

LEG. FINANCE - BILLS 1985 - 1986 2316

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1 of the proposed service area but outside of the city.

2 (b) A new service area may not be established if, consistent
3 with the purposes of art. X of the state constitution, the new service
4 can be provided by an existing service area, by annexation to a city,
5 or by incorporation as a city.

6 Sec. 29.35.460. SERVICE AREA BOARDS. The assembly may provide
7 for an appointed or elected board to supervise the furnishing of
8 special services in a service area.

9 Sec. 29.35.470. FINANCING. The assembly may levy or authorize
10 the levying of taxes, charges, or assessments in a service area to
11 finance the special services. If the assembly authorizes the levying
12 of taxes, charges, or assessments, the rate of taxation and the issu-
13 ance of bonds are subject to assembly approval.

14 Sec. 29.35.480. SERVICE AREAS IN FIRST CLASS BOROUGHES. In a
15 first class borough, the assembly may exercise in a service area any
16 power granted a first class city by law. The assembly may exercise in
17 a service area any nonareawide power that may be exercised by a first
18 class borough.

19 Sec. 29.35.490. SERVICE AREAS IN SECOND AND THIRD CLASS BOR-
20 OUGHS. (a) A second class borough may exercise in a service area any
21 power granted a first class city by law or a nonareawide power that
22 may be exercised by a first class borough if

23 (1) the exercise of the power is approved by a majority of
24 the voters residing in the service area; or

25 (2) all owners of real property in the service area consent
26 in writing to the exercise of the power if no voters reside in the
27 service area.

28 (b) If the exercise of the power is approved by a majority of
29 the voters residing in the service area, a third class borough may

1 exercise in a service area any power not otherwise prohibited by law.

2 (c) A second or third class borough may establish a service area
3 that includes only vacant, unappropriated, and unreserved land owned
4 by the borough. A second or third class borough may establish a
5 service area, with the concurrence of the commissioner of natural
6 resources, that includes only vacant, unappropriated, and unreserved
7 land owned by the state and classified for disposal to individuals.
8 By ordinance a second or third class borough may provide the services
9 in a service area established under this subsection necessary to
10 develop state or municipal land as required by the planning, platting,
11 and land use regulations of the borough.

12 * Sec. 11. AS 29 is amended by adding a new chapter to read:

13 CHAPTER 40. PLANNING, PLATTING, AND LAND USE REGULATION.

14 Sec. 29.40.010. PLANNING, PLATTING, AND LAND USE REGULATION.

15 (a) A first or second class borough shall provide for planning,
16 platting, and land use regulation on an areawide basis.

17 (b) If a city in a borough consents by ordinance, the assembly
18 may by ordinance delegate any of its powers and duties under this
19 chapter to the city. The assembly may by ordinance, without first
20 obtaining the consent of the city, revoke any power or duty delegated
21 under this section.

22 Sec. 29.40.020. PLANNING COMMISSION. (a) Each first and second
23 class borough shall establish a planning commission consisting of five
24 residents unless a greater number is required by ordinance. Commis-
25 sion membership shall be apportioned so that the number of members
26 from home rule and first class cities reflects the proportion of
27 borough population residing in home rule and first class cities lo-
28 cated in the borough. A member shall be appointed by the borough
29 mayor for a term of three years subject to confirmation by the

1 assembly, except that a member from a home rule or first class city
2 shall be selected from a list of recommendations submitted by the
3 council. Members first appointed shall draw lots for one, two, and
4 three year terms. Appointments to fill vacancies are for the
5 unexpired term. The compensation and expenses of the planning
6 commission and its staff are paid as directed by the assembly.

7 (b) In addition to the duties prescribed by ordinance, the plan-
8 ning commission shall

9 (1) prepare and submit to the assembly a proposed compre-
10 hensive plan in accordance with AS 29.40.030 for the systematic and
11 organized development of the borough;

12 (2) review, recommend, and administer measures necessary to
13 implement the comprehensive plan, including measures provided under
14 AS 29.40.040.

15 Sec. 29.40.030. COMPREHENSIVE PLAN. (a) The comprehensive plan
16 is a compilation of policy statements, goals, standards, and maps for
17 guiding the physical, social, and economic development, both private
18 and public, of the first or second class borough, and may include, but
19 is not limited to, the following:

20 (1) statements of policies, goals, and standards;

21 (2) a land use plan;

22 (3) a community facilities plan;

23 (4) a transportation plan; and

24 (5) recommendations for implementation of the comprehensive
25 plan.

26 (b) With the recommendations of the planning commission, the
27 assembly shall adopt by ordinance a comprehensive plan. The assembly
28 shall, after receiving the recommendations of the planning commission,
29 periodically undertake an overall review of the comprehensive plan and

1 update the plan as necessary.

2 Sec. 29.40.040. LAND USE REGULATION. (a) In accordance with a
3 comprehensive plan adopted under AS 29.40.030 and in order to imple-
4 ment the plan, the assembly by ordinance shall adopt or amend provi-
5 sions governing the use and occupancy of land that may include, but
6 are not limited to,

7 (1) zoning regulations restricting the use of land and
8 improvements by geographic districts;

9 (2) land use permit requirements designed to encourage or
10 discourage specified uses and construction of specified structures, or
11 to minimize unfavorable effects of uses and the construction of struc-
12 tures;

13 (3) measures to further the goals and objectives of the
14 comprehensive plan.

15 (b) A variance from a land use regulation adopted under this
16 section may not be granted if

17 (1) special conditions that require the variance are caused
18 by the person seeking the variance;

19 (2) the variance will permit a land use in a district in
20 which that use is prohibited; or

21 (3) the variance is sought solely to relieve pecuniary
22 hardship or inconvenience.

23 Sec. 29.40.050. APPEALS FROM ADMINISTRATIVE DECISIONS. (a) By
24 ordinance the assembly shall provide for an appeal from an administra-
25 tive decision of a municipal employee, board, or commission made in
26 the enforcement, administration, or application of a land use regula-
27 tion adopted under this chapter. The assembly may provide for an
28 appeal to a court, hearing officer, board of adjustment, or other
29 body. The assembly shall provide for an appeal from a decision on a

1 request for a variance from the terms of a land use regulation when
2 literal enforcement would deprive a property owner of rights commonly
3 enjoyed by other properties in the district.

4 (b) By ordinance the assembly may provide for appointment of a
5 hearing officer, or for the composition, appointment, and terms of
6 office of a board of adjustment or other body established to hear
7 appeals from administrative actions. The assembly may define proper
8 parties and prescribe evidentiary rules, standards of review, and
9 remedies available to the hearing officer, board of adjustment, or
10 other body.

11 Sec. 29.40.060. JUDICIAL REVIEW. (a) The assembly shall pro-
12 vide by ordinance for an appeal by a municipal officer or person
13 aggrieved from a decision of a hearing officer, board of adjustment,
14 or other body to the superior court.

15 (b) An appeal to the superior court under this section is an
16 administrative appeal heard solely on the record established by the
17 hearing officer, board of adjustment, or other body.

18 Sec. 29.40.070. PLATTING REGULATION. By ordinance the assembly
19 shall adopt platting requirements that may include, but are not lim-
20 ited to, the control of

21 (1) form, size, and other aspects of subdivision, dedica-
22 tions, and vacations of land;

23 (2) dimensions and design of lots;

24 (3) street width, arrangement, and rights-of-way, including
25 requirements for public access to lots and installation of street
26 paving, curbs, gutters, sidewalks, sewers, water lines, drainage and
27 other public utility facilities and improvements;

28 (4) dedication of streets, rights-of-way, public utility
29 easements and areas considered necessary by the platting authority for

1 other public uses.

2 Sec. 29.40.080. PLATTING AUTHORITY. (a) The assembly by ordi-
3 nance shall establish a platting authority to administer subdivision
4 regulations and to perform other duties as required by the assembly.
5 The platting authority may consist of members of the planning commis-
6 sion or of other municipal residents.

7 (b) The assembly may by ordinance provide for an administrative
8 official to act as the platting authority with regard to abbreviated
9 plats.

10 Sec. 29.40.090. ABBREVIATED PLATS AND WAIVERS. (a) Notwith-
11 standing other provisions of this chapter, the assembly shall by
12 ordinance establish an abbreviated plat procedure for a plat that will

13 (1) subdivide a single lot into not more than four lots;

14 (2) provide legal and physical access to a public highway
15 or street for each lot created by the subdivision;

16 (3) not contain or require a dedication of a street, right-
17 of-way, or other area;

18 (4) not require a vacation of a public dedication of land
19 or a variance from a subdivision regulation.

20 (b) The platting authority shall waive the preparation, submis-
21 sion for approval, and recording of a plat on satisfactory evidence
22 that the subdivision meets the requirements of (a) of this section and
23 each lot created by the subdivision is five acres or larger.

24 Sec. 29.40.100. INFORMATION REQUIRED. A plat shall show

25 (1) initial point of survey;

26 (2) original or reestablished corners and their descrip-
27 tions;

28 (3) actual traverse showing area of closure and all dis-
29 tances, angles, and calculations required to determine initial point,

1 corners, and distances of the plat; and

2 (4) other information that may be required by ordinance.

3 Sec. 29.40.110. PLAT PROCEDURE. (a) The platting authority
4 shall approve or disapprove a plat within 60 days after it is filed,
5 or shall return it to the applicant for modification or correction.
6 Unless the applicant for plat approval consents to an extension of
7 time, the plat is considered approved and a certificate of approval
8 shall be issued by the platting authority on demand if the platting
9 authority fails to act within 60 days.

10 (b) The platting authority shall state in writing its reasons
11 for disapproval of a plat. If the platting authority approves a plat,
12 the plat shall be acknowledged and filed in accordance with AS 40.15.-
13 010 - 40.15.020.

14 Sec. 29.40.120. ALTERATION OR REPLAT PETITION. A recorded plat
15 may not be altered or replatted except by the platting authority on
16 petition of the state, the borough, a public utility, or the owners of
17 a majority of the land affected by the alteration or replat. A plat-
18 ted street may not be vacated, except on petition of the state, the
19 borough, a public utility, or owners of a majority of the land front-
20 ing the part of the street sought to be vacated. The petition shall
21 be filed with the platting authority and shall be accompanied by a
22 copy of the existing plat showing the proposed alteration or replat.

23 Sec. 29.40.130. NOTICE OF HEARING. The platting authority shall
24 fix a time for a hearing on an alteration or replat petition that may
25 not be more than 60 days after the petition is filed. Notice shall be
26 published by the platting authority stating when and by whom the peti-
27 tion was filed, its purpose, and the time and place of the hearing.
28 The notice shall generally describe the alteration or replat sought.
29 The platting authority shall also mail a copy of the notice to each

1 affected property owner who did not sign the petition.

2 Sec. 29.40.140. HEARING AND DETERMINATION. (a) The platting
3 authority shall consider the alteration or replat petition at a hear-
4 ing and make its decision on the merits of the proposal.

5 (b) Vacation of a city street may not be made without the con-
6 sent of the council. Vacation of a street in the borough area outside
7 all cities may not be made without the consent of the assembly. The
8 governing body shall have 30 days from the decision of the platting
9 authority in which to veto a vacation of a street. If no veto is
10 received by the platting authority within the 30-day period, consent
11 is considered to have been given to the vacation.

12 Sec. 29.40.150. RECORDING. If the alteration or replat is ap-
13 proved, the revised plat shall be acknowledged and filed in accordance
14 with AS 40.15.010 - 40.15.020.

15 Sec. 29.40.160. TITLE TO VACATED AREA. (a) The title to the
16 street or other public area vacated on a plat attaches to the lot or
17 lands bordering the area in equal proportions, except that if the area
18 was originally dedicated by different persons, original boundary lines
19 shall be adhered to so that the street area that lies on one side of
20 the boundary line shall attach to the abutting property on that side,
21 and the street area that lies on the other side of the boundary line
22 shall attach to the property on that side. The portion of a vacated
23 street that lies inside the limits of a platted addition attaches to
24 the lots of the platted addition bordering on the area. If a public
25 square is vacated, the title to it vests in a city if it lies inside
26 the city, and in the borough if it lies inside the borough but outside
27 all cities. If the property vacated is a lot, title vests in the
28 rightful owner.

29 (b) If the municipality acquired the street or other public area

1 vacated for legal consideration or by express dedication to the muni-
2 cipality other than as a subdivision platting requirement, before the
3 final act of vacation the fair market value of the street or public
4 area shall be deposited with the platting authority to be paid to the
5 municipality on final vacation.

6 (c) The provisions of (a) and (b) of this section apply to home
7 rule and general law municipalities.

8 (d) The council of a second class city located outside a borough
9 may vacate streets, alleys, crossings, sidewalks, or other public ways
10 that may have been previously dedicated or established when the coun-
11 cil finds that the streets, alleys, crossings, sidewalks, or other
12 public ways are no longer necessary for the public welfare, or when
13 the public welfare will be enhanced by the vacation. If the council
14 determines that all or a portion of the area vacated under this sub-
15 section should be devoted to another public purpose, title to the area
16 vacated and held for another public purpose does not vest as provided
17 in (a) of this section but remains in the city.

18 Sec. 29.40.170. DELEGATIONS. The planning commission and the
19 platting authority may, as authorized by ordinance, delegate powers to
20 hear and decide cases under this chapter, including, but not limited
21 to, delegations to

22 (1) one or more members of the planning commission or plat-
23 ting authority;

24 (2) other boards or commissions;

25 (3) a hearing officer designated by the planning commission
26 or platting authority.

27 Sec. 29.40.180. VIOLATIONS. It is unlawful for the owner of
28 land located in a subdivision to transfer, sell, offer to sell, or
29 enter into a contract to sell land in a subdivision before a plat of

1 the subdivision has been prepared, approved, and filed in accordance
2 with this chapter. It is unlawful for a person to file a plat or
3 other document depicting subdivided land in a public recorder's office
4 unless the plat or document has been approved by the platting author-
5 ity. For the violation of a provision of this chapter, a subdivision
6 regulation adopted under this chapter, or a term, condition, or
7 limitation imposed by a platting authority in the exercise of its
8 powers under this chapter, a municipality may by ordinance prescribe a
9 penalty not to exceed a fine of \$1,000 and imprisonment for 90 days.

10 Sec. 29.40.190. REMEDIES. (a) The municipality or an aggrieved
11 person may institute a civil action against a person who violates a
12 provision of this chapter, a subdivision regulation adopted under this
13 chapter, or a term, condition, or limitation imposed by a platting
14 authority. In addition to other relief, a civil penalty not to exceed
15 \$1,000 may be imposed for each violation. An action to enjoin a
16 violation may be brought notwithstanding the availability of any other
17 remedy. Upon application for injunctive relief and a finding of a
18 violation or threatened violation, the superior court shall grant the
19 injunction.

20 (b) Each day that an unlawful act or condition continues consti-
21 tutes a separate violation.

22 Sec. 29.40.200. SUBDIVISIONS OF STATE LAND. (a) The subdivi-
23 sion requirements adopted under this chapter apply to a subdivision
24 plat of undeveloped state land for disposal under AS 38.05 or AS 38.08
25 filed with the platting authority. Subdivision ordinances and regula-
26 tions adopted after the platting authority is notified by the commis-
27 sioner of natural resources of a proposed sale of subdivided state
28 land under AS 38.05 or AS 38.08 do not apply to the state land in the
29 proposed sale.

1 (b) The platting authority shall approve and sign a subdivision
2 plat of state land within 60 days after its receipt from the commis-
3 sioner of natural resources unless the platting authority

4 (1) determines that the plat does not comply with subdivi-
5 sion requirements; and

6 (2) notifies the commissioner of each determination of non-
7 compliance within the 60-day period established in this subsection.

8 (c) The commissioner of natural resources may withdraw the sub-
9 division plat and amend it in response to the determination of non-
10 compliance by the platting authority under (b) of this section. The
11 platting authority shall respond within 30 days to the amendment or
12 response from the commissioner of natural resources.

13 (d) Nothing in this section relieves the Department of Natural
14 Resources of its obligation to provide legal access to a subdivision.

15 (e) This section applies to home rule and general law municipal-
16 ities.

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

18 CHAPTER 45. MUNICIPAL TAXATION.

19 ARTICLE 1. MUNICIPAL PROPERTY TAX.

20 Sec. 29.45.010. PROPERTY TAX. (a) A unified municipality may
21 levy a property tax. A borough may levy

22 (1) an areawide property tax for areawide functions;

23 (2) a nonareawide property tax for functions limited to the
24 area outside cities;

25 (3) a property tax in a service area for functions limited
26 to the service area.

27 (b) A home rule or first class city may levy a property tax
28 subject to AS 29.45.550 - 29.45.560. A second class city may levy a
29 property tax subject to AS 29.45.590.

1 (c) If a tax is levied on real property or on personal property,
2 the tax must be assessed, levied, and collected as provided in this
3 chapter.

4 Sec. 29.45.020. TAXPAYER NOTICE. (a) If a municipality levies
5 and collects property taxes, the governing body shall provide the
6 following notice:

7 "NOTICE TO TAXPAYER

8 For the current fiscal year the (city)(borough) has been allo-
9 cated the following amount of state aid for school and municipal
10 purposes under the applicable financial assistance Acts:

11	PUBLIC SCHOOL FOUNDATION PROGRAM ASSISTANCE	
12	(AS 14.17)	\$
13	STATE AID FOR RETIREMENT OF SCHOOL CONSTRUC-	
14	TION DEBT (AS 14.11.100)	\$
15	MUNICIPAL TAX RESOURCE EQUALIZATION ASSISTANCE	
16	(AS 29.60.010 - 29.60.080)	\$
17	STATE AID FOR MISCELLANEOUS MUNICIPAL	
18	SERVICES (AS 29.60.100 - 29.60.180)	\$
19	TOTAL AID	\$

20 The millage equivalent of this state aid, based on the
21 dollar value of a mill in the municipality during the
22 current assessment year and for the preceding assessment
23 year, is:

24		MILLAGE EQUIVALENT	
25		PREVIOUS YEAR	THIS YEAR
26	PUBLIC SCHOOL FOUNDATION PROGRAM		
27	ASSISTANCE	....MILLS	....MILLS
28	STATE AID FOR RETIREMENT OF		
29	SCHOOL CONSTRUCTION DEBT	....MILLS	....MILLS

1	MUNICIPAL TAX RESOURCE EQUALI-		
2	ZATION ASSISTANCE	....MILLS	....MILLS
3	STATE AID FOR MISCELLANEOUS		
4	MUNICIPAL SERVICES	....MILLS	....MILLS
5	TOTAL MILLAGE EQUIVALENT	....MILLS	....MILLS"

6 Notice shall be provided

7 (1) by furnishing a copy of the notice with tax statements
8 mailed for the fiscal year for which aid is received; or

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

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

20 Sec. 29.45.030. REQUIRED EXEMPTIONS. (a) The following prop-
21 erty is exempt from general taxation:

22 (1) municipal, state, or federally owned property, except
23 that a private leasehold, contract, or other interest in the property
24 is taxable to the extent of the interest;

25 (2) household furniture of the head of a family or house-
26 hold;

27 (3) property used exclusively for nonprofit religious,
28 charitable, cemetery, hospital, or educational purposes;

29 (4) property of a nonbusiness organization or its auxiliary

1 composed entirely of persons with 90 days or more of active service in
2 the armed forces of the United States whose conditions of service and
3 separation were other than dishonorable;

4 (5) money on deposit;

5 (6) the real property of certain residents of the state to
6 the extent and subject to the conditions provided in (e) of this sec-
7 tion;

8 (7) real property or an interest in real property that is
9 exempt from taxation under 43 U.S.C. 1620(d), as amended.

10 (b) In (a) of this section, "property used exclusively for
11 religious purposes" includes the following property owned by a reli-
12 gious organization:

13 (1) the residence of a bishop, pastor, priest, rabbi,
14 minister, or religious order of a recognized religious organization;

15 (2) a structure, its furniture, and its fixtures used
16 solely for public worship, charitable purposes, religious administra-
17 tive offices, religious education, or a nonprofit hospital;

18 (3) lots required by local ordinance for parking near a
19 structure defined in (2) of this subsection.

20 (c) Property described in (a)(3) or (4) of this section from
21 which income is derived is exempt only if that income is solely from
22 use of the property by nonprofit religious, charitable, hospital, or
23 educational groups. If used by nonprofit educational groups, the
24 property is exempt only if used exclusively for classroom space.

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

28 (e) The real property owned and occupied as a permanent place of
29 abode by a resident 65 years of age or over or by a disabled veteran

1 is exempt from taxation of the assessed value of the real property.
2 Real property may not be exempted under this subsection if the asses-
3 sor determines, after notice and hearing to the parties concerned,
4 that the property was conveyed to the applicant primarily for the
5 purpose of obtaining the exemption. The determination of the assessor
6 may be appealed under AS 44.62.560 and 44.62.570.

7 (f) An exemption may not be granted under (e) of this section
8 except upon written application for the exemption on a form approved
9 by the state assessor for use by local assessors. The claimant must
10 file the application no later than January 15, or a date provided by
11 ordinance that is not later than March 31, of the assessment year for
12 which the exemption is sought. The governing body of the municipality
13 for good cause shown may waive during a year the claimant's failure to
14 make timely application for exemption for that year and authorize the
15 assessor to accept the application as if timely filed. The claimant
16 must file a separate application for each assessment year in which the
17 exemption is sought. If an application is filed within the required
18 time and is approved by the assessor, the assessor shall allow an
19 exemption in accordance with the provisions of this section. If a
20 failure to file by January 15, or a date provided by ordinance that is
21 not later than March 31, of the assessment year has been waived as
22 provided in this subsection and the application for exemption is
23 approved, the amount of tax that the claimant has already paid for the
24 assessment year for the property exempted shall be refunded to the
25 claimant. The assessor shall require proof in the form the assessor
26 considers necessary of the right to and amount of an exemption claimed
27 under (e) of this section, and shall require a disabled veteran claim-
28 ing an exemption under (e) of this section to provide evidence of the
29 disability rating. The assessor may require proof under this section

1 at any time.

2 (g) The state shall reimburse a borough or city, as appropriate,
3 for the real property tax revenues lost to it by the operation of (e)
4 of this section. However, reimbursement will be made to a municipal-
5 ity for revenue lost to it only to the extent that the loss exceeds an
6 exemption that was granted by the municipality, or that on proper
7 application by an individual would have been granted under AS 29.45.-
8 050(a).

9 (h) Except as provided in (g) of this section, nothing in (e) -
10 (j) of this section affects similar exemptions from property taxes
11 granted by a municipality on September 10, 1972, or prevents a munici-
12 pality from granting similar exemptions by ordinance as provided in
13 AS 29.45.050.

14 (i) In (e) - (i) of this section

15 (1) "disabled veteran" means a disabled person separated
16 from the military service of the United States under a condition that
17 is not dishonorable who is a resident of the state, whose disability
18 was incurred or aggravated in the line of duty in the military service
19 of the United States, and whose disability has been rated as 50 per-
20 cent or more by the branch of service in which that person served or
21 by the Veterans' Administration;

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

25 (j) One motor vehicle per household owned by a resident 65 years
26 of age or older on January 1 of the assessment year is exempt either
27 from taxation on its assessed value or from the registration tax under
28 AS 28.10.431. An exemption may be granted under this subsection only
29 upon written application on a form prescribed by the Department of

1 Public Safety. The state shall reimburse a municipality for tax reve-
2 nues lost to it because of the exemption required by this subsection.
3 Reimbursement to a municipality equals the amount of registration tax
4 authorized under AS 28.10.431(b) for each vehicle exempted under this
5 subsection.

6 (k) The department shall adopt regulations to implement the pro-
7 visions of (g) and (j) of this section.

8 (l) Two percent of the assessed value of a structure is exempt
9 from taxation if the structure contains a fire protection system ap-
10 proved under AS 18.70.081, in operating condition, and incorporated as
11 a fixture or part of the structure. The exemption granted by this
12 subsection is limited to

13 (1) an amount equal to two percent of the value of the
14 structure based on the assessment for 1981, if the fire protection
15 system is a fixture of the structure on January 1, 1981; or

16 (2) an amount equal to two percent of the value of the
17 structure based on the assessment as of January 1 of the year immedi-
18 ately following the installation of the fire protection system if the
19 fire protection system becomes a fixture of the structure after
20 January 1, 1981.

21 (m) For the purpose of determining property exempt under (a)(7)
22 of this section, the following definitions apply to terms used in 43
23 U.S.C. 1620(d) unless superseded by applicable federal law:

24 (1) "developed" means a purposeful modification of the
25 property from its original state that effectuates a condition of
26 gainful and productive present use without further substantial modifi-
27 cation; surveying, construction of roads, providing utilities or other
28 similar actions normally considered to be component parts of the
29 development process, but that do not create the condition described in

1 this paragraph, do not constitute a developed state within the meaning
2 of this paragraph; developed property, in order to remove the exemp-
3 tion, must be developed for purposes other than exploration, and be
4 limited to the smallest practicable tract of the property actually
5 used in the developed state;

6 (2) "exploration" means the examination and investigation
7 of undeveloped land to determine the existence of subsurface nonrenew-
8 able resources;

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

15 (n) If property or an interest in property that is determined
16 not to be exempt under (a)(7) of this section reverts to an undevel-
17 oped state, or if the lease is terminated, the exemption shall be
18 granted, subject to the provisions of (a)(7) and (m) of this section.

19 Sec. 29.45.040. PROPERTY TAX EQUIVALENCY PAYMENTS. (a) A
20 resident of the state 65 years of age or older or a disabled veteran
21 who rents a permanent place of abode is eligible for a tax equivalency
22 payment from the state through the department.

23 (b) For purposes of determining the amount of a payment to an
24 eligible person, the department shall calculate at the rate of one
25 percent per mill a property tax equivalent percentage for each munici-
26 pality that levies a property tax. The property tax equivalent per-
27 centage applied to the annual rent charged to the applicant equals the
28 property tax equivalency payment payable under this section.

29 (c) To obtain a tax equivalency payment the eligible resident

1 must apply to the department for payment for the preceding year by
2 January 15 of each year on forms and in the manner prescribed by the
3 department. The department for good cause shown may waive an appli-
4 cant's failure to make timely application for a tax equivalency pay-
5 ment and accept the application as if timely filed. Each applicant
6 shall submit with the application rental receipts or, if rental re-
7 cepts are not available, other evidence satisfactory to the depart-
8 ment for determination of the fact of payment of rent and the amount
9 paid. A disabled veteran shall submit with the application evidence
10 of the disability rating.

11 (d) If two or more persons occupy a residence as tenants, not
12 all of whom are eligible for a tax equivalency payment under this
13 section, the assessor shall determine equitable partial payments to be
14 made to the eligible tenants. However, a tax equivalency payment to
15 an eligible applicant may not be reduced because the spouse is less
16 than 65 years of age or is not a disabled veteran. If all occupants
17 in a residence are eligible for a tax equivalency payment under this
18 section, the occupants shall decide between and among themselves which
19 shall receive payment.

20 (e) In this section "disabled veteran" has the meaning given in
21 AS 29.45.030(i).

22 Sec. 29.45.045. REIMBURSEMENT PAYMENTS. (a) A resident of the
23 state 65 years of age or older or a disabled veteran who rents a
24 permanent place of abode is eligible for a reimbursement payment from
25 the state through the department if the abode is located in a munici-
26 pality that

27 (1) does not levy and collect a property tax; and

28 (2) levies and collects a sales tax on rents paid for
29 residential property.

1 (b) The amount of a reimbursement payment under this section
2 equals the amount of sales taxes paid on the abode during the preced-
3 ing year by the eligible resident.

4 (c) To obtain a reimbursement payment under this section an
5 eligible resident must apply by January 15 of each year to the depart-
6 ment for reimbursement of sales taxes paid for the preceding year.
7 The application shall be on the form and filed as prescribed by the
8 department. The department for good cause shown may waive an appli-
9 cant's failure to make timely application for reimbursement and accept
10 the application as if timely filed. Each applicant shall submit with
11 the application rental receipts or, if rental receipts are not avail-
12 able, other evidence satisfactory to the department for determination
13 of the fact of payment of rent and the amount paid. A disabled
14 veteran shall submit with the application evidence of the disability
15 rating.

16 (d) If two or more persons occupy a residence as tenants, not
17 all of whom are eligible for a reimbursement payment under this sec-
18 tion, the assessor shall determine equitable partial payments to be
19 made to the eligible tenants. However, a reimbursement payment to an
20 eligible applicant may not be reduced because the spouse is less than
21 65 years of age or not a disabled veteran. If all occupants in a
22 residence are eligible for a reimbursement payment, the occupants
23 shall decide between and among themselves which shall receive the
24 payment.

25 (e) In this section "disabled veteran" has the meaning given in
26 AS 29.45.030(i)(1).

27 Sec. 29.45.050. OPTIONAL EXEMPTIONS AND EXCLUSIONS. (a) A
28 municipality may exclude or exempt or partially exempt residential
29 property from taxation by ordinance ratified by the voters at an

1 election. An exclusion or exemption authorized by this section may
2 not exceed the assessed value of \$10,000 for any one residence.

3 (b) A municipality may by ordinance

4 (1) classify boats and vessels for the purposes of taxation
5 and may establish the assessed valuation of boats and vessels on the
6 basis of their registered or certificated net tonnage;

7 (2) classify and exempt from taxation

8 (A) the property of an organization not organized for
9 business or profit-making purposes and used exclusively for
10 community purposes if the income derived from rental of that
11 property does not exceed the actual cost to the owner of the use
12 by the renter;

13 (B) historic sites, buildings, and monuments;

14 (C) land of a nonprofit organization used for agricul-
15 tural purposes if rights to subdivide the land are conveyed to
16 the state and the conveyance includes a covenant restricting use
17 of the land to agricultural purposes only; rights conveyed to the
18 state under this subparagraph may be conveyed by the state only
19 in accordance with AS 38.05.069(c);

20 (3) exempt personal property from taxation;

21 (4) exempt business inventories from taxation;

22 (5) classify as to type and exempt or partially exempt any
23 or all types of motor vehicles from taxation.

24 (c) The provisions of (a) of this section notwithstanding,

25 (1) a borough may, by ordinance, adjust its property tax
26 structure in whole or in part to the property tax structure of a city
27 in the borough, including but not limited to, excluding personal
28 property from taxation, establishing exemptions, and extending the
29 redemption period;

1 (2) a home rule or first class city has the same power to
2 grant exemptions or exclude property from borough taxes that it has as
3 to city taxes if
4 (A) the exemptions or exclusions have been adopted as
5 to city taxes; and
6 (B) the city appropriates to the borough sufficient
7 money to equal revenues lost by the borough because of the exemp-
8 tions or exclusions, the amount to be determined annually by the
9 assembly;

10 (3) a city in a borough may, by ordinance, adjust its prop-
11 erty tax structure in whole or in part to the property tax structure
12 of the borough, including but not limited to exempting or partially
13 exempting property from taxation.

14 (d) Exemptions or exclusions from property tax that have been
15 granted by a home rule municipality in addition to exemptions autho-
16 rized or required by law, and that are in effect on September 10,
17 1972, and not later withdrawn, are not affected by this chapter.

18 (e) A municipality may by ordinance classify and exempt or par-
19 tially exempt from taxation privately owned land, wet land and water
20 areas for which a scenic, conservation, or public recreation use ease-
21 ment is granted to a governmental body. To be eligible for a tax
22 exemption, or partial exemption, the easement must be in perpetuity.
23 However, the easement is automatically terminated before an eminent
24 domain taking of fee simple title or less than fee simple title to the
25 property, so that the property owner is compensated at a rate that
26 does not reflect the easement grant.

27 (f) A municipality may by ordinance exempt from taxation all or
28 part of the increase in assessed value of improvements to real prop-
29 erty if an increase in assessed value is directly attributable to

1 alteration of the natural features of the land, or new maintenance,
2 repair, or renovation of an existing structure, and if the alteration,
3 maintenance, repair, or renovation, when completed, enhances the
4 exterior appearance or aesthetic quality of the land or structure. An
5 exemption may not be allowed under this subsection for the construc-
6 tion of an improvement to a structure if the principal purpose of the
7 improvement is to increase the amount of space for occupancy or non-
8 residential use in the structure or for the alteration of land as a
9 consequence of construction activity. An exemption provided in this
10 subsection may continue for up to four years from the date the im-
11 provement is completed, or from the date of approval for the exemption
12 by the local assessor, whichever is later.

13 (g) A municipality may by ordinance exempt from taxation all or
14 part of the increase in assessed value of improvements to a single-
15 family dwelling if the principal purpose of the improvement is to
16 increase the amount of space for occupancy. An exemption provided in
17 this subsection may continue for up to two years from the date the
18 improvement is completed, or from the date of approval of an applica-
19 tion for the exemption by the local assessor, whichever is later.

20 Sec. 29.45.060. FARM OR AGRICULTURAL LAND. (a) Farm use land
21 included in a farm unit and not dedicated or being used for nonfarm
22 purposes shall be assessed on the basis of full and true value for
23 farm use and may not be assessed as if subdivided or used for some
24 other nonfarm purpose. The assessor shall maintain records valuing
25 the land for both full and true value and farm use value. If the land
26 is sold, leased, or otherwise disposed of for uses incompatible with
27 farm use or converted to a use incompatible with farm use by the
28 owner, the owner is liable to pay an amount equal to the additional
29 tax at the current mill levy together with eight percent interest for

1 the preceding seven years, as though the land had not been assessed
2 for farm use purposes. Payment by the owner shall be made to the
3 state to the extent of its reimbursement for revenue loss under (e) of
4 this section for the preceding seven years. The balance of the pay-
5 ment shall be made to the municipality.

6 (b) An owner of farm use land must, to secure the assessment
7 under this section, apply to the assessor before May 15 of each year
8 in which the assessment is desired. The application shall be made
9 upon forms prescribed by the state assessor for the use of the local
10 assessor, and shall include information that may reasonably be
11 required to determine the entitlement of the applicant. If the land
12 is leased for farm use purposes, the applicant shall furnish to the
13 assessor a copy of the lease bearing the signatures of both lessee and
14 lessor along with the completed application. The applicant shall
15 furnish the assessor a copy of the lease covering the period for which
16 the exemption is requested.

17 (c) In this section "farm use" means the use of land for profit
18 for raising and harvesting crops, for the feeding, breeding, and
19 management of livestock, for dairying, or another agricultural use, or
20 any combination of these. To be farm use land, the owner or lessee
21 must be actively engaged in farming the land, and derive at least 10
22 percent of yearly gross income from the land. This section does not
23 apply to land for which the owner has granted, and has outstanding, a
24 lease or option to buy the surface rights. A property owner wishing
25 to file for farm use classification having no history of farm-related
26 income may submit a declaration of intent at the time of filing the
27 application with the assessor setting out the intended use of the land
28 and the anticipated percentage of income. An applicant using this
29 procedure shall file with the assessor before February 1 of the

1 following year a notarized statement of the percentage of gross income
2 attributable to the land. Failure to make the filing required in this
3 subsection forfeits the exemption.

4 (d) In the event of a crop failure by an act of God the previous
5 year, the owner or lessee may submit an affidavit affirming that 10
6 percent of gross income for the past three years was from farming.

7 (e) Subject to legislative appropriations for the purpose, the
8 state shall reimburse a borough or city, as appropriate, for the prop-
9 erty tax revenues lost to it by the operation of this section.

10 Sec. 29.45.070. MOBILE HOMES. Mobile homes, trailers, house
11 trailers, trailer coaches and similar property used or intended to be
12 used for residential, office, or commercial purposes and attached to
13 the land or connected to water, gas, electric, or sewage facilities
14 are classified as real property for tax purposes unless expressly
15 classified as personal property by ordinance. This section does not
16 apply to house trailers and mobile homes that are unoccupied and held
17 for sale by persons engaged in the business of selling mobile homes.

18 Sec. 29.45.080. TAX ON OIL AND GAS PRODUCTION AND PIPELINE PROP-
19 erty. (a) A municipality may levy and collect taxes on taxable
20 property taxable under AS 43.56 only by using one of the methods set
21 out in (b) or (c) of this section.

22 (b) A municipality may levy and collect a tax on the full and
23 true value of taxable property taxable under AS 43.56 as valued by the
24 Department of Revenue at a rate not to exceed that which produces an
25 amount of revenue from the total municipal property tax equivalent to
26 \$1,500 a year for each person residing in its boundaries.

27 (c) A municipality may levy and collect a tax on the full and
28 true value of that portion of taxable property taxable under AS 43.56
29 as assessed by the Department of Revenue which value, when combined

1 with the value of property otherwise taxable by the municipality, does
2 not exceed the product of 225 percent of the average per capita
3 assessed full and true value of property in the state multiplied by
4 the number of residents of the taxing municipality.

5 (d) By February 1 of each assessment year a taxing municipality
6 must inform the Department of Revenue which method of taxation the
7 municipality will use.

8 (e) For purposes of this section, population shall be determined
9 by the commissioner based on the latest statistics of the United
10 States Bureau of the Census or on other reliable population data, and
11 the commissioner shall advise each municipality of its population by
12 January 15 of each year.

13 Sec. 29.45.090. TAX LIMITATION. (a) A municipality may not,
14 during a year, levy and tax for any purpose in excess of three percent
15 of the assessed value of property in the municipality. All property
16 on which a tax is levied shall be taxed at the same rate during the
17 year.

18 (b) A municipality, or combination of municipalities occupying
19 the same geographical area, in whole or in part, may not levy taxes

20 (1) that will result in tax revenues from all sources ex-
21 ceeding \$1,500 a year for each person residing within the municipal
22 boundaries; or

23 (2) upon value that, when combined with the value of prop-
24 erty otherwise taxable by the municipality, exceeds the product of 225
25 percent of the average per capita assessed full and true value of
26 property in the state multiplied by the number of residents of the
27 taxing municipality.

28 (c) The commissioner shall apportion the lawful levy and equi-
29 tably divide the tax revenues on the basis of need, services

1 performed, and other considerations in the public interest if two or
2 more municipalities occupying the same geographical area, in whole or
3 in part, attempt to levy a tax

4 (1) the combined levy of which would result in tax revenues
5 from all sources exceeding \$1,500 a year for each person residing
6 within the municipal boundaries; or

7 (2) upon value that, when combined with the value of prop-
8 erty otherwise taxable by the municipality, exceeds the product of 225
9 percent of the average per capita assessed full and true value of
10 property in the state multiplied by the number of residents of the
11 taxing municipality.

12 (d) For the purpose of (b) and (c) of this section, population
13 shall be determined by the commissioner based on the latest statistics
14 of the United States Bureau of the Census or on other reliable popula-
15 tion data.

16 Sec. 29.45.100. NO LIMITATIONS ON TAXES TO PAY BONDS. The
17 limitations provided for in AS 29.45.080 - 29.45.090 do not apply to
18 taxes levied or pledged to pay or secure the payment of the principal
19 and interest on bonds. Taxes to pay or secure the payment of princi-
20 pal and interest on bonds may be levied without limitation as to rate
21 or amount, regardless of whether the bonds are in default or in danger
22 of default.

23 Sec. 29.45.103. TAXATION RECORDS. (a) Municipal records deal-
24 ing with assessment, valuation or taxation may be inspected by the
25 State Assessor or a designee.

26 (b) If a municipality's assessment and valuation has been done
27 by a private contractor, records concerning the municipality's valua-
28 tion and assessment shall be made available to the State Assessor or a
29 designee on request.

1 Sec. 29.45.105. ERRORS IN TAXATION PROCEDURES. (a) If a
2 municipality receives a notice from the State Assessor that major
3 errors have been found in its assessment, valuation or taxation proce-
4 dures, the municipality shall correct its procedures before the begin-
5 ning of the next fiscal year or file an appeal under (b) of this
6 section.

7 (b) A municipality may appeal a notice from the State Assessor
8 that it has made a major error in assessment, valuation or taxation
9 procedures by filing an appeal with the commissioner within 30 days
10 after receipt of notice of error.

11 (c) The commissioner, after consulting with the Alaska Associa-
12 tion of Assessing Officers, shall render a decision within 60 days
13 after the receipt of a request under (b) of this section. If the
14 commissioner determines that a major error has been made in assess-
15 ment, valuation or taxation procedures the commissioner shall notify
16 the municipality of changes that must be made and the municipality
17 shall correct its procedures before the beginning of the next fiscal
18 year.

19 (d) If errors in its assessment, valuation or taxation proce-
20 dures have resulted in a loss of revenue to the state, the municipal-
21 ity shall reimburse the state for the amount of revenues lost.

22 Sec. 29.45.110. FULL AND TRUE VALUE. (a) The assessor shall
23 assess property at its full and true value as of January 1 of the
24 assessment year, except as provided in this section, AS 29.45.060, and
25 29.45.230. The full and true value is the estimated price that the
26 property would bring in an open market and under the then prevailing
27 market conditions in a sale between a willing seller and a willing
28 buyer both conversant with the property and with prevailing general
29 price levels.

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

5 (c) In the case of cessation of business during the tax year,
6 the municipality may provide for reassessment of business inventories
7 using the average monthly method of assessment for the tax year rather
8 than the value existing on January 1 of the tax year, and for reduc-
9 tion and refund of taxes. In enacting an ordinance authorized by this
10 section, the municipality may prescribe procedures, restrictions, and
11 conditions of assessing or reassessing business inventories and of
12 remitting or refunding taxes.

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

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

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

26 (b) For investigation, the assessor or the assessor's agent may
27 enter a premise during reasonable hours and may examine property on
28 the premise. The assessor or the assessor's agent may examine all
29 property records involved. A person shall, on request, furnish to the

1 assessor or the assessor's agent every facility and assistance for the
2 investigation. The assessor may seek a court order to compel entry
3 and production of records needed for assessment purposes.

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

7 Sec. 29.45.140. VIOLATIONS. For knowingly failing to file a tax
8 statement required by ordinance or knowingly making a false affidavit
9 to a statement required by a tax ordinance relative to the amount,
10 location, kind or value of property subject to taxation with intent to
11 evade the taxation, a municipality may by ordinance prescribe a
12 penalty not to exceed a fine of \$1,000 or imprisonment for 90 days.

13 Sec. 29.45.150. REEVALUATION. A systematic reevaluation of
14 taxable real and personal property undertaken by the assessor, whether
15 of specific areas in which real property is located or of specific
16 classes of real or personal property to be assessed, shall be made
17 only in accordance with a resolution or other act of the municipality
18 directing a systematic reevaluation of all taxable property in the
19 municipality over the shortest period of time practicable, as fixed in
20 the resolution or act.

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

- 23 (1) a description of all taxable property;
24 (2) the assessed value of all taxable property;
25 (3) the names and addresses of persons with property sub-
26 ject to assessment and taxation.

27 (b) The assessor may list real property by any description that
28 may be made certain. Real property is assessed to the record owner.
29 The district recorder shall at least monthly provide the assessor a

1 copy of each recorded change of ownership showing the name and mailing
2 address of the owner and the name and mailing address of the person
3 recording the change of ownership. Other persons having an interest
4 in the property may be listed on the assessment records with the
5 owner. The person in whose name property is listed as owner is conclu-
6 sively presumed to be the legal record owner. If the property owner
7 is unknown, the property may be assessed to "unknown owner". An
8 assessment is not invalidated by a mistake, omission, or error in the
9 name of the owner, if the property is correctly described.

10 Sec. 29.45.170. ASSESSMENT NOTICE. (a) The assessor shall give
11 each person named in the assessment roll a notice of assessment,
12 showing the assessed value of the person's property. On each notice
13 is printed a brief summary of the dates when taxes are payable, delin-
14 quent, and subject to penalty and interest, and the dates when the
15 board of equalization will sit.

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

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

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

28 Sec. 29.45.190. APPEAL. (a) A person whose name appears on the
29 assessment roll or the agent or assigns of that person may appeal to

1 the board of equalization for relief from an alleged error in valua-
2 tion not adjusted by the assessor to the taxpayer's satisfaction.

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

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

10 (d) The assessor shall prepare for use by the board of equaliza-
11 tion a summary of assessment data relating to each assessment that is
12 appealed.

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

17 Sec. 29.45.200. BOARD OF EQUALIZATION. (a) The governing body
18 sits as a board of equalization for the purpose of hearing an appeal
19 from a determination of the assessor, or it may delegate this author-
20 ity to one or more boards appointed by it. An appointed board may be
21 composed of not less than three persons, who may be members of the
22 governing body, municipal residents, or a combination of members of
23 the governing body and residents. The governing body shall by ordi-
24 nance establish the qualifications for membership.

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

29 (c) Notwithstanding other provisions in this section, a

1 determination of the assessor as to whether property is taxable under
2 law may be appealed directly to the superior court.

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

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

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

16 (d) An appellant or the assessor may appeal a determination of
17 the board of equalization to the superior court as provided by rules
18 of court applicable to appeals from the decisions of administrative
19 agencies. Appeals are heard on the record established at the hearing
20 before the board of equalization.

21 Sec. 29.45.220. SUPPLEMENTARY ASSESSMENT ROLLS. The assessor
22 shall include property omitted from the assessment roll on a supple-
23 mentary roll, using the procedures set out in this chapter for the
24 original roll.

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

29 (b) An assessment or reassessment under this section may be made

1 by the assessor only upon the receipt of a sworn statement of the tax-
2 payer that losses exceed \$1,000. A reduction of taxes may be made
3 only on losses in excess of \$1,000 for the remainder of the year
4 following the disaster. On reassessment, the municipality shall
5 recompute this tax and refund taxes that have already been paid.

6 (c) The municipality shall give notice of assessment or re-
7 assessment under this section and shall hold an equalization hearing
8 as provided in this chapter, except that a notice of appeal must be
9 filed with the board of equalization within 10 days after notice of
10 assessment or reassessment is given to the person appealing. Other-
11 wise, the right of appeal ceases unless the board finds that the
12 taxpayer is unable to comply.

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

17 (e) In this section "disaster" means a major disaster declared
18 by the President of the United States under the provisions of 42
19 U.S.C. sec. 1855 - 1855g (Federal Disaster Act of 1950), or other
20 federal law, or a disaster declared by the governor under AS 26.-
21 23.010 - 26.23.110.

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

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

1 penalties and interest.

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

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

15 ARTICLE 2. ENFORCEMENT OF TAX LIENS.

16 Sec. 29.45.290. VALIDITY. Certified assessment and tax rolls
17 are valid and binding on all persons, notwithstanding a defect, error,
18 omission, or invalidity in the assessment rolls or proceedings per-
19 taining to the assessment roll.

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

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

28 Sec. 29.45.310. ENFORCEMENT OF PERSONAL PROPERTY TAX LIENS BY
29 DISTRAINT AND SALE. (a) A lien for personal property taxes may be

1 enforced by distraint and sale of the property. The municipality
2 shall provide the procedure for distraint and sale by ordinance. A
3 seizure, levy, or distraint is not legal unless demand is first made
4 of the person assessed for the amount of the tax, penalty, and inter-
5 est, and a sale is not valid unless made at public auction no sooner
6 than 15 days after notice is published. The seizure is made by virtue
7 of a warrant issued by the municipal clerk to a peace officer.

8 (b) If the personal property sold is not sufficient to satisfy
9 the tax, penalty, and interest, and costs of sale, the warrant may
10 authorize the seizure of other personal property sufficient to satisfy
11 the tax, penalty, interest, and costs of sale. If the property is
12 sold for more money than is needed to satisfy the tax, the municipali-
13 ty shall remit the excess to the former record owner upon presenta-
14 tion of a proper claim. A claim for the excess filed after six months
15 of the date of sale is forever barred.

16 Sec. 29.45.320. REAL PROPERTY TAX COLLECTION. (a) The munici-
17 pality shall enforce delinquent real property tax liens by annual
18 foreclosure, unless otherwise provided by ordinance.

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

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

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

28 (2) publish the foreclosure list for four consecutive weeks
29 in a newspaper of general circulation distributed in the municipality

1 or, if there is no newspaper of general circulation distributed in the
2 municipality, post the list at three public places for at least 30
3 days;

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

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

11 (1) the last known owner;

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

14 (3) years and amounts of delinquency;

15 (4) penalty and interest due;

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

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

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

24 Sec. 29.45.340. CLEARING DELINQUENCIES. During the publication
25 or posting of the foreclosure list and up to the time of transfer to
26 the municipality a person may pay the taxes, together with the penal-
27 ty, interest, and costs. The collector shall note payment on the
28 foreclosure list.

29 Sec. 29.45.350. LIST TO LIENHOLDER. A holder of a mortgage or

1 other lien on real property may request the clerk to send by certified
2 mail notice of a foreclosure list that includes the real property.

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

7 Sec. 29.45.370. ANSWER AND OBJECTION. A person having an inter-
8 est in a lot on the foreclosure list may file an answer within 30 days
9 after the date of last publication, specifying the person's objection.
10 The court shall make its decision in summary proceedings. The fore-
11 closure list is prima facie evidence that the assessment and levy of
12 the tax is valid and that the tax is unpaid.

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

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

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

27 (c) The judgment and decree stops objections to it that could
28 have been presented before judgment and decree. Appeal from a judg-
29 ment and decree of foreclosure, or from a final order in the

1 proceeding, may be taken in the manner provided for appeals in civil
2 actions.

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

12 Sec. 29.45.410. EFFECT. Receipt of redemption money by the
13 municipality releases the judgment obtained under AS 29.45.380. The
14 clerk or the clerk's designee shall record the redemption and issue a
15 certificate containing a property description, the redemption amount,
16 and the dates of judgment and decree of foreclosure. The clerk or the
17 clerk's designee shall collect the recording fee at the time of re-
18 demption and shall file the certificate with the record as part of the
19 judgment roll.

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

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

1 possession.

2 Sec. 29.45.440. EXPIRATION. (a) At least 30 days before the
3 expiration of the redemption period the clerk or the clerk's designee
4 shall publish a redemption period expiration notice. The notice shall
5 contain the date of judgment, the date of expiration of the period of
6 redemption, and a warning that all properties ordered sold under the
7 judgment, unless redeemed, shall be deeded to the municipality immedi-
8 ately on expiration of the period of redemption and that every right
9 or interest of a person in the properties will be forfeited forever to
10 the municipality. The notice appears once a week for four consecutive
11 weeks in a newspaper of general circulation distributed in the muni-
12 cipality. If there is no newspaper of general circulation distributed
13 in the municipality, the notice is posted in three public places for
14 at least four consecutive weeks. The clerk shall send a copy of the
15 notice by certified mail to each record owner of property against
16 which a judgment of foreclosure has been taken and, if the assessed
17 value of the property is more than \$10,000, to all holders of mort-
18 gages or other liens of record on the property. The notice shall be
19 mailed within five days after the first publication. The mailing
20 shall be sufficient if mailed to the property owner and to the holder
21 of a mortgage or recorded lien at the last address of record.

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

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

28 Sec. 29.45.450. DEED TO BOROUGH OR CITY. (a) Unredeemed prop-
29 erty in the area of the borough outside all cities is deeded to the

1 borough by the clerk of the court. Unredeemed property in a city is
2 deeded to the city subject to the payment by the city of unpaid bor-
3 ough taxes and costs of foreclosure levied against the property before
4 foreclosure. The deed shall be recorded in the recording district in
5 which the property is located.

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

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

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

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

21 (a) The municipality shall determine by ordinance whether foreclosed
22 property deeded to the municipality shall be retained for a public
23 purpose. The ordinance shall contain the legal description of the
24 property, the address or a general description of the property suffi-
25 cient to provide the public with notice of its location, and the name
26 of the last record owner of the property as the name appears on the
27 assessment rolls.

28 (b) Tax-foreclosed property conveyed to a municipality by tax
29 foreclosure and not required for a public purpose may be sold. Before

1 the sale of tax-foreclosed property held for a public purpose, the
2 municipality, by ordinance, shall determine that a public need does
3 not exist. The ordinance shall contain the information required under
4 (a) of this section.

5 (c) The clerk or the clerk's designee shall send a copy of the
6 published notice of hearing of an ordinance to consider a determina-
7 tion required under (a) or (b) of this section by certified mail to
8 the former record owner of the property that is the subject of the
9 ordinance. The notice shall be mailed within five days after its
10 first publication and shall be sufficient if mailed to the last record
11 owner of the property as the name appears on the assessment rolls of
12 the municipality.

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

16 Sec. 29.45.470. REPURCHASE BY RECORD OWNER. (a) The record
17 owner at the time of tax foreclosure of property acquired by a muni-
18 cipality, or the assigns of that record owner, may, within 10 years
19 and before the sale or contract of sale of the tax-foreclosed property
20 by the municipality, repurchase the property. The municipality shall
21 sell the property for the full amount applicable to the property under
22 the judgment and decree, with interest not to exceed 15 percent a year
23 from the date of entry of the judgment of foreclosure to the date of
24 repurchase, delinquent taxes assessed and levied as though it had
25 continued in private ownership, and costs of foreclosure and sale.

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

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

7 (b) If tax-foreclosed real property that has been held by a
8 municipality for less than 10 years after the close of the redemption
9 period and never designated for a public purpose is sold at a tax-
10 foreclosure sale, the former record owner is entitled to the portion
11 of the proceeds of the sale that exceeds the amount of unpaid taxes,
12 the amount equal to taxes that would have been assessed and levied
13 after foreclosure if the property had continued in private ownership,
14 penalty, interest, and costs to the municipality of foreclosing and
15 selling the property. If the proceeds of the sale of tax-foreclosed
16 property exceed the total of unpaid and delinquent taxes, penalty,
17 interest, and costs, the municipality shall provide the former owner
18 of the property written notice advising of the amount of the excess
19 and the manner in which a claim for the balance of the proceeds may be
20 submitted. Notice is sufficient under this subsection if mailed to
21 the former record owner at the last address of record of the former
22 record owner. On presentation of a proper claim, the municipality
23 shall remit the excess to the former record owner. A claim for the
24 excess filed after six months of the date of sale is forever barred.

25 Sec. 29.45.490. PAYMENT OF TAXES UPON PUBLIC UTILIZATION. If a
26 municipality takes title to tax-foreclosed property for a public pur-
27 pose, the municipality shall satisfy unpaid taxes and assessments
28 against the property held by other municipalities, with accrued inter-
29 est but without penalty. If the amount required to satisfy the unpaid

1 taxes and assessments exceeds the assessed value of the property, the
2 municipality shall pay the other municipalities the assessed value,
3 which shall be divided between the other municipalities in proportion
4 to their respective taxes and assessments against the property at the
5 time of foreclosure.

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

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

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

24 ARTICLE 3. CITY PROPERTY TAX.

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

29 Sec. 29.45.560. CITIES INSIDE BOROUGHS. Home rule and first

1 class cities inside boroughs may levy a property tax. A property tax,
2 if levied, is subject to AS 29.45.010 - 29.45.050, 29.45.090 - 29.45.-
3 100, 29.45.250, 29.45.400 - 29.45.440 and 29.45.460 - 29.45.500. The
4 council shall by June 15 of each year present to the assembly a state-
5 ment of the city's rate of levy unless a different date is agreed upon
6 by the borough and city.

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

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

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

21 Sec. 29.45.600. COMBINING PROPERTY TAX WITH INCORPORATION OF A
22 SECOND CLASS CITY. A petition for second class city incorporation may
23 request that a property tax proposal be placed on the same ballot.
24 The petition must state the proposed tax rate. The petition may re-
25 quest that incorporation be dependent on the passage of the property
26 tax proposition. If so, the incorporation proposition fails if the
27 property tax fails.

28 ARTICLE 4. BOROUGH SALES AND USE TAX.

29 Sec. 29.45.650. SALES AND USE TAX. (a) A borough may levy and

1 collect a sales tax not exceeding six percent on sales, rents, and on
2 services provided in the borough. The sales tax may apply to any or
3 all of these sources. Exemptions may be granted by ordinance.

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

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

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

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

26 Sec. 29.45.660. NOTICE OF SALES AND USE TAX. (a) If the bor-
27 ough levies and collects only a sales tax and use tax, the assembly
28 shall provide a notice substantially in the form set out in AS 29.45.-
29 020. In providing notice under this subsection, the assembly shall

1 substitute for the millage equivalency its estimate of the equivalent
2 sales tax rate for each of the categories of financial assistance set
3 out in AS 29.45.020. Notice shall be provided

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

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

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

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

23 ARTICLE 5. CITY SALES AND USE TAXES.

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

29 (b) A city in a borough that does not levy and collect sales and

1 use taxes for areawide borough functions may levy and collect sales
2 and use taxes in the manner provided for boroughs.

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

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

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

13 CHAPTER 46. SPECIAL ASSESSMENTS.

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

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

26 (2) the governing body.

27 Sec. 29.46.020. PROCEDURE. (a) The municipality may prescribe
28 by ordinance the procedures relating to creating special assessment
29 districts, making local improvements, levying and collecting

1 assessments, and financing improvements, including the following:

2 (1) a procedure for filing petitions;

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

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

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

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

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

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

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

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

27 Sec. 29.46.030. CREATION OF DISTRICT. (a) When an improvement
28 proposal is filed with the municipal clerk and presented to the gov-
29 erning body, the municipality shall find by resolution or ordinance

1 whether (1) the improvement requested is necessary and should be made,
2 and (2) if by petition, the request has sufficient and proper peti-
3 tioners. The findings under this section are conclusive.

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

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

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

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

25 (b) If objections are made in writing during the period set for
26 objections by the owners of property bearing 50 percent or more of the
27 estimated total cost of the improvement, the governing body may not
28 proceed with the improvement unless it revises the plan to meet the
29 objections and the objections are reduced to less than 50 percent. A

1 revised plan shall be approved and adopted as an original plan in
2 accordance with AS 29.46.030.

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

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

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

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

22 Sec. 29.46.080. PAYMENT. (a) The governing body shall fix
23 times of payment, penalties on delinquent payments, and the rate of
24 interest on the unpaid balance of the assessment. Payment may be in
25 one sum or by installments. If payment is to be in one sum, payment
26 may not be required sooner than 60 days after mailing of the assess-
27 ment statement. The entire assessment may be prepaid without interest
28 or penalty within 30 days after mailing of the assessment statement,
29 and thereafter the assessment may be prepaid in whole or in part with

1 interest to the payment date.

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

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

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

29 (b) An exemption may not be granted under this section except

1 upon written application for the exemption on a form prescribed by the
2 state assessor for use by local assessors and in accordance with the
3 following requirements:

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

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

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

26 (c) The state shall reimburse a municipality for the sewer and
27 water assessment revenues that it would receive but for the operation
28 of this section. Reimbursement under this subsection is a lien in
29 favor of the state against the property exempted to the extent of the

1 assessment against the property exempted. When properly recorded, the
2 lien is prior and superior to other liens against the property except
3 for property taxes or other special assessments and may be enforced by
4 lien foreclosure. The lien becomes immediately due and payable

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

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

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

14 (d) This section applies to home rule and general law municipal-
15 ities.

16 (e) In this section

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

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

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

28 (b) Payments on the initial assessment are credited to the prop-
29 erty upon reassessment. The reassessment becomes a charge upon the

1 property notwithstanding failure to comply with any provision of the
2 assessment procedure.

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

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

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

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

10 (4) interest on interim financing;

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

13 (6) the cost of completing the improvement and financing
14 the improvement, including the issuance of bonds.

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

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

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

27 Sec. 29.46.130. INTERIM FINANCING. (a) A municipality may
28 provide by resolution or ordinance for the issuance of notes in pay-
29 ment of the costs of a local improvement project, payable out of

1 special assessments for the improvement. The notes shall bear inter-
2 est at a rate or rates authorized by the resolution or ordinance, and
3 shall be redeemed either in cash or bonds for the improvement project.

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

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

13 (1) assessments against which the notes were issued in
14 order of priority;

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

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

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

28 (b) On default in a payment due on a special assessment bond, a
29 bondholder may enforce payment of principal, interest, and costs of

1 collection in a civil action in the same manner and with the same
2 effect as actions for the foreclosure of mortgages on real property.
3 Foreclosure shall be against all property on which assessments are in
4 default. The period for redemption is the same as for a mortgage
5 foreclosure on real property.

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

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

14 CHAPTER 47. MUNICIPAL DEBT.

15 ARTICLE 1. REVENUE ANTICIPATION NOTES.

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

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

29 Sec. 29.47.030. ISSUANCE OF NOTES IN ANTICIPATION OF STATE,

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

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

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

20 ARTICLE 2. BOND ANTICIPATION NOTES.

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

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

27 (2) the revenue bonds to be sold have been authorized by
28 ordinance.

29 Sec. 29.47.090. ISSUANCE OF NOTES. The governing body shall

1 issue negotiable or nonnegotiable notes for the amounts borrowed with
2 a maturity date not to exceed one year from the date of issue. All
3 notes and the interest on them are payable at fixed places on or
4 before a fixed time from the proceeds of the sale of bonds in antici-
5 pation of which the original note or notes were issued, unless the
6 bonds have not been sold by the maturity date of the notes.

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

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

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

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

28 Sec. 29.47.130. LIMITATION. The total amount of notes issued
29 and outstanding may at no time exceed the total amount of bonds

1 authorized to be issued.

2 Sec. 29.47.140. USE OF PROCEEDS. The proceeds from the sale of
3 notes shall be used only for the purposes for which the proceeds from
4 the sale of bonds may be used, or to meet payment of outstanding bond
5 anticipation notes.

6 ARTICLE 3. GENERAL OBLIGATION BONDS.

7 Sec. 29.47.180. GENERAL OBLIGATION BONDS. A municipality may
8 acquire, construct, improve, and equip capital improvements and issue
9 negotiable or nonnegotiable general obligation bonds for these pur-
10 poses.

11 Sec. 29.47.190. VOTE AND NOTICE OF EXISTING INDEBTEDNESS RE-
12 QUIRED. (a) A municipality may incur general obligation bond debt
13 only after a bond authorization ordinance is approved by a majority
14 vote at an election. Any municipal voter may vote in the bond elec-
15 tion, except as otherwise provided by law.

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

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

23 (2) the cost of the debt service on the current indebted-
24 ness;

25 (3) the total assessed value of property in the municipal-
26 ity.

27 Sec. 29.47.200. PAYMENT. (a) The full faith and credit of a
28 municipality are pledged for the payment of principal and interest on
29 general obligation bonds. The municipality may levy ad valorem taxes

1 for payment without limitation of rate or amount to pay or secure the
2 payment of the principal and interest on bonds, regardless of whether
3 the bonds are in default or in danger of default.

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

10 ARTICLE 4. REVENUE BONDS.

11 Sec. 29.47.240. REVENUE BONDS. (a) A municipality may issue
12 negotiable or nonnegotiable revenue bonds for a public enterprise or
13 public corporation of the municipality where the only security is the
14 revenue of the public enterprise or corporation.

15 (b) A municipality may issue its revenue bonds to finance the
16 purchase of residential mortgage loans. The revenue bonds issued
17 under this subsection are payable solely from the principal and inter-
18 est of the mortgage loans and from other amounts pledged by the muni-
19 cipality, except the pledge of revenues derived from taxes. Revenue
20 bonds issued under this subsection do not constitute a general obli-
21 gation of the municipality.

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

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

28 ARTICLE 5. REFUNDING BONDS.

29 Sec. 29.47.300. AUTHORIZATION. If a municipality has

1 outstanding general obligation or revenue bonds and the governing body
2 determines that it would be financially advantageous to refund the
3 bonds, the municipality may provide by ordinance or resolution for the
4 issuance of negotiable or nonnegotiable

5 (1) general obligation refunding bonds; or

6 (2) revenue refunding bonds.

7 Sec. 29.47.310. EFFECT OF REFUNDING BONDS. The refunding bonds
8 may take up and refund all or part of outstanding bonds at or before
9 their maturity or redemption date. The governing body may include
10 various series and issues of bonds in a single issue of refunding
11 bonds.

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

18 Sec. 29.47.330. PAYMENT OF REFUNDING BONDS. General obligation
19 refunding bonds are payable according to AS 29.47.200. Revenue re-
20 funding bonds are payable according to AS 29.47.240.

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

26 ARTICLE 6. MISCELLANEOUS PROVISIONS.

27 Sec. 29.47.390. OTHER MUNICIPAL FINANCING. (a) A municipality
28 may authorize by ordinance or resolution the issuance of negotiable or
29 nonnegotiable revenue bonds to finance any project that serves a

1 public purpose, and the bonds shall be secured and payable from any
2 source except revenues, including tax revenue, of the municipality.

3 (b) Bonds issued under this section are not a debt or liability
4 of the municipality and do not create or constitute an indebtedness,
5 liability, or obligation of the municipality, nor do they constitute a
6 pledge of faith, credit, or taxing power of the municipality. Each
7 bond must contain on its face a statement that the municipality is not
8 obligated to pay the principal or the interest on the bonds except
9 from those sources indicated, and that neither the faith and credit
- 10 nor the taxing power of the municipality is pledged to the payment of
11 principal or interest on the bond.

12 (c) A municipality may

13 (1) loan the proceeds of the bonds issued under this sec-
14 tion;

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

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

20 (4) provide for any matter that affects the security of the
21 bonds.

22 (d) In this section

23 (1) "bonds" means bonds, notes, or other evidence of in-
24 debtedness;

25 (2) "project" includes commercial, manufacturing,
26 agricultural, industrial, residential housing, recreation, tourism,
27 and medical projects and programs.

28 Sec. 29.47.400. SALE. Bonds and notes issued under this chapter
29 may be sold at either public or private sale by the municipality in

1 the manner and at the price it determines.

2 Sec. 29.47.410. FORMS AND TERMS. The municipality may by ordi-
3 nance or resolution fix the date, denominations, maturities, rate or
4 rates of interest, redemption terms, registration privileges, manner
5 of execution, signatures required, purchase price, manner of sale, and
6 other requirements for issuing bonds or notes under this chapter. If
7 an official whose signature appears on the bonds or coupons ceases to
8 be an official before delivery of the bonds, the signature of the
9 former official is valid as if the former official had remained in
10 office until delivery.

11 Sec. 29.47.420. INTEREST RATE. The interest rate payable on a
12 bond or note issued under this chapter shall be determined by the
13 municipality and is not subject to the usury rate limitations of
14 AS 45.45.010.

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

18 Sec. 29.47.440. BOROUGH INDEBTEDNESS. (a) A borough may incur
19 indebtedness

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

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

23 (3) on a service area basis for functions performed only in
24 a service area.

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

1 (c) If the bonded debt to be incurred by a borough is an area-
2 wide debt, the vote is areawide. If the full faith and credit of the
3 entire borough is pledged for the payment of the debt of the borough
4 area outside all cities or of a service area, an areawide election is
5 held and the proposition must pass both areawide and in the area that
6 will benefit from the improvement. If the bonded indebtedness to be
7 incurred is limited to the borough area outside all cities, the vote
8 is limited to voters outside all cities. If the indebtedness to be
9 incurred is limited to a service area, the vote is limited to voters
10 in the service area. Only the full faith and credit of the area
11 voting on the indebtedness is pledged for the payment of the debt.

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

17 Sec. 29.47.450. SERVICE AREA DEBT. The indebtedness of a ser-
18 vice area acquired under AS 29.47.440 remains the indebtedness of the
19 area that incurred the debt, notwithstanding a subsequent court deter-
20 mination that the service area was not validly formed under law or by
21 virtue of a defect in the proceedings creating the service area. All
22 property in the service area remains subject to taxation to pay the
23 bonded indebtedness.

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

25 CHAPTER 55. MUNICIPAL PROGRAMS.

26 Sec. 29.55.010. CREATION OF LOCAL HISTORICAL DISTRICT COMMIS-
27 SIONS. The governing body of a municipality may establish a local
28 historical district commission or designate the planning commission or
29 itself to serve as the historical district commission.

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

7 (b) A historical district shall be a reasonably compact area of
8 historical significance in which two or more structures important in
9 state or national history, and related by physical proximity or his-
10 torical association, are located. For purposes of this section,
11 "structures important in state or national history" means properties
12 recommended by historical district commissions that are listed in the
13 National Register of Historic Places or are characteristic of the
14 Russian-American period before October 18, 1867, the early territorial
15 period before 1930, or early Native heritage, reflecting the indige-
16 nous characteristics of Native culture in Alaska. On recommendation
17 of the governing body of a municipality and the Historic Sites Advi-
18 sory Committee, the Department of Natural Resources may by regulation
19 formulate additional criteria for the establishment of historical
20 districts not inconsistent with this subsection.

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

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

25 CHAPTER 60. STATE PROGRAMS.

26 ARTICLE 1. MUNICIPAL TAX RESOURCE EQUALIZATION.

27 Sec. 29.60.010. STATE EQUALIZATION OF TAX RESOURCES FOR MUNICI-
28 PAL SERVICES. (a) During each fiscal year the department shall
29 compute an equalization entitlement for municipal services provided by

1 a taxing unit.

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

6 Entitlement = P x R

7 where P = population, and

8 R = millage rate equivalent, determined by dividing the sum
9 of the locally generated revenue of the taxing unit by one-tenth of
10 one percent of the full and true value of assessed property of the
11 taxing unit determined under AS 29.60.030(d); however, the per capita
12 property value used under this subsection may not be less than 15
13 percent of the statewide average per capita full and true assessed
14 property value.

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

16 (1) includes

17 (A) the actual revenue derived from the levy and
18 collection of local taxes in the taxing unit for municipal ser-
19 vices during the preceding fiscal year of the taxing unit;

20 (B) motor vehicle payments received by the municipal-
21 ity during the preceding fiscal year under AS 28.10.431;

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

28 (D) special assessments received during the preceding
29 fiscal year; and

1 (E) payments received by a municipality from a utility
2 that are in place of taxes levied and collected by the municipal-
3 ity;

4 (2) excludes

5 (A) revenue derived from the levy and collection of
6 municipal taxes and appropriated for the operating expenses and
7 debt service of utilities;

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

10 (C) all other revenue from whatever service derived.

11 Sec. 29.60.020. DETERMINATION OF POPULATION. For purposes of
12 AS 29.60.010 - 29.60.080, the population of a taxing unit shall be
13 determined annually by the latest figures of the United States Bureau
14 of the Census or other population data that in the judgment of the
15 department is reliable.

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

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

28 (c) As early as possible, but not later than December 15 of each
29 year, the department shall make a final determination of the millage

1 rate equivalent of each taxing unit to use to compute and distribute
2 equalization entitlements under AS 29.60.010 - 29.60.080. The depart-
3 ment shall base the determination on audits, financial statements and
4 other financial reports prepared and submitted by a municipality. The
5 department shall adjust the locally generated revenue reported by a
6 municipality to exclude the municipal revenue claimed that does not
7 qualify for inclusion in or recognition as locally generated revenue
8 for municipal purposes under AS 29.60.010(c)(1). The adjustment shall
9 be made by deducting from total revenue claimed by the municipality
10 the amount of the department's estimate of revenue that is not recog-
11 nized for municipal purposes.

12 (d) The full and true assessed property value shall be deter-
13 mined by the department in the manner provided for the computation of
14 state aid to education under AS 14.17.140. When the determination of
15 locally generated revenue includes revenue of a utility received under
16 AS 29.60.010(c)(1)(E), the full and true assessed property value shall
17 include the computed assessed value of the utility, determined by
18 dividing the amount of the payment in place of taxes made by the
19 utility by the millage rate that would apply to the utility if the
20 utility were subject to levy and collection of taxes under AS 29.45.

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

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

27 (2) each second class city with a population of 750 or more
28 persons; however, a computation is not required under this paragraph
29 more often than once during a period of three successive calendar

1 years; and

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

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

9 Sec. 29.60.040. REPORTS. A payment of an equalization entitle-
10 ment may not be made to a municipality under AS 29.60.010 - 29.60.080
11 until the municipality has submitted its certificate of estimated
12 revenue and its financial report to the department for the fiscal year
13 preceding the year for which the equalization entitlement is sought,
14 together with a budget for the municipality's current fiscal year.
15 The financial report shall include a listing of general revenue col-
16 lected from taxes levied and assessed and any other revenue that, in
17 the opinion of the municipal officials, is eligible for inclusion in
18 computations of the locally generated revenue of the taxing unit.

19 Sec. 29.60.050. LIMITATION ON COMPUTATION AND USE OF PAYMENTS.
20 (a) An equalization entitlement generated by the tax levy of a taxing
21 unit may be used only for authorized expenditures of that taxing unit,
22 but up to 15 percent of the payment of an equalization entitlement
23 generated by areawide revenue of a municipality may be used by the
24 municipality for areawide or nonareawide purposes at the discretion of
25 its governing body. This subsection applies to home rule and general
26 law municipalities.

27 (b) An equalization entitlement determined with reference to
28 revenue other than revenue obtained from the levy and collection of
29 taxes may be used for areawide or nonareawide purposes, at the

1 discretion of the governing body.

2 Sec. 29.60.060. TAX EQUALIZATION ACCOUNT. The tax equalization
3 account is established. Money to carry out the provisions of AS 29.-
4 60.010 - 29.60.080 shall be allocated by the department to the ac-
5 count. The amount allocated to the account shall be fully distributed
6 by the department as payments to municipalities to fulfill each share
7 authorized under AS 29.60.010. The amount allocated to the account
8 shall be distributed by the department pro rata among eligible munici-
9 palities.

10 Sec. 29.60.070. ADMINISTRATION. (a) The department may adopt
11 regulations necessary to implement AS 29.60.010 - 29.60.080. The
12 regulations shall include, among other provisions,

13 (1) procedures and filing dates for submitting certifica-
14 tion and financial reports;

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

17 (3) procedures by which the department shall notify a
18 municipality in writing of the reasons for a proposed disallowance or
19 adjustment of any factor bearing upon the determination of the muni-
20 cipality's entitlement and by which the municipality will be provided
21 reasonable time in which to respond or to challenge the department's
22 determination.

23 (b) The department shall make reasonable efforts to advise and
24 assist municipalities in collecting information and completing reports
25 necessary for the determination of entitlements under AS 29.60.010 -
26 29.60.080.

27 (c) The department shall, by regulation, classify for inclusion
28 or exclusion as a component of a municipality's millage rate equiva-
29 lent under AS 29.60.010 any tax revenue appropriated for a utility not

1 included in the definition set out in AS 29.60.080(2).

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

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

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

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

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

9 ARTICLE 2. STATE AID FOR MISCELLANEOUS PURPOSES.

10 Sec. 29.60.100. REVENUE SHARING PAYABLE. In addition to the
11 equalization entitlements paid under AS 29.60.010 - 29.60.080, during
12 each fiscal year the department shall pay aid

13 (1) to a municipality or other eligible recipient that has
14 the power to provide the services described in AS 29.60.110 - 29.60.-
15 130 and exercises the power in the manner required by AS 29.60.100 -
16 29.60.180;

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

18 Sec. 29.60.110. STATE AID TO MUNICIPALITIES FOR ROADS. (a) The
19 department shall pay to a municipality that has power to provide for
20 road maintenance and exercises that power, \$2,500 a mile for each mile
21 of road, street, or highway maintained by the municipality, excluding
22 (1) the official state highway system, (2) roads, streets, or highways
23 not dedicated to public use, (3) roads, streets, or highways main-
24 tained under the local service road program (AS 19.30.111 - 19.30.-
25 251), and (4) alleyways, in accordance with regulations adopted by the
26 Department of Transportation and Public Facilities. A payment may not
27 be made under this subsection for maintenance of a road that is not
28 used by automotive equipment.

29 (b) A frozen waterway and a connection from an inhabited area to

1 a waterway that may be safely used for public transportation by auto-
2 motive equipment and is so used during a portion of a year is eligible
3 for a payment of \$1,500 per mile if the waterway and connection are
4 maintained during the period of use by a municipality or combination
5 of municipalities. The department, after consultation with the De-
6 partment of Transportation and Public Facilities, shall determine
7 which waterways and connections qualify and, where the waterways or
8 connections lie outside the corporate limits of a municipality, which
9 municipalities shall receive the payments under this subsection,
10 unless the municipalities involved have agreed in writing to a partic-
11 ular distribution.

12 Sec. 29.60.120. STATE AID TO MUNICIPALITIES AND OTHER ELIGIBLE
13 RECIPIENTS FOR HEALTH FACILITIES AND HOSPITALS. (a) The department
14 shall pay

15 (1) to a municipality that has the power to provide hospi-
16 tal facilities and services and that exercises that power, \$1,000 per
17 bed for each bed actually used for patient care, limited to the number
18 of beds provided for in the construction design of the hospital, or
19 \$250,000 a hospital for those hospitals with 10 or more beds, or
20 \$50,000 a hospital for those hospitals with less than 10 beds, as the
21 municipality may elect; money received under this paragraph may be
22 used only for hospitals and shall be apportioned among qualifying
23 hospitals as the municipality determines;

24 (2) on the basis set out in (1) of this subsection to a
25 municipality for a nonprofit hospital not operated by a municipality
26 if the municipality first certifies to the department that the non-
27 profit hospital is in compliance with all standards for hospitals that
28 have been adopted by the municipality; money may not be paid on behalf
29 of a nonprofit hospital without this certification; payments to the

1 municipality shall be transferred to the nonprofit hospital in accor-
2 dance with the basis by which the payment was generated by the hospi-
3 tal, and shall be applied to the annual cost of operation and mainte-
4 nance of the hospital or for the provision of health care service at
5 the hospital as the directors of the hospital determine;

6 (3) to a municipality in which a licensed health facility
7 is operated, \$2,000 per bed for each bed actually used for patient
8 care, limited to the number of beds provided for in the construction
9 design of the health facility, or \$8,000 per health facility as the
10 municipality determines.

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

13 (c) Money received by a municipality under (a)(3) of this sec-
14 tion shall be used for expenses of health services or operation and
15 maintenance of health facilities as the municipality determines.

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

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

23 (f) In this section

24 (1) "health facility"

25 (A) means a facility that is licensed or certified by
26 the state or approved under regulations adopted by the department
27 and that is owned or operated or both by a municipality or by a
28 nonprofit corporation or other nonprofit sponsor;

29 (B) includes a public health center, maternity home,

1 community mental health center, facility for the mentally or
2 physically handicapped, nursing home, convalescent center,
3 domestic violence or sexual assault shelter qualified to receive
4 a grant or contract under AS 18.66, or alcohol or drug abuse
5 facility that meets standards established under AS 47.37;

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

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

12 Sec. 29.60.130. STATE AID TO VOLUNTEER FIRE DEPARTMENTS NOT IN
13 ORGANIZED MUNICIPALITY. (a) The department shall pay to a volunteer
14 fire department registered with the state fire marshal and serving an
15 area not in an organized municipality a sum for protection purposes
16 equal to \$10 per capita for the population served by the fire depart-
17 ment, as determined by the state fire marshal.

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

24 Sec. 29.60.140. STATE AID TO UNINCORPORATED COMMUNITIES. (a)
25 The department shall pay to each unincorporated community an entitle-
26 ment of \$25,000 each fiscal year to be used for a public purpose. The
27 department with advice from the Department of Law shall determine
28 whether there is in each unincorporated community an incorporated
29 nonprofit entity or a Native village council that will agree to

1 receive and spend the entitlement. If there is more than one
2 qualified entity in an unincorporated community, the department shall
3 pay the money under the entitlement to the entity that the department
4 finds most qualified to receive and spend the money. The department
5 may not pay money under an entitlement to a Native village council
6 unless the council waives immunity from suit for claims arising out of
7 activities of the council related to the entitlement. A waiver of
8 immunity from suit under this subsection must be on a form provided by
9 the Department of Law. If there is no qualified incorporated
10 nonprofit entity or Native village council in an unincorporated
11 community that is willing to receive money under an entitlement, the
12 entitlement for that unincorporated community may not be paid.
13 Neither this subsection nor any action taken under it enlarges or
14 diminishes the governmental authority or jurisdiction of a Native
15 village council.

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

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

23 Sec. 29.60.160. AREA COST-OF-LIVING DIFFERENTIAL. (a) Payments
24 to a municipality or other eligible recipient under AS 29.60.110 -
25 29.60.130 shall reflect area cost-of-living differentials. Payments
26 shall be based on the sum of per capita, per mile and per bed or
27 facility grants due each municipality or other recipient multiplied by
28 the appropriate area cost-of-living differential. The area cost-of-
29 living differential for each recipient shall be determined annually by

1 election district under the provisions of AS 39.27.030. Application
2 of the area cost-of-living differential may not result in distribution
3 of an amount less than the amount of the payment determined without
4 reference to application of this section.

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

10 Sec. 29.60.170. MISCELLANEOUS SERVICES ACCOUNT. The miscella-
11 neous services account is established. Money to carry out the provi-
12 sions of AS 29.60.100 - 29.60.180 shall be allocated by the department
13 to the account in accordance with AS 29.60.280. If amounts in the
14 account are insufficient to pay each municipality's or other recip-
15 ient's share authorized under AS 29.60.100 - 29.60.180, the amounts
16 that are available shall be distributed pro rata among eligible muni-
17 cipalities and other recipients.

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

27 ARTICLE 3. ADMINISTRATION OF STATE AID PROGRAMS.

28 Sec. 29.60.280. ALLOCATION AND DISTRIBUTION. (a) Each year,
29 the department shall allocate money appropriated to the accounts

1 established in AS 29.60.060, 29.60.170, and former AS 29.90.020 in the
2 amounts determined by the legislature.

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

8 (c) Money in the hospital and health facility construction
9 assistance account established in former AS 29.90.020 that exceeds the
10 amount required to fully fund distributions authorized by sec. 9, ch.
11 95, SLA 1983 shall be reallocated to the tax equalization account
12 established in AS 29.60.060 and distributed according to the provi-
13 sions of AS 29.60.010 - 29.60.080.

14 Sec. 29.60.290. QUALIFICATION FOR MINIMUM PAYMENT. (a) A
15 municipality qualifying for an entitlement under AS 29.60.010 - 29.-
16 60.080 or 29.60.100 - 29.60.180 shall receive a minimum payment of
17 \$25,000 plus an area cost-of-living differential for each fiscal year
18 if

19 (1) the municipality has conducted a regular election
20 during the fiscal year preceding the year for which payment of an
21 entitlement is authorized by AS 29.60.010 - 29.60.080 or 29.60.100 -
22 29.60.180 and has reported the results of the election to the commis-
23 sioner;

24 (2) regular meetings of the governing body are held in the
25 municipality during the fiscal year preceding the year for which
26 payment of an entitlement is authorized by AS 29.60.010 - 29.60.080 or
27 29.60.100 - 29.60.180 and a record of the proceedings is maintained;

28 (3) a municipal budget has been adopted for the fiscal year
29 during which payment of an entitlement is authorized by AS 29.60.010 -

1 29.60.080 or 29.60.100 - 29.60.180 and an audit or financial statement
2 for the preceding fiscal year has been prepared and furnished to the
3 department in accordance with AS 29.20.640(a); and

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

6 (b) The area cost-of-living differential payable to each municipi-
7 tality under this section shall be determined annually by election
8 district under the provisions of AS 39.27.030. Except as provided in
9 AS 29.60.300, application of the area cost-of-living differential may
10 not result in a payment that is less than the minimum payment deter-
11 mined under (a) of this section. For purposes of this subsection, the
12 election districts used are those designated by the proclamation of
13 reapportionment and redistricting of December 7, 1961, and retained
14 for the house of representatives by proclamation of the governor
15 September 3, 1965.

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

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

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

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

29 (b) Adjustments of payments shall be determined by prorating

1 amounts payable under AS 29.60.290 and amounts payable under AS 29.-
2 60.010 - 29.60.180 by a factor that, when applied, reduces all pay-
3 ments in equal proportion so that payment under AS 29.60.290 and
4 payments under AS 29.60.010 - 29.60.180 equal the amount allocated to
5 the tax equalization account established in AS 29.60.060.

6 ARTICLE 4. MUNICIPAL ASSISTANCE.

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

13 (b) The department shall distribute money from the municipal
14 assistance fund to each municipality on an annual basis as provided in
15 AS 29.60.360 and 29.60.370. A municipality may not receive payment
16 until it submits to the department a resolution approved by the gov-
17 erning body of the municipality that requests the money. Distribution
18 of money from the municipal assistance fund to a municipality with a
19 fiscal year beginning on January 1 shall be made on February 1 of the
20 state fiscal year for which the appropriation to the fund is made.
21 Distribution of money from the municipal assistance fund to all other
22 municipalities shall be made on June 1 of the state fiscal year for
23 which the appropriation to the fund is made. A municipality that
24 incorporates after December 31 of a state fiscal year is not eligible
25 for a distribution under this section until the following state fiscal
26 year.

27 Sec. 29.60.360. BASE AMOUNT OF ASSISTANCE. (a) The base amount
28 to be distributed from the municipal assistance fund to each munici-
29 pality for the fiscal year shall be the amount received by the

1 municipality during fiscal year 1978 under AS 43.70.080. A city
2 incorporated within a borough after June 30, 1977, shall receive as a
3 base amount a share of the amount distributed to the borough in which
4 it is located based on the ratio of population in the city to the
5 total population in the borough. A city incorporated outside a
6 borough after June 30, 1977, shall receive as a base amount the amount
7 received by the city in the state most closely approximating it in
8 population at the time of its incorporation. A borough incorporated
9 after June 30, 1977, shall receive as a base amount the amount re-
10 ceived by the borough in the state most closely approximating it in
11 population at the time of its incorporation.

12 (b) If the amount appropriated to the municipal assistance fund
13 by the legislature during a fiscal year is insufficient for distri-
14 bution of the full base amount to each municipality, the department
15 shall prorate the amount available for distribution on the basis of
16 amounts received during the fiscal year 1978 under AS 43.70.080.

17 Sec. 29.60.370. INCREASED ASSISTANCE. (a) If the amount in the
18 municipal assistance fund at the time of distribution exceeds the base
19 amount to be distributed under AS 29.60.360, the excess amount shall
20 be distributed to each municipality on the basis of population.
21 Population for the purpose of this section shall be as certified by
22 the commissioner of community and regional affairs. In determining
23 the population of a borough, the population of all cities in the
24 borough shall be deducted from the total population of the borough.

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

1 aid.

2 ARTICLE 5. COMMUNITY FACILITIES GRANTS.

3 Sec. 29.60.400. GRANTS FOR COMMUNITY FACILITIES. (a) Within
4 the limits of appropriations for the purpose the Department of Com-
5 merce and Economic Development shall make matching grants in accor-
6 dance with the provisions of AS 29.60.410 - 29.60.440 to municipal-
7 ities or their nonprofit designees equal to

8 (1) 50 percent of the estimated reasonable costs of con-
9 struction of municipal civic, convention, and community recreation
10 centers; and

11 (2) 50 percent of the cost of feasibility studies relating
12 to the construction of municipal civic, convention, and community
13 recreation centers.

14 (b) A grant may be made under this section only to a municipal-
15 ity with the power to implement the study or project for which the
16 grant is authorized or to its nonprofit designee. A grant for only
17 one study and one project may be awarded to a municipality or its
18 designee under this section.

19 (c) In this section "costs of construction" means, in addition
20 to costs directly related to a project, the sum of all costs of fi-
21 nancing and carrying out the project, including the costs of all
22 necessary studies, surveys, plans and specifications, architectural,
23 engineering or other special services, acquisition of real property,
24 site preparation and development, purchase, construction, recon-
25 struction and improvement of real property and the acquisition of
26 machinery and equipment necessary to the project; an allocable portion
27 of the administrative and operating expenses of the grantee; and the
28 cost of financing the project, including interest on bonds issued to
29 finance the project, the cost of indemnity and surety bonds, premiums

1 on insurance, legal fees, fees and expenses of trustees, depositaries,
2 financial advisors, and the costs associated with the issuance of
3 bonds. It does not include the cost of feasibility studies.

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

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

12 (1) estimates of reasonable costs of the study or project
13 as approved by the commissioner after consultation with the Department
14 of Transportation and Public Facilities;

15 (2) a schedule of disbursements of money from the grant if
16 the commissioner determines that the grant money is not to be dis-
17 bursed in one sum;

18 (3) agreement by the grantee

19 (A) to proceed with and complete the proposed study or
20 project expeditiously;

21 (B) not to discontinue operation or dispose of all or
22 part of a community facility for which it receives a grant with-
23 out the approval of the commissioner;

24 (C) to apply for and make reasonable efforts to secure
25 federal assistance that may be available for the study or proj-
26 ect, subject to any conditions the commissioner may require to
27 maximize the amounts of that assistance available for all proj-
28 ects in the state;

29 (D) to provide for payment of the grantee's share of

1 the cost of the study or project;

2 (E) that, if federal assistance for a study or project
3 becomes available to the grantee that was not included in the
4 calculation of the amount of the grant, the value of the federal
5 assistance shall be subtracted from the total value of the proj-
6 ect and the balance shall be equally divided between the grantee
7 and the state;

8 (4) alteration or modification of an approved study or
9 project;

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

13 (6) remedies in case of failure to perform the agreement or
14 noncompliance with regulations adopted under AS 29.60.420.

15 (c) The commissioner of commerce and economic development shall
16 require in negotiations and in each grant agreement that continued
17 maintenance of the community facility is the responsibility of the
18 municipality. The municipality must show the feasibility of continu-
19 ing to maintain the facility before state money may be authorized for
20 a grant.

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

24 (b) The commissioner of commerce and economic development shall
25 adopt regulations to carry out the purposes of AS 29.60.400 - 29.60.-
26 440.

27 Sec. 29.60.430. ALLOCATION OF MONEY. If the amount of money
28 appropriated by the legislature for grants under AS 29.60.400 is not
29 adequate to satisfy amounts required for approved grant applications,