified to receive and spend the money. The department  
21 may not pay money under an entitlement to a Native village council  
22 unless the council waives immunity from suit for claims arising out of  
23 activities of the council related to the entitlement. A waiver of  
24 immunity from suit under this subsection must be on a form provided by  
25 the Department of Law. If there is no qualified incorporated  
26 nonprofit entity or Native village council in an unincorporated  
27 community that is willing to receive money under an entitlement, the  
28 entitlement for that unincorporated community may not be paid.  
29 Neither this subsection nor any action taken under it enlarges or

1 diminishes the governmental authority or jurisdiction of a Native  
2 village council.

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

6 Sec. 29.60.150. POPULATION DETERMINATION. For purposes of  
7 AS 29.60.100 - 29.60.180, population shall be determined by the latest  
8 figures of the United States Bureau of the Census or other population  
9 data that in the judgment of the department is reliable.

10 Sec. 29.60.160. AREA COST-OF-LIVING DIFFERENTIAL. (a) Payments  
11 to a municipality or other eligible recipient under AS 29.60.110 -  
12 29.60.130 shall reflect area cost-of-living differentials. Payments  
13 shall be based on the sum of per capita, per mile and per bed or  
14 facility grants due each municipality or other recipient multiplied by  
15 the appropriate area cost-of-living differential. The area cost-of-  
16 living differential for each recipient shall be determined annually by  
17 election district under the provisions of AS 39.27.030. Application  
18 of the area cost-of-living differential may not result in distribution  
19 of an amount less than the amount of the payment determined without  
20 reference to application of this section.

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

26 Sec. 29.60.170. MISCELLANEOUS SERVICES ACCOUNT. The miscella-  
27 neous services account is established. Money to carry out the provi-  
28 sions of AS 29.60.100 - 29.60.180 shall be allocated by the department  
29 to the account in accordance with AS 29.60.280. If amounts in the

1 account are insufficient to pay each municipality's or other recip-  
2 ient's share authorized under AS 29.60.100 - 29.60.180, the amounts  
3 that are available shall be distributed pro rata among eligible  
4 municipalities and other recipients.

5 Sec. 29.60.180. REGULATIONS. The department shall adopt regula-  
6 tions necessary to carry out the purposes of AS 29.60.100 - 29.60.180.  
7 The regulations shall include minimum standards required to qualify a  
8 municipality or other recipient for payments for each service. The  
9 department may require a municipality or other recipient to submit a  
10 performance report adequate to demonstrate to the department that a  
11 service for which payment is requested under AS 29.60.100 - 29.60.180  
12 was performed by the municipality or other recipient and meets minimum  
13 standards of service prescribed by regulation.

14 ARTICLE 3. ADMINISTRATION OF STATE AID PROGRAMS.

15 Sec. 29.60.280. ALLOCATION AND DISTRIBUTION. (a) Each year,  
16 the department shall allocate money appropriated to the accounts  
17 established in AS 29.60.060, 29.60.170, and former AS 29.90.020 in the  
18 amounts determined by the legislature.

19 (b) Money in the miscellaneous services account established in  
20 AS 29.60.170 that exceeds the amount required to fully fund distribu-  
21 tions authorized by AS 29.60.100 - 29.60.180 shall be reallocated to  
22 the tax equalization account established in AS 29.60.060 and distri-  
23 buted according to the provisions of AS 29.60.010 - 29.60.080.

24 (c) Money in the hospital and health facility construction  
25 assistance account established in former AS 29.90.020 that exceeds the  
26 amount required to fully fund distributions authorized by sec. 9, ch.  
27 95, SLA 1983 shall be reallocated to the tax equalization account  
28 established in AS 29.60.060 and distributed according to the  
29 provisions of AS 29.60.010 - 29.60.080.

1           Sec. 29.60.290. QUALIFICATION FOR MINIMUM PAYMENT.   (a)   A  
2   municipality qualifying for an entitlement under AS 29.60.010 - 29.-  
3   60.080 or 29.60.100 - 29.60.180 shall receive a minimum payment of  
4   \$25,000 plus an area cost-of-living differential for each fiscal year  
5   if

6           (1) the municipality has conducted a regular election  
7   during the fiscal year preceding the year for which payment of an  
8   entitlement is authorized by AS 29.60.010 - 29.60.080 or 29.60.100 -  
9   29.60.180 and has reported the results of the election to the commis-  
10   sioner;

11           (2) regular meetings of the governing body are held in the  
12   municipality during the fiscal year preceding the year for which  
13   payment of an entitlement is authorized by AS 29.60.010 - 29.60.080 or  
14   29.60.100 - 29.60.180 and a record of the proceedings is maintained;

15           (3) a municipal budget has been adopted for the fiscal year  
16   during which payment of an entitlement is authorized by AS 29.60.010 -  
17   29.60.080 or 29.60.100 - 29.60.180 and an audit or financial statement  
18   for the preceding fiscal year has been prepared and furnished to the  
19   department in accordance with AS 29.20.640(a); and

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

22           (b) The area cost-of-living differential payable to each munici-  
23   pality under this section shall be determined annually by election  
24   district under the provisions of AS 39.27.030. Except as provided in  
25   AS 29.60.300, application of the area cost-of-living differential may  
26   not result in a payment that is less than the minimum payment deter-  
27   mined under (a) of this section. For purposes of this subsection, the  
28   election districts used are those designated by the proclamation of  
29   reapportionment and redistricting of December 7, 1961, and retained

1 for the house of representatives by proclamation of the governor  
2 September 3, 1965.

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

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

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

12 Sec. 29.60.300. PRORATION OF PAYMENTS. (a) Payments under  
13 AS 29.60.290 and 29.60.010 - 29.60.180 shall equal the amount allo-  
14 cated to the tax equalization account (AS 29.60.060), adjusted in  
15 accordance with AS 29.60.280.

16 (b) Adjustments of payments shall be determined by prorating  
17 amounts payable under AS 29.60.290 and amounts payable under AS 29.-  
18 60.010 - 29.60.180 by a factor that, when applied, reduces all pay-  
19 ments in equal proportion so that payment under AS 29.60.290 and  
20 payments under AS 29.60.010 - 29.60.180 equal the amount allocated to  
21 the tax equalization account established in AS 29.60.060.

22 ARTICLE 4. MUNICIPAL ASSISTANCE.

23 Sec. 29.60.350. MUNICIPAL ASSISTANCE FUND. (a) There is estab-  
24 lished in the department the municipal assistance fund. The legisla-  
25 ture may appropriate to the municipal assistance fund during each  
26 fiscal year an amount equal to or greater than 30 percent of the  
27 income tax revenue received by the state under AS 43.20.011(e) for the  
28 previous fiscal year.

29 (b) The department shall distribute money from the municipal

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

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

28 (b) If the amount appropriated to the municipal assistance fund  
29 by the legislature during a fiscal year is insufficient for distri-

1 bution of the full base amount to each municipality, the department  
2 shall prorate the amount available for distribution on the basis of  
3 amounts received during the fiscal year 1978 under AS 43.70.080.

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

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

18 ARTICLE 5. COMMUNITY FACILITIES GRANTS.

19 Sec. 29.60.400. GRANTS FOR COMMUNITY FACILITIES. (a) Within  
20 the limits of appropriations for the purpose the Department of  
21 Commerce and Economic Development shall make matching grants in  
22 accordance with the provisions of AS 29.60.410 - 29.60.440 to  
23 municipalities or their nonprofit designees equal to

24 (1) 50 percent of the estimated reasonable costs of  
25 construction of municipal civic, convention, and community recreation  
26 centers; and

27 (2) 50 percent of the cost of feasibility studies relating  
28 to the construction of municipal civic, convention, and community  
29 recreation centers.

1 (b) A grant may be made under this section only to a  
2 municipality with the power to implement the study or project for  
3 which the grant is authorized or to its nonprofit designee. A grant  
4 for only one study and one project may be awarded to a municipality or  
5 its designee under this section.

6 (c) In this section "costs of construction" means, in addition  
7 to costs directly related to a project, the sum of all costs of  
8 financing and carrying out the project, including the costs of all  
9 necessary studies, surveys, plans and specifications, architectural,  
10 engineering or other special services, acquisition of real property,  
11 site preparation and development, purchase, construction,  
12 reconstruction and improvement of real property and the acquisition of  
13 machinery and equipment necessary to the project; an allocable portion  
14 of the administrative and operating expenses of the grantee; and the  
15 cost of financing the project, including interest on bonds issued to  
16 finance the project, the cost of indemnity and surety bonds, premiums  
17 on insurance, legal fees, fees and expenses of trustees, depositaries,  
18 financial advisors, and the costs associated with the issuance of  
19 bonds. It does not include the cost of feasibility studies.

20 Sec. 29.60.410. GRANT PROCEDURES. (a) An application for a  
21 grant under AS 29.60.400 shall be made in a form prescribed by the  
22 commissioner of commerce and economic development.

23 (b) A grant shall be allotted in accordance with an agreement  
24 made between the commissioner of commerce and economic development on  
25 behalf of the state and the grantee. The agreement may include any  
26 provision agreed upon by the parties and shall include in substance  
27 the following provisions:

28 (1) estimates of reasonable costs of the study or project  
29 as approved by the commissioner after consultation with the Department

1 of Transportation and Public Facilities;

2 (2) a schedule of disbursements of money from the grant if  
3 the commissioner determines that the grant money is not to be  
4 disbursed in one sum;

5 (3) agreement by the grantee

6 (A) to proceed with and complete the proposed study or  
7 project expeditiously;

8 (B) not to discontinue operation or dispose of all or  
9 part of a community facility for which it receives a grant  
10 without the approval of the commissioner;

11 (C) to apply for and make reasonable efforts to secure  
12 federal assistance that may be available for the study or  
13 project, subject to any conditions the commissioner may require  
14 to maximize the amounts of that assistance available for all  
15 projects in the state;

16 (D) to provide for payment of the grantee's share of  
17 the cost of the study or project;

18 (E) that, if federal assistance for a study or project  
19 becomes available to the grantee that was not included in the  
20 calculation of the amount of the grant, the value of the federal  
21 assistance shall be subtracted from the total value of the  
22 project and the balance shall be equally divided between the  
23 grantee and the state;

24 (4) alteration or modification of an approved study or  
25 project;

26 (5) alteration or modification of an existing facility that  
27 would have qualified for a grant at the time of initial construction  
28 if AS 29.60.400 - 29.60.440 had been in effect;

29 (6) remedies in case of failure to perform the agreement or

1 noncompliance with regulations adopted under AS 29.60.420.

2 (c) The commissioner of commerce and economic development shall  
3 require in negotiations and in each grant agreement that continued  
4 maintenance of the community facility is the responsibility of the  
5 municipality. The municipality must show the feasibility of  
6 continuing to maintain the facility before state money may be  
7 authorized for a grant.

8 Sec. 29.60.420. POWERS AND DUTIES OF THE COMMISSIONER. (a) The  
9 commissioner of commerce and economic development shall provide an  
10 annual report to the legislature about grants made under AS 29.60.400.

11 (b) The commissioner of commerce and economic development shall  
12 adopt regulations to carry out the purposes of AS 29.60.400 -  
13 29.60.440.

14 Sec. 29.60.430. ALLOCATION OF MONEY. If the amount of money  
15 appropriated by the legislature for grants under AS 29.60.400 is not  
16 adequate to satisfy amounts required for approved grant applications,  
17 money shall be allocated on the basis of priority established by  
18 regulations of the Department of Commerce and Economic Development.

19 Sec. 29.60.440. LIMITATION. AS 29.60.400 - 29.60.440 does not  
20 require that a recipient of a grant for a feasibility study must  
21 proceed with construction of the project, regardless of whether the  
22 project is determined to be feasible.

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

24 CHAPTER 65. GENERAL GRANT LAND.

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

29 (1) Municipality of Anchorage - 44,893 acres;

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

11 Sec. 29.65.020. DETERMINATION OF ENTITLEMENT FOR CITIES. The  
12 general grant land entitlement of a city formerly eligible to receive  
13 general grant land under the provisions of former AS 29.18.190 and  
14 29.18.200 is 10 percent of the maximum total acreage of vacant,  
15 unappropriated, unreserved land in the boundaries of each city at any  
16 time between the initial date of eligibility under former AS 29.18.190  
17 and 29.18.200 and July 1, 1978. Within six months after July 1, 1978,  
18 the commissioner shall determine the entitlement for each city  
19 eligible to receive general grant land under this section and certify  
20 that entitlement to the city.

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

26 (b) Within six months after the date of incorporation of a muni-  
27 cipality that is incorporated after July 1, 1978, the commissioner  
28 shall determine the entitlement of each municipality eligible to  
29 receive general grant land under (a) of this section and certify the

1 entitlement to the municipality.

2 Sec. 29.65.040. STATUS OF ENTITLEMENTS. (a) After July 1,  
3 1978, general grant land entitlements provided in AS 29.65.010 and  
4 29.65.020 are vested property rights that must be fulfilled as pro-  
5 vided in AS 29.65.050 or 29.65.080.

6 (b) General grant land entitlements provided by AS 29.65.030 are  
7 property rights that vest on the date of incorporation of the munici-  
8 pality. The entitlement must be fulfilled as provided in AS 29.65.-  
9 050.

10 (c) Land may be selected or nominated for selection by a munici-  
11 pality to satisfy a general grant land entitlement under former  
12 AS 29.18.201 and 29.18.202 at any time before October 1, 1980. How-  
13 ever, if a municipal selection or nomination or a part of a municipal  
14 selection or nomination is rejected by the commissioner, the munici-  
15 pality may, not later than 90 days after receipt of the rejection,  
16 select additional state land as necessary to satisfy its entitlement.

17 (d) Land may be selected by a municipality to satisfy a general  
18 grant land entitlement under AS 29.65.030 at any time within one year  
19 after the commissioner certifies the entitlement to the municipality.

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

22 (1) the portion of an entitlement that cannot be satisfied  
23 by that date because of a shortage of land suitable for residential,  
24 commercial, and industrial purposes that is vacant, unappropriated,  
25 unreserved land;

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

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

1 or

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

5 Sec. 29.65.050. FULFILLMENT OF LAND ENTITLEMENTS. (a) The  
6 acreage of each municipality's land selections for which patent has  
7 been issued before July 1, 1978, shall be credited toward fulfillment  
8 of the entitlement of that municipality.

9 (b) All approved selections under former AS 29.18.190 and 29.-  
10 18.200 for which patent has not been issued to a municipality on  
11 July 1, 1978, shall be reviewed by the commissioner within nine months  
12 after July 1, 1978. Any approved selection of land that was vacant,  
13 unappropriated, or unreserved on the date of selection is valid as of  
14 the date of the approval under former AS 29.18.190 and 29.18.200, and  
15 a patent shall be issued to the municipality within three months after  
16 approval by the commissioner of a plat of survey. The acreage shall  
17 be credited toward fulfillment of the municipality's entitlement. A  
18 municipality is not entitled to receive patent under this chapter to  
19 more than its entitlement determined under AS 29.65.010 - 29.65.030.  
20 Any prior approval by the commissioner of municipal selections for  
21 land that was not vacant, unappropriated, or unreserved on the date of  
22 selection shall be rescinded, and patent may not be issued except when  
23 disposal to a third party by sale or lease has occurred. Transfers of  
24 land to municipalities under this chapter are subject to AS 38.05.321.  
25 Classification actions as reflected on the land status records of the  
26 Department of Natural Resources are determinative of land classifica-  
27 tion status for purposes of this chapter.

28 (c) The commissioner shall approve each selection for patent  
29 within nine months of its selection by a municipality, and a patent

1 shall be issued to the municipality for land selected in satisfaction  
2 of a general grant land entitlement vested under AS 29.65.010 -  
3 29.65.030 within three months after approval by the commissioner of a  
4 plat of survey.

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

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

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

22 (d) Within six months after approval of a municipal selection of  
23 school or mental health land, the commissioner shall identify state  
24 general grant land of approximately equal value to the land requested  
25 by the municipality and shall propose the replacement land for the  
26 concurrence of the appropriate board. If a proposal by the  
27 commissioner is rejected by the board, the commissioner shall meet  
28 with the board as often as necessary to determine the type and amount  
29 of equal value replacement land that would be required to obtain the

1 board's concurrence, and shall propose the replacement land for  
2 consideration by the board. The replacement land shall thereafter be  
3 managed for the purposes for which the land selected by the  
4 municipality was acquired by the Territory and State of Alaska.

5 (e) The notice and review provisions of AS 38.05.345 apply to  
6 the designation of other general grant land as school or mental health  
7 land in replacement of land selected under this section. The  
8 provisions of AS 38.50 do not apply to such designations under this  
9 section. The provisions of AS 38.05.030(a) that require the approval  
10 of the respective trust board before disposal of land by the  
11 commissioner do not apply to selections of school or mental health  
12 land by a local government under this section.

13 (f) For purposes of determining the per capita entitlement under  
14 (a) of this section, the population of a municipality shall be the  
15 population determined by the commissioner under former AS 43.18.010  
16 for the program year beginning July 1, 1978, for a municipality whose  
17 entitlement is determined under AS 29.65.010.

18 Sec. 29.65.070. SELECTION AND CONVEYANCE PROCEDURE. (a) If  
19 land selected by a municipality is unsurveyed at the time of approval,  
20 the commissioner shall survey, or may approve the municipality's  
21 survey of, the exterior boundaries of an approved selection without  
22 interior subdivision, and shall issue patent in terms of the exterior  
23 boundary survey. The cost of the survey shall be borne by the  
24 municipality. If land selected by a municipality has been surveyed at  
25 the time of its selection, the boundaries shall conform to the public  
26 land subdivisions established by the approved survey.

27 (b) The commissioner may approve municipal selections of land  
28 that have been tentatively approved or patented to the state by the  
29 federal government but may not issue patent to a municipality until

1 the land has first been patented to the state. After approval of a  
2 selection by the commissioner, but before patent to a municipality,  
3 the municipality may execute conditional leases and make conditional  
4 sales only with the consent of the commissioner. Conditional sales  
5 and conditional leases made before July 1, 1978, do not require the  
6 consent of the commissioner.

7 (c) Nothing in this chapter affects a valid existing claim,  
8 location, or entry under the laws of the state or the United States  
9 whether for homestead, mineral, right-of-way, or other purposes.  
10 Nothing in this chapter affects the rights of an owner, claimant,  
11 locater, or entryman to the full use and enjoyment of the land so  
12 occupied.

13 Sec. 29.65.080. PAYMENT FOR LAND DEFICIENCY. (a) The Alaska  
14 municipal land account is established in the general fund for the  
15 following purposes:

16 (1) providing payment to the boroughs and unified muni-  
17 cipalities designated in AS 29.65.010 for a deficiency of land phys-  
18 ically suitable for residential, commercial, or industrial purposes;  
19 or

20 (2) providing payment to the boroughs and unified muni-  
21 cipalities designated in AS 29.65.010 for certain general grant lands  
22 selected by the state and conveyed to a Native corporation under the  
23 provisions of the Alaska Native Claims Settlement Act.

24 (b) A municipality shall receive payment for its land deficiency  
25 from the municipal land account. A municipality is eligible to re-  
26 ceive payment for land deficiency if, after July 1, 1980, the amount  
27 of land selected by a municipality that is physically suitable for  
28 residential, commercial, or industrial purposes amounts to less than  
29 one-third acre per capita. Any entitlement under AS 29.65.010 that is

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

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

27 (d) The governor shall annually submit to the legislature a  
28 request for an appropriation to the municipal land account for the  
29 municipalities that have elected to receive payments under (b) or (c)

1 of this section. The request for appropriation shall distinguish  
2 between amounts necessary to make payments for land deficiency under  
3 (b) of this section and those required to make payments for land  
4 deficiency under (c) of this section.

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

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

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

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

24 (g) Payments authorized by this section may not be made to a  
25 municipality eligible for an entitlement under AS 29.65.020 or 29.65.-  
26 030.

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

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

4 Sec. 29.65.090. AUTHORIZATION FOR LAND EXCHANGES. The  
5 commissioner, and a municipality are authorized to exchange land or  
6 interests in land when it is in the public interest. Land or  
7 interests in land exchanged under this section must be of  
8 approximately equal value, including the nonmonetary value of public  
9 benefits. Exchange procedures shall comply with applicable law and  
10 municipal ordinances. The notice and review provisions of  
11 AS 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) Con-  
15 sistent with the best interests of the state, if a municipality does  
16 not contain and cannot reasonably acquire sufficient nonfederal land  
17 within its boundaries to meet its legitimate needs for public or  
18 private settlement or development, it shall be the policy of the state  
19 to select federal land reasonably necessary to meet the needs of the  
20 municipality and to make the land selected available to the municipal-  
21 ity under AS 38.05.315 or (b) of this section.

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

1 proceeds of the auction the expenses that the commissioner determines  
2 to be necessary and reasonable.

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

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

25 (b) A municipality that was eligible to file land selections  
26 under former AS 29.18.190 and 29.18.200 and that does not enter into  
27 litigation over a claim to rights under those sections before the  
28 expiration of the time period within which it could make an election  
29 under (a) of this section is considered to have elected to receive

1 benefits under this chapter and to have waived any claim that might  
2 have been raised under former AS 29.18.190 and 29.18.200.

3 (c) The provisions of this chapter do not affect the rights of a  
4 party to litigation regarding the former AS 29.18.190, 29.18.200 or  
5 29.18.420 maintained by a municipality that has elected not to obtain  
6 the benefits provided by this chapter.

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

10 Sec. 29.65.130. DEFINITIONS. In this chapter, unless the con-  
11 text otherwise requires,

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

15 (2) "commissioner" means the commissioner of natural  
16 resources, or the commissioner's designee;

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

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

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

28 (6) "patent" means a document, issued to a municipality for  
29 a previously approved selection, that conveys and quitclaims all the

1 right, title, and interest of the state without reservation or  
2 condition except as may be required by law;

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

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

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

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

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

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

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

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

28 CHAPTER 71. GENERAL PROVISIONS.

29 Sec. 29.71.010. ADVERSE POSSESSION. A municipality may not be

1 divested of title to real property by adverse possession.

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

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

13 Sec. 29.71.800. 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 borough or a home rule  
19 borough;

20 (4) "city" means a general law first or second class city  
21 or 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 elec-

1 tion 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 incor-  
8 porated under the laws of the state that is a home rule or general law  
9 city, a home rule or general law borough, or a unified municipality;

10 (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 news-  
19 paper of general circulation distributed in the municipality or, if  
20 there is no newspaper of general circulation distributed in the muni-  
21 cipality, posting in three public places for at least five days;

22 (19) "real property" means land and improvements, all pos-  
23 sessory rights and privileges appurtenant to the property, and in-  
24 cludes 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  
27 interval 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"

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

8           (B) does not include cadastral plats, cadastral con-  
9 trol plats, open-to-entry plats, or remote parcel plats created  
10 by or on behalf of the state regardless of whether these plats  
11 include easements or other public dedications;

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

14          (25) "voter" means a United States citizen who is qualified  
15 to vote in state elections, has been a resident of the municipality  
16 for 30 days immediately preceding the election, is registered to vote  
17 in state elections, and is not disqualified under art. V of the state  
18 constitution.

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

20          (15) "municipality" means a political subdivision incor-  
21 porated under the laws of the state that is a home rule or general law  
22 city, a home rule or general law borough, or a unified municipality.

23 \* Sec. 19. AS 05.35.040 is amended to read:

24          Sec. 05.35.040. POWER OF MUNICIPALITY. A municipality may own,  
25 maintain and employ a facility constructed under AS 05.35.010 -  
26 05.35.070. The exercise of this power on an areawide basis is at the  
27 option of the borough and is not subject to the restrictions on ac-  
28 quiring additional areawide powers in AS 29.35.300 - 29.35.330  
29 [AS 29.33.250 - 29.33.290].

1 \* Sec. 20. AS 09.55.275 is amended to read:

2           Sec. 09.55.275. REPLAT APPROVAL. No agency of the state or  
3 municipality may acquire property located within a municipality  
4 exercising the powers conferred by AS 29.35.180 or 29.35.260(c) that  
5 [AS 29.33.150 - 29.33.245 WHICH] results in a boundary change unless  
6 the agency or municipality first obtains from the municipal platting  
7 authority preliminary approval of a replat showing clearly the loca-  
8 tion of the proposed public streets, easements, rights-of-way, and  
9 other taking of private property. Final approval of replat shall be  
10 similarly obtained. However, if a state agency clearly demonstrates  
11 an overriding state interest, a waiver to the approval requirements of  
12 this section may be granted by the governor. The platting authority  
13 shall treat applications for replat made by state or local govern-  
14 mental agencies in the same manner as replat petitions originated by  
15 private landowners.

16 \* Sec. 21. AS 09.65.070(e)(1) is amended to read:

17           (1) "municipality" has the meaning given in  
18 AS 01.10.060(15) and [MEANS A HOME RULE BOROUGH OR CITY, A GENERAL LAW  
19 BOROUGH OR CITY OF ANY CLASS, A UNIFIED MUNICIPALITY ESTABLISHED UNDER  
20 AS 29.68.240 - 29.68.440, OR A MUNICIPALITY ESTABLISHED BY MERGER OR  
21 CONSOLIDATION UNDER AS 29.68.030 - 29.68.110; THE TERM] includes a  
22 public corporation established by a municipality;

23 \* Sec. 22. AS 14.08.071(b) is amended to read:

24           (b) Except for the first election of regional school members  
25 under (a) of this section, elections [ELECTION] shall be held annually  
26 on the first Tuesday in October. Elections shall be supervised by the  
27 director of elections in the office of the lieutenant governor, but  
28 shall be administered within second class cities as part of the regular  
29 municipal election. The lieutenant governor shall adopt [PROMULGATE]

1 regulations for the conduct of the election of regional school board  
2 members comparable, as far as practicable, to those prescribed for  
3 election of school board members under AS 14.12 and AS 29.20.300  
4 [AS 29.28] except that the majority election requirements of AS 29.-  
5 26.060 [AS 29.28.040] do not apply to, nor may the regulations require  
6 runoff elections for, the first election of regional school board  
7 members under (a) of this section or, if a school board by resolution  
8 so requests, to subsequent elections in the regional educational  
9 attendance area served by that school board.

10 \* Sec. 23. AS 14.08.081 is amended to read:

11 Sec. 14.08.081. RECALL. The members of a regional school board  
12 are subject to recall in accordance with AS 29.26.240 - 29.26.360  
13 [AS 29.28.130 - 29.28.250], except that the director of the division  
14 of elections shall perform the functions of a municipal clerk, and the  
15 lieutenant governor shall perform the functions of the assembly or  
16 council under those sections.

17 \* Sec. 24. AS 14.12.030(c) is amended to read:

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

23 \* Sec. 25. AS 14.12.110 is amended to read:

24 Sec. 14.12.110. SINGLE BODY AS ASSEMBLY AND SCHOOL BOARD. Not-  
25 withstanding the provisions of this chapter or other law, a single  
26 body may serve as both the [BOROUGH] assembly and [BOROUGH] school  
27 board in the manner provided for third class boroughs under AS 29.20.-  
28 300(b) [AS 07.17.030], if

29 (1) an [A BOROUGH] ordinance for that purpose is approved

1 by the assembly and ratified by a referendum of a majority of the  
2 qualified borough voters voting on the question at a regular or spe-  
3 cial election; [,] and

4 (2) [IF] the public school population within the borough is  
5 500 pupils or less.

6 \* Sec. 26. AS 14.14.020 is amended to read:

7 Sec. 14.14.020. BOND REQUIRED. Before the officer responsible  
8 for custody [OF], investment, or management of school district money  
9 enters upon the duties of office, the district, or the municipality if  
10 the treasury is centralized, shall obtain a bond with sufficient  
11 sureties in an amount equal to the money that may come into the offi-  
12 cer's official custody, but not to exceed \$50,000. The bond shall be  
13 conditioned on the officer's honest and faithful disbursement and  
14 accounting of all money that may come into the official custody of the  
15 officer. The bond shall be filed with the clerk of the school board.  
16 This section does not apply to an officer who has been bonded under  
17 AS 29.20.610 [AS 29.23.520].

18 \* Sec. 27. AS 14.14.050(d) is amended to read:

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

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

24 (a) This chapter applies in every election for governor, lieu-  
25 tenant governor, a member of the state legislature, a delegate to a  
26 constitutional convention, or judge seeking electoral confirmation.  
27 It also applies to every candidate for election to a municipal office  
28 in a municipality [CITY OR BOROUGH] with a population of more than  
29 1,000 inhabitants according to the latest United States census figures

1 or estimates of population certified as correct for administrative  
2 purposes by the Department of Community and Regional Affairs. A  
3 municipality may exempt its elected municipal officers from the  
4 requirements of this chapter if a majority of the voters voting on the  
5 question at a [ANY] regular election, as defined by AS 29.71.800(20)  
6 [AS 29.70.010(14)], or a special municipality-wide election called for  
7 that purpose, vote to exempt its elected municipal officers from the  
8 requirements of this chapter. The question of exemption from the  
9 requirements of this chapter may be submitted by the governing body  
10 [CITY COUNCIL OR BOROUGH ASSEMBLY] by ordinance or by initiative  
11 election [ORDINANCE]. Nothing in this chapter prohibits a municipal-  
12 ity from regulating by ordinance campaign contributions and expendi-  
13 tures.

14 \* Sec. 29. AS 15.13.120(f)(3) is amended to read:

15 (3) AS 29.20.170 [AS 29.23.060(c)], if the candidate is a  
16 candidate for the borough assembly;

17 \* Sec. 30. AS 15.13.120(f)(4) is amended to read:

18 (4) AS 29.20.280 [AS 29.23.130(f)], if the candidate is a  
19 candidate for borough mayor;

20 \* Sec. 31. AS 15.13.120(f)(5) is amended to read:

21 (5) AS 29.20.170 [AS 29.23.210(b)], if the candidate is a  
22 candidate for city council;

23 \* Sec. 32. AS 15.13.120(f)(6) is amended to read:

24 (6) AS 29.20.280 [AS 29.23.255], if the candidate is a  
25 candidate for city mayor;

26 \* Sec. 33. AS 15.56.110(b)(2) is amended to read:

27 (2) a member of the borough assembly [ASSEMBLYMAN] under  
28 AS 29.20.170(6) [AS 29.23.060(c)];

29 \* Sec. 34. AS 15.56.110(b)(3) is amended to read:

1           (3) a borough mayor under AS 29.20.280(6) [AS 29.23.130-  
2 (F)];

3 \* Sec. 35. AS 15.56.110(b)(4) is amended to read:

4           (4) a member of the city council [COUNCILMAN] under AS 29.-  
5 20.170(6) [AS 29.23.210(b)];

6 \* Sec. 36. AS 15.56.110(b)(5) is amended to read:

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

8 \* Sec. 37. AS 16.20.036(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. 38. AS 16.20.038(g) is amended to read:

14           (g) The establishment of a refuge under this section does not  
15 impair or alter existing rights of a municipality [BOROUGH OR CITY] to  
16 state land selected [SELECT STATE LAND] under former AS 29.18.190 -  
17 29.18.200.

18 \* Sec. 39. AS 18.26.250(2) is amended to read:

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

21 \* Sec. 40. AS 18.80.290(d) is amended to read:

22           (d) The governing [LEGISLATIVE] body of a general law or home  
23 rule municipality has the authority under AS 29.20.320 [AS 29.48.035]  
24 to grant to local commissions powers and duties similar to those  
25 exercised by the Alaska Human Rights Commission under the provisions  
26 of this chapter [ACT].

27 \* Sec. 41. AS 19.30.241(2) is amended to read:

28           (2) "home rule city" means a city as defined in AS 29.04.-  
29 010 [AS 29.08.010];

1 \* Sec. 42. AS 19.30.241(3) is amended to read:

2 (3) "local government" means an organized borough of any  
3 class, a unified municipality [ORGANIZED UNDER AS 29.68.240 -  
4 29.68.440], a home rule city, or a first class city [OF THE FIRST  
5 CLASS];

6 \* Sec. 43. AS 26.23.230(5) is amended to read:

7 (5) "political subdivision" means a home rule or general  
8 law borough or city [, WHETHER HOME RULE OR OTHERWISE,] including a  
9 unified municipality [MUNICIPALITIES UNIFIED UNDER AS 29.68.240 -  
10 29.68.440], an unincorporated village, or other unit of local govern-  
11 ment;

12 \* Sec. 44. AS 28.15.051(d) is amended to read:

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

24 \* Sec. 45. AS 38.04.020(b)(1) is amended to read:

25 (1) land nominated for selection or selected by a muni-  
26 cipality to satisfy a general grant land entitlement under AS 29.65 or  
27 former AS 29.18.201 - 29.18.213;

28 \* Sec. 46. AS 38.04.020(e)(4) is amended to read:

29 (4) for preliminary feasibility studies, engineering design

1 work, and construction of access roads and capital improvements re-  
2 quired by municipal subdivision ordinance or regulation of the plat-  
3 ting authority [BOARD UNDER AS 29.33.150]; if an accurate  
4 determination of the amounts necessary for access roads or capital  
5 improvements cannot be made at the time the estimate is submitted, a  
6 schedule for obtaining the estimates, constructing the access roads or  
7 capital improvements, and disposing of the land shall be submitted;

8 \* Sec. 47. AS 38.04.021(a) is amended to read:

9 (a) A municipality may apply for financial assistance for the  
10 execution of a land disposal program of general grant land entitle-  
11 ments received from the state under AS 29.65 or former AS 29.18.201 -  
12 29.18.213 by submitting a request to the commissioner for inclusion in  
13 the request submitted to the legislature under AS 38.04.020(e). A  
14 municipality may request financial assistance for expenses of surve-  
15 ing land, designing subdivision plats, installing improvements re-  
16 quired by municipal ordinance or regulation of the local platting  
17 authority [BOARD], and other reasonable direct costs of land disposal.

18 \* Sec. 48. AS 38.04.021(d) is amended to read:

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

24 \* Sec. 49. AS 38.04.021(e)(2) is amended to read:

25 (2) a first class city, a borough, or a unified municipal-  
26 ity that [UNIFIED UNDER AS 29.68.240 - 29.68.440 WHICH] is exempted by  
27 the commissioner under (d) of this section.

28 \* Sec. 50. AS 38.04.900(b) is amended to read:

29 (b) A municipality has standing to petition the commissioner for

1 the adoption of a regulation, or for the amendment or repeal of an  
2 existing regulation, or to appeal a decision of the commissioner with  
3 respect to classification, management, or disposal of land made under  
4 authority of a regulation adopted under (a) of this section with  
5 respect to state land outside the corporate boundaries of the muni-  
6 cipality to protect any interest which the municipality is authorized  
7 to regulate outside its boundaries under AS 29.35.020 [AS 29.48.037].

8 \* Sec. 51. AS 38.05.127(d) is amended to read:

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

16 \* Sec. 52. AS 38.05.290(b) is amended to read:

17 (b) Consistent with the best interests of the state, in the  
18 selection of general grant land it is the policy of the state to make  
19 available the maximum land area from which municipalities may fulfill  
20 land entitlements under AS 29.65 or former AS 29.18.201 - 29.18.213.

21 \* Sec. 53. AS 38.05.321(b) is amended to read:

22 (b) State land classified as agricultural land that [WHICH] has  
23 been selected by a municipality under former AS 29.18.190 - 29.18.200  
24 or former AS 29.18.205(e) may be approved by the director for patent  
25 under AS 29.65.050(c) [AS 29.18.205(f)]; however, only rights in the  
26 land for agricultural purposes may be transferred and all other inter-  
27 ests in the land will remain with the state. Agricultural land  
28 approved for patent to a municipality [UNDER AS 29.18.205(f)] shall be  
29 credited, acre for acre, toward fulfillment of that municipality's

1 entitlement under AS 29.65.010 - 29.65.030 or former AS 29.18.201 -  
2 29.18.203. If the director later determines it to be in the best  
3 interests of the state to transfer some or all of the additional  
4 rights in that approved or patented agricultural land, those rights  
5 shall pass without consideration to the municipality in which the land  
6 is located. The notice and review provisions of [AS 38.05.305 AND]  
7 AS 38.05.345 are applicable to conveyance of rights under this sec-  
8 tion.

9 \* Sec. 54. AS 38.05.321(c) is amended to read:

10 (c) The provisions of this section do not apply to state land  
11 classified as agricultural land which has been selected by a muni-  
12 cipality under the provisions of former AS 29.18.190 - 29.18.200 if  
13 the selection is an approved selection before April 1, 1978 and is  
14 otherwise valid under AS 29.65.050(b) or former AS 29.18.205(b).

15 \* Sec. 55. AS 38.05.362(b) is amended to read:

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

20 \* Sec. 56. AS 38.09.080 is amended to read:

21 Sec. 38.09.080. LAND WITHIN MUNICIPALITIES. (a) If a  
22 municipality has filed a selection of state lands under AS 29.65 or  
23 former AS 29.18.201 - 29.18.213 with the commissioner, the state lands  
24 selected may not be designated for homestead entry; if the  
25 commissioner determines that land selected by a municipality is not  
26 available for patent to the municipality under AS 29.65 or former  
27 AS 29.18.201 - 29.18.213, the state land is available for designation  
28 by the commissioner for homestead entry under AS 38.09.010.

29 (b) The disposal of homestead entry land is subject to local

1 platting, recording, or subdivision requirements established under  
2 AS 29.35.180 [AS 29.33] and AS 40.15.

3 \* Sec. 57. AS 39.50.145 is amended to read:

4 Sec. 39.50.145. PARTICIPATION BY MUNICIPALITIES. A municipality  
5 may exempt its municipal officers from the requirements of this chap-  
6 ter if a majority of the voters voting on the question at a [ANY]  
7 regular election, as defined by AS 29.71.800(20) [AS 29.78.010(14)],  
8 or a special municipality-wide election, vote to exempt its municipal  
9 officers from the requirements of this chapter. The question of  
10 exemption from the requirements of this chapter may be submitted by  
11 the city council or borough assembly by ordinance or by initiative  
12 election [ORDINANCE].

13 \* Sec. 58. AS 39.50.200(a)(6) is amended to read:

14 (6) "municipal officer" includes a borough or city mayor,  
15 borough assemblyman, city councilman, school board member, elected  
16 utility board member, city or borough manager, members of a city or  
17 borough planning or zoning commission within a home rule or general  
18 law city or borough or [INCLUDING BUT NOT LIMITED TO] a unified muni-  
19 cipality [UNDER AS 29.68];

20 \* Sec. 59. AS 40.15.075 is amended to read:

21 Sec. 40.15.075. AUTHORITY IN THE UNORGANIZED BOROUGH AND THIRD  
22 CLASS BOROUGHES. The division of lands is the platting authority in  
23 the area outside organized boroughs and outside cities in the unor-  
24 ganized borough and in the third class borough for only the purposes  
25 of hearing and acting on petitions for the change or vacation of plats  
26 and shall execute this function substantially in conformity with the  
27 provisions of AS 29.40.130 - 29.40.160 [AS 29.33.210 - 29.33.240].  
28 Costs of publication and mailing [AS WELL AS OTHER COSTS] authorized  
29 in AS 29.40.130 [AS 29.33.210] shall be paid to the division by the

1 petitioner. The Department of Natural Resources shall adopt reason-  
2 able regulations governing the exercise of the authority conferred by  
3 this section upon the division of lands.

4 \* Sec. 60. AS 40.15.200 is amended to read:

5 Sec. 40.15.200. APPLICATION TO STATE AND POLITICAL SUBDIVI-  
6 SIONS. All subdivisions of land made by the state, its agencies,  
7 instrumentalities and political subdivisions are subject to the provi-  
8 sions of this chapter and AS 29.40.070 - 29.40.160 [AS 29.33.150 -  
9 29.33.240], or home rule ordinances or regulations governing subdivi-  
10 sions, and shall comply with ordinances and other local regulations  
11 adopted under this chapter and AS 29.40.070 - 29.40.160 or former  
12 AS 29.33.150 - 29.33.240, or under home rule authority, in the same  
13 manner and to the same extent as subdivisions made by other land-  
14 owners.

15 \* Sec. 61. AS 41.35.180(5) is amended to read:

16 (5) consult with local historical district commissions re-  
17 garding the establishment of historical districts under AS 29.55.010 -  
18 29.55.020 [AS 29.48.108 - 29.48.110] and the approval of project  
19 alterations under AS 45.98.040; recommend, if appropriate, the formu-  
20 lation of additional criteria for the designation of historical dis-  
21 tricts under AS 29.55.020(b) [AS 29.48.110(b)]; approve plans for and  
22 evaluate the suitability of specific structures for purposes of loan  
23 eligibility and continuance under the historical district revolving  
24 loan fund (AS 45.98); and consult with the Department of Commerce and  
25 Economic Development relative to the adoption of regulations for  
26 historical district loans under AS 45.98.

27 \* Sec. 62. AS 41.98.175(d) is amended to read:

28 (d) In (a) of this section "municipalities" includes cities or  
29 organized boroughs of any class and unified municipalities exercising

1 powers to initiate projects described in AS 41.98.170 and acquire  
2 parks and open space land, as otherwise authorized by law [, AND  
3 INCLUDES BUT IS NOT LIMITED TO UNIFIED MUNICIPALITIES ORGANIZED UNDER  
4 AS 29.68.240 - 29.68.440].

5 \* Sec. 63. AS 42.05.711(1) is amended to read:

6 (1) A person, utility, or cooperative that is exempt from  
7 regulation under AS 42.05.711(a) or (d) - (k) is not subject to  
8 regulation by a municipality under AS 29.35.070 [AS 29.48.060 -  
9 29.48.090].

10 \* Sec. 64. AS 43.75.130(1) is amended to read:

11 (1) to each unified municipality [UNIFIED UNDER AS 29.68.-  
12 240 - 29.68.440,] and to each city located in the unorganized borough,  
13 50 percent of the amount of tax revenue collected in the municipality  
14 from taxes levied by AS 43.75;

15 \* Sec. 65. AS 44.33.403(2)(A) is amended to read:

16 (A) has the authority under AS 29.35 [AS 29.41 OR  
17 AS 29.48] to provide and maintain a cultural facility;

18 \* Sec. 66. AS 44.47 is amended by adding new sections to read:

19 ARTICLE 12. BOROUGH FEASIBILITY STUDIES.

20 Sec. 44.47.700. BOROUGH FEASIBILITY STUDIES. (a) The commis-  
21 sioner may contract for studies of the feasibility of establishing  
22 boroughs in the unorganized borough. A study may be conducted under  
23 this section only if

24 (1) appropriations are available for that purpose; and

25 (2) the study is requested by a person residing in the area  
26 to be studied or by a city located in the area to be studied.

27 Sec. 44.47.710. REQUESTS FOR STUDIES. A request for a study of  
28 the feasibility of establishing a borough in the unorganized borough  
29 shall be submitted to the commissioner in writing and shall include

1           (1) a description of the boundaries of the area of the pro-  
2 posed study; and

3           (2) an indication of local interest in the proposed study  
4 consisting of either

5                   (A) a petition requesting the study containing the  
6 signatures and addresses of five percent of the voters residing  
7 in the area of the proposed study based on the number of voters  
8 who voted in the area in the last statewide election; or

9                   (B) resolutions requesting the study adopted by the  
10 governing bodies of at least five percent of the cities within  
11 the area of the proposed study.

12       Sec. 44.47.720. BOUNDARIES. The boundaries of an area studied  
13 shall conform to the boundaries indicated in the request for the study  
14 under AS 44.47.710 unless the commissioner, after a public hearing  
15 held in the area of the proposed study, determines that the boundaries  
16 should be altered. In determining the boundaries of an area to be  
17 studied, the commissioner shall consider

18           (1) the standards applicable to the incorporation of bor-  
19 oughs under AS 29.05.030;

20           (2) boundaries of regional corporations established under  
21 43 U.S.C. 1606;

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

23           (4) boundaries of the regional educational attendance areas  
24 established under AS 14.08.031; and

25           (5) boundaries of coastal resource service areas organized  
26 under AS 46.40.110 - 46.40.210.

27       Sec. 44.47.730. CONTRACTS. (a) The commissioner shall contract  
28 for a study of the feasibility of establishing a borough in the unor-  
29 ganized borough by following the procedures set out in AS 36.98. The

1 commissioner shall include terms in the contract that provide for  
2 (1) public participation in the preparation of the study;  
3 (2) completion of the study not later than June 30 of the  
4 third year after the year the contract is executed.  
5 (b) A study under this section shall include  
6 (1) a recommendation for or against incorporation of a bor-  
7 ough containing all or part of the area studied;  
8 (2) an evaluation of the economic development potential of  
9 the area studied;  
10 (3) an evaluation of capital facility needs of the area  
11 studied;  
12 (4) an evaluation of demographic, social, and environmental  
13 factors affecting the area studied;  
14 (5) an evaluation of the relationships among regional  
15 educational attendance areas, coastal resource service areas, and  
16 other regional entities responsible for providing services in the area  
17 studied;  
18 (6) an evaluation of the relationships between the existing  
19 cities within the area studied and regional entities responsible for  
20 providing services in the area; and  
21 (7) specific recommendations for  
22 (A) organization of a home rule or general law borough  
23 government if one is recommended;  
24 (B) changes in organization of cities in the area  
25 studied; or  
26 (C) the improvement of the delivery of services to the  
27 public by the state in the area studied.

28 \* Sec. 67. AS 44.83.162(m) is amended to read:

29 (m) For purposes of (c) of this section, the number of residents

1 of the community equals the number of residents of the community  
2 determined by the Department of Community and Regional Affairs in  
3 accordance with AS 29.60.020 [AS 29.88.015].

4 \* Sec. 68. AS 44.85.270(i) is amended to read:

5 (i) All references to the "reserve fund" in this section include  
6 special accounts within the reserve fund which may be created by the  
7 authority to secure the payment of particular bonds, including, with-  
8 out limitation, bonds issued by the capital city established under  
9 AS 29.14.010 [AS 29.18.510]. The commissioner of revenue may lend  
10 surplus money in the general fund to the authority for deposit to any  
11 account in the reserve fund in an amount equal to the required debt  
12 service reserve. The loans shall be made on such terms and conditions  
13 as may be agreed upon by the commissioner of revenue and the author-  
14 ity, including, without limitation, terms and conditions providing  
15 that the loans need not be repaid until the obligations of the corpo-  
16 ration secured and to be secured by the account in the reserve fund  
17 are no longer outstanding.

18 \* Sec. 69. AS 44.85.410(3)(D) is amended to read:

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

21 \* Sec. 70. AS 45.98.020 is amended to read:

22 Sec. 45.98.020. HISTORICAL DISTRICT LOANS. Upon endorsement and  
23 plan approval by a local historical district commission established  
24 under AS 29.55.010 or former AS 29.48.108 and the recommendation of a  
25 majority of the members of the Historic Sites Advisory Committee, the  
26 Department of Commerce and Economic Development may make loans to a  
27 person, firm, business or municipality subject to applicable laws for  
28 the restoration, improvement, rehabilitation, or maintenance of a  
29 structure that [WHICH] is

- 1           (1) within the boundaries of a historical district estab-  
2 lished under AS 29.55.020 or former AS 29.48.110;
- 3           (2) identified as important in state or national history as  
4 provided for in AS 29.55.020(b) or former AS 29.48.110(b); and
- 5           (3) another building or structure within a historical dis-  
6 trict, and suitable for superficial modification so that it can con-  
7 form to the period or motif of the surrounding buildings or structures  
8 that are the reason for the area's designation as a historical dis-  
9 trict.

10 \* Sec. 71. AS 46.03.210(a) is amended to read:

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

19           (1) provide by ordinance for requirements compatible with  
20 those imposed by the provisions of AS 46.03.140 and 46.03.170 and  
21 applicable regulations;

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

24           (3) provide for a local administrative organization, staff,  
25 and other resources necessary to effectively carry out the purposes of  
26 the program; and

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

1 \* Sec. 72. AS 46.11.040(3)(A) is amended to read:

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

5 \* Sec. 73. AS 46.11.900(8) is amended to read:

6 (8) "state financial assistance" means a loan, grant,  
7 guarantee, insurance, payment, rebate, subsidy, or other form of state  
8 assistance (other than aid under AS 29.60 [AS 29.88, AS 29.89, AS 29.-  
9 90, AS 29.95] and AS 43.18) including the purchase by a state agency  
10 of a loan to finance the construction of a new residential, commer-  
11 cial, or industrial building;

12 \* Sec. 74. AS 46.35.200(3) is amended to read:

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

15 \* Sec. 75. AS 46.40.140(h) is amended to read:

16 (h) Members of coastal resource service area boards are subject  
17 to recall on the same grounds and in the same manner as provided for  
18 recall of municipal officials in AS 29.26.240 - 29.26.350 [AS 29.28.-  
19 130 - 29.28.250]. The lieutenant governor functions in place of the  
20 assembly or council and municipal clerk for receipt and review of  
21 recall petitions and the conduct of recall elections.

22 \* Sec. 76. AS 46.40.210(2)(A) is amended to read:

23 (A) unified municipalities [ESTABLISHED UNDER AS 29.-  
24 68.240 - 29.68.440];

25 \* Sec. 77. AS 47.35.010(b) is amended to read:

26 (b) The department shall, within 90 days after receiving a  
27 written request that it do so, delegate its powers relating to  
28 nurseries under this section and under AS 47.35.040 - 47.35.060 to a  
29 municipality that [WHICH] has adopted an ordinance providing for day

1 care licensing under home rule powers or as authorized under  
2 AS 29.35.200 - 29.35.210 [AS 29.48.035(a)(20)]. A municipality to  
3 which these powers have been delegated may waive or modify any  
4 regulation or standard established by the department under the au-  
5 thority of AS 47.35.010 - 47.35.080 as it applies to nurseries or the  
6 application of any such regulation or standard as it applies to a  
7 particular day care licensee but must notify the department of any  
8 waiver.

9 \* Sec. 78. AS 29.10.200(37) is amended to read:

10 (37) AS 29.45.010 - 29.45.570 [AS 29.53.010 - 29.53.400]  
11 (property taxes)

12 \* Sec. 79. AS 29.10.200(38) is amended to read:

13 (38) AS 29.45.650(c) and (d) [AS 29.53.415(d)] (sales and  
14 use tax)

15 \* Sec. 80. AS 29.35.170(a) is amended to read:

16 (a) A borough shall assess and collect property, sales, and use  
17 taxes that are levied in its boundaries, subject to AS 29.45  
18 [AS 29.53].

19 \* Sec. 81. AS 29.46.080(c) is amended to read:

20 (c) Assessments are liens on the property assessed and are prior  
21 and paramount to all liens except municipal tax liens. They may be  
22 enforced as provided in AS 29.45.320 - 29.45.470 [AS 29.53.200 -  
23 29.53.390] for enforcement of property tax liens.

24 \* Sec. 82. AS 29.60.030(d) is amended to read:

25 (d) The full and true assessed property value shall be  
26 determined by the department in the manner provided for the  
27 computation of state aid to education under AS 14.17.140. When the  
28 determination of locally generated revenue includes revenue of a  
29 utility received under AS 29.60.010(c)(1)(E), the full and true