

LEG. FINANCE - BILLS 1985 - 1986 2320

HB 72 cont. 2300

1	(AS 14.17)	\$
2	STATE AID FOR RETIREMENT OF SCHOOL CONSTRUC-	
3	TION DEBT (AS 14.11.100)	\$
4	MUNICIPAL TAX RESOURCE EQUALIZATION ASSISTANCE	
5	(AS 29.60.010 - 29.60.080)	\$
6	STATE AID FOR MISCELLANEOUS MUNICIPAL	
7	SERVICES (AS 29.60.100 - 29.60.180)	\$
8	TOTAL AID	\$

9 The millage equivalent of this state aid, based on the  
10 dollar value of a mill in the municipality during the  
11 current assessment year and for the preceding assessment  
12 year, is:

		MILLAGE EQUIVALENT	
		PREVIOUS YEAR	THIS YEAR
13			
14			
15	PUBLIC SCHOOL FOUNDATION PROGRAM		
16	ASSISTANCE	....MILLS	....MILLS
17	STATE AID FOR RETIREMENT OF		
18	SCHOOL CONSTRUCTION DEBT	....MILLS	....MILLS
19	MUNICIPAL TAX RESOURCE EQUALI-		
20	ZATION ASSISTANCE	....MILLS	....MILLS
21	STATE AID FOR MISCELLANEOUS		
22	MUNICIPAL SERVICES	....MILLS	....MILLS
23	TOTAL MILLAGE EQUIVALENT	....MILLS	....MILLS"

24 Notice shall be provided

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

27 (2) by publishing in a newspaper of general circulation in  
28 the municipality a copy of the notice once each week for a period of  
29 three successive weeks, with publication to occur not later than 45

1 days after the final adoption of the municipality's budget.

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

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

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

14 (2) household furniture of the head of a family or house-  
15 hold;

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

18 (4) property of a nonbusiness organization or its auxiliary  
19 composed entirely of persons with 90 days or more of active service in  
20 the armed forces of the United States whose conditions of service and  
21 separation were other than dishonorable;

22 (5) money on deposit;

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

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

28 (b) In (a) of this section, "property used exclusively for  
29 religious purposes" includes the following property owned by a

1 religious organizati.

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

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

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

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

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

17 (e) The real property owned and occupied as a permanent place of  
18 abode by a resident 65 years of age or over or by a disabled veteran  
19 is exempt from taxation of the assessed value of the real property.  
20 Real property may not be exempted under this subsection if the asses-  
21 sor determines, after notice and hearing to the parties concerned,  
22 that the property was conveyed to the applicant primarily for the  
23 purpose of obtaining the exemption. The determination of the assessor  
24 may be appealed under AS 44.62.560 and 44.62.570.

25 (f) An exemption may not be granted under (e) of this section  
26 except upon written application for the exemption on a form approved  
27 by the state assessor for use by local assessors. The claimant must  
28 file the application no later than January 15, or a date provided by  
29 ordinance that is not later than March 31, of the assessment year for

1       which the exemption is sought. The governing body of the municipality  
2       for good cause shown may waive during a year the claimant's failure to  
3       make timely application for exemption for that year and authorize the  
4       assessor to accept the application as if timely filed. The claimant  
5       must file a separate application for each assessment year in which the  
6       exemption is sought. If an application is filed within the required  
7       time and is approved by the assessor, the assessor shall allow an  
8       exemption in accordance with the provisions of this section. If a  
9       failure to file by January 15, or a date provided by ordinance that is  
10      not later than March 31, of the assessment year has been waived as  
11      provided in this subsection and the application for exemption is  
12      approved, the amount of tax that the claimant has already paid for the  
13      assessment year for the property exempted shall be refunded to the  
14      claimant. The assessor shall require proof in the form the assessor  
15      considers necessary of the right to and amount of an exemption claimed  
16      under (e) of this section, and shall require a disabled veteran claim-  
17      ing an exemption under (e) of this section to provide evidence of the  
18      disability rating. The assessor may require proof under this section  
19      at any time.

20           (g) The state shall reimburse a borough or city, as appropriate,  
21      for the real property tax revenues lost to it by the operation of (e)  
22      of this section. However, reimbursement will be made to a municipal-  
23      ity for revenue lost to it only to the extent that the loss exceeds an  
24      exemption that was granted by the municipality, or that on proper  
25      application by an individual would have been granted under AS 29.45.-  
26      050(a).

27           (h) Except as provided in (g) of this section, nothing in (e) -  
28      (j) of this section affects similar exemptions from property taxes  
29      granted by a municipality on September 10, 1972, or prevents a

1 municipality from granting similar exemptions by ordinance as provided  
2 in AS 29.45.050.

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

4 (1) "disabled veteran" means a disabled person separated  
5 from the military service of the United States under a condition that  
6 is not dishonorable who is a resident of the state, whose disability  
7 was incurred or aggravated in the line of duty in the military service  
8 of the United States, and whose disability has been rated as 50 per-  
9 cent or more by the branch of service in which that person served or  
10 by the Veterans' Administration;

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

14 (j) One motor vehicle per household owned by a resident 65 years  
15 of age or older on January 1 of the assessment year is exempt either  
16 from taxation on its assessed value or from the registration tax under  
17 AS 28.10.431. An exemption may be granted under this subsection only  
18 upon written application on a form prescribed by the Department of  
19 Public Safety. The state shall reimburse a municipality for tax reve-  
20 nues lost to it because of the exemption required by this subsection.  
21 Reimbursement to a municipality equals the amount of registration tax  
22 authorized under AS 28.10.431(b) for each vehicle exempted under this  
23 subsection.

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

26 (1) Two percent of the assessed value of a structure is exempt  
27 from taxation if the structure contains a fire protection system ap-  
28 proved under AS 19.70.081, in operating condition, and incorporated as  
29 a fixture or part of the structure. The exemption granted by this

1 subsection is limited to

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

5 (2) an amount equal to two percent of the value of the  
6 structure based on the assessment as of January 1 of the year immedi-  
7 ately following the installation of the fire protection system if the  
8 fire protection system becomes a fixture of the structure after  
9 January 1, 1981.

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

13 (1) "developed" means a purposeful modification of the  
14 property from its original state that effectuates a condition of  
15 gainful and productive present use without further substantial modifi-  
16 cation; surveying, construction of roads, providing utilities or other  
17 similar actions normally considered to be component parts of the  
18 development process, but that do not create the condition described in  
19 this paragraph, do not constitute a developed state within the meaning  
20 of this paragraph; developed property, in order to remove the exemp-  
21 tion, must be developed for purposes other than exploration, and be  
22 limited to the smallest practicable tract of the property actually  
23 used in the developed state;

24 (2) "exploration" means the examination and investigation  
25 of undeveloped land to determine the existence of subsurface nonrenew-  
26 able resources;

27 (3) "lease" means a grant of primary possession entered  
28 into for gainful purposes with a determinable fee remaining in the  
29 hands of the grantor; with respect to a lease that conveys rights of

1 exploration and development, this exemption shall continue with re-  
2 spect to that portion of the leased tract that is used solely for the  
3 purpose of exploration.

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

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

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

18 (c) To obtain a tax equivalency payment the eligible resident  
19 must apply to the department for payment for the preceding year by  
20 January 15 of each year on forms and in the manner prescribed by the  
21 department. The department for good cause shown may waive an appli-  
22 cant's failure to make timely application for a tax equivalency pay-  
23 ment and accept the application as if timely filed. Each applicant  
24 shall submit with the application rental receipts or, if rental re-  
25 ceipts are not available, other evidence satisfactory to the depart-  
26 ment for determination of the fact of payment of rent and the amount  
27 paid. A disabled veteran shall submit with the application evidence  
28 of the disability rating.

29 (d) If two or more persons occupy a residence as tenants, not

1 all of whom are eligible for a tax equivalency payment under this  
2 section, the assessor shall determine equitable partial payments to be  
3 made to the eligible tenants. However, a tax equivalency payment to  
4 an eligible applicant may not be reduced because the spouse is less  
5 than 65 years of age or is not a disabled veteran. If all occupants  
6 in a residence are eligible for a tax equivalency payment under this  
7 section, the occupants shall decide between and among themselves which  
8 shall receive payment.

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

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

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

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

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

22 (c) To obtain a reimbursement payment under this section an  
23 eligible resident must apply by January 15 of each year to the depart-  
24 ment for reimbursement of sales taxes paid for the preceding year.  
25 The application shall be on the form and filed as prescribed by the  
26 department. The department for good cause shown may waive an appli-  
27 cant's failure to make timely application for reimbursement and accept  
28 the application as if timely filed. Each applicant shall submit with  
29 the application rental receipts or, if rental receipts are not

1 available, other evidence satisfactory to the department for  
2 determination of the fact of payment of rent and the amount paid. A  
3 disabled veteran shall submit with the application evidence of the  
4 disability rating.

5 (d) If two or more persons occupy a residence as tenants, not  
6 all of whom are eligible for a reimbursement payment under this sec-  
7 tion, the assessor shall determine equitable partial payments to be  
8 made to the eligible tenants. However, a reimbursement payment to an  
9 eligible applicant may not be reduced because the spouse is less than  
10 65 years of age or not a disabled veteran. If all occupants in a  
11 residence are eligible for a reimbursement payment, the occupants  
12 shall decide between and among themselves which shall receive the  
13 payment.

14 (e) In this section "disabled veteran" has the meaning given in  
15 AS 29.45.030(d)(1).

16 Sec. 29.45.050. OPTIONAL EXEMPTIONS AND EXCLUSIONS. (a) A  
17 municipality may exclude or exempt or partially exempt residential  
18 property from taxation by ordinance ratified by the voters at an  
19 election. An exclusion or exemption authorized by this section may  
20 not exceed the assessed value of \$10,000 for any one residence.

21 (b) A municipality may by ordinance

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

25 (2) classify and exempt from taxation

26 (A) the property of an organization not organized for  
27 business or profit-making purposes and used exclusively for  
28 community purposes if the income derived from rental of that  
29 property does not exceed the actual cost to the owner of the use

1 by the renter;

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

3 (C) land of a nonprofit organization used for agricul-  
4 tural purposes if rights to subdivide the land are conveyed to  
5 the state and the conveyance includes a covenant restricting use  
6 of the land to agricultural purposes only; rights conveyed to the  
7 state under this subparagraph may be conveyed by the state only  
8 in accordance with AS 38.05.069(c);

9 (3) exempt personal property from taxation;

10 (4) exempt business inventories from taxation;

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

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

14 (1) a borough may, by ordinance, adjust its property tax  
15 structure in whole or in part to the property tax structure of a city  
16 in the borough, including but not limited to, excluding personal  
17 property from taxation, establishing exemptions, and extending the  
18 redemption period;

19 (2) a home rule or first class city has the same power to  
20 grant exemptions or exclude property from borough taxes that it has as  
21 to city taxes if

22 (A) the exemptions or exclusions have been adopted as  
23 to city taxes; and

24 (B) the city appropriates to the borough sufficient  
25 money to equal revenues lost by the borough because of the exemp-  
26 tions or exclusions, the amount to be determined annually by the  
27 assembly;

28 (3) a city in a borough may, by ordinance, adjust its prop-  
29 erty tax structure in whole or in part to the property tax structure

1 of the borough, including but not limited to exempting or partially  
2 exempting property from taxation.

3 (d) Exemptions or exclusions from property tax that have been  
4 granted by a home rule municipality in addition to exemptions autho-  
5 rized or required by law, and that are in effect on September 10,  
6 1972, and not later withdrawn, are not affected by this chapter.

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

16 (f) A municipality may by ordinance exempt from taxation all or  
17 part of the increase in assessed value of improvements to real prop-  
18 erty if an increase in assessed value is directly attributable to  
19 alteration of the natural features of the land, or new maintenance,  
20 repair, or renovation of an existing structure, and if the alteration,  
21 maintenance, repair, or renovation, when completed, enhances the  
22 exterior appearance or aesthetic quality of the land or structure. An  
23 exemption may not be allowed under this subsection for the construc-  
24 tion of an improvement to a structure if the principal purpose of the  
25 improvement is to increase the amount of space for occupancy or non-  
26 residential use in the structure or for the alteration of land as a  
27 consequence of construction activity. An exemption provided in this  
28 subsection may continue for up to four years from the date the im-  
29 provement is completed, or from the date of approval for the exemption

1 by the local assessor, whichever is later.

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

9 Sec. 29.45.060. FARM OR AGRICULTURAL LAND. (a) Farm use land  
10 included in a farm unit and not dedicated or being used for nonfarm  
11 purposes shall be assessed on the basis of full and true value for  
12 farm use and may not be assessed as if subdivided or used for some  
13 other nonfarm purpose. The assessor shall maintain records valuing  
14 the land for both full and true value and farm use value. If the land  
15 is sold, leased, or otherwise disposed of for uses incompatible with  
16 farm use or converted to a use incompatible with farm use by the  
17 owner, the owner is liable to pay an amount equal to the additional  
18 tax at the current mill levy together with eight percent interest for  
19 the preceding seven years, as though the land had not been assessed  
20 for farm use purposes. Payment by the owner shall be made to the  
21 state to the extent of its reimbursement for revenue loss under (e) of  
22 this section for the preceding seven years. The balance of the pay-  
23 ment shall be made to the municipality.

24 (b) An owner of farm use land must, to secure the assessment  
25 under this section, apply to the assessor before May 15 of each year  
26 in which the assessment is desired. The application shall be made  
27 upon forms prescribed by the state assessor for the use of the local  
28 assessor, and shall include information that may reasonably be  
29 required to determine the entitlement of the applicant. If the land

1 is leased for farm use purposes, the applicant shall furnish to the  
2 assessor a copy of the lease bearing the signatures of both lessee and  
3 lessor along with the completed application. The applicant shall  
4 furnish the assessor a copy of the lease covering the period for which  
5 the exemption is requested.

6 (c) In this section "farm use" means the use of land for profit  
7 for raising and harvesting crops, for the feeding, breeding, and  
8 management of livestock, for dairying, or another agricultural use, or  
9 any combination of these. To be farm use land, the owner or lessee  
10 must be actively engaged in farming the land, and derive at least 10  
11 percent of yearly gross income from the land. This section does not  
12 apply to land for which the owner has granted, and has outstanding, a  
13 lease or option to buy the surface rights. A property owner wishing  
14 to file for farm use classification having no history of farm-related  
15 income may submit a declaration of intent at the time of filing the  
16 application with the assessor setting out the intended use of the land  
17 and the anticipated percentage of income. An applicant using this  
18 procedure shall file with the assessor before February 1 of the fol-  
19 lowing year a notarized statement of the percentage of gross income  
20 attributable to the land. Failure to make the filing required in this  
21 subsection forfeits the exemption.

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

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

28 Sec. 29.45.070. MOBILE HOMES. Mobile homes, trailers, house  
29 trailers, trailer coaches and similar property used or intended to be

1 used for residential, office, or commercial purposes and attached to  
2 the land or connected to water, gas, electric, or sewage facilities  
3 are classified as real property for tax purposes unless expressly  
4 classified as personal property by ordinance. This section does not  
5 apply to house trailers and mobile homes that are unoccupied and held  
6 for sale by persons engaged in the business of selling mobile homes.

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

11 (b) A municipality may levy and collect a tax on the full and  
12 true value of property taxable under this chapter and under AS 43.56  
13 as valued by the Department of Revenue at a rate not to exceed that  
14 which produces an amount of revenue from the total municipal property  
15 tax equivalent to \$1,500 a year for each person residing in its bound-  
16 aries.

17 (c) A municipality may levy and collect a tax on the full and  
18 true value of that portion of property taxable under this chapter and  
19 under AS 43.56 as assessed by the Department of Revenue which value,  
20 when combined with the value of property otherwise taxable by the  
21 municipality, does not exceed the product of 225 percent of the aver-  
22 age per capita assessed full and true value of property in the state  
23 multiplied by the number of residents of the taxing municipality.

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

27 (e) For purposes of this section, population shall be determined  
28 by the commissioner based on the latest statistics of the United  
29 States Bureau of the Census or on other reliable population data, and

1 the commissioner shall advise each municipality of its population by  
2 January 15 of each year.

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

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

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

13 (2) upon value that, when combined with the value of prop-  
14 erty otherwise taxable by the municipality, exceeds the product of 225  
15 percent of the average per capita assessed full and true value of  
16 property in the state multiplied by the number of residents of the  
17 taxing municipality.

18 (c) The commissioner shall apportion the lawful levy and equi-  
19 tably divide the tax revenues on the basis of need, services per-  
20 formed, and other considerations in the public interest if two or more  
21 municipalities occupying the same geographical area, in whole or in  
22 part, attempt to levy a tax

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

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

1 taxing municipality.

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

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

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

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

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

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

1           (c) The commissioner, after consulting with the Alaska Associa-  
2           tion of Assessing Officers, shall render a decision within 60 days  
3           after the receipt of a request under (b) of this section. If the  
4           commissioner determines that a major error has been made in assess-  
5           ment, valuation or taxation procedures the commissioner shall notify  
6           the municipality of changes that must be made and the municipality  
7           shall correct its procedures before the beginning of the next fiscal  
8           year.

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

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

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

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

1 conditions of assessing or reassessing business inventories and of  
2 remitting or refunding taxes.

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

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

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

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

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

26 Sec. 29.45.140. VIOLATIONS. For knowingly failing to file a tax  
27 statement required by ordinance or knowingly making a false affidavit  
28 to a statement required by a tax ordinance relative to the amount,  
29 location, kind or value of property subject to taxation with intent to

1 evade the taxation, a municipality may by ordinance prescribe a  
2 penalty not to exceed a fine of \$1,000 or imprisonment for 90 days.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 assessment.

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

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

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

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

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

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

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

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

7           (e) In this section "disaster" means a major disaster declared  
8 by the President of the United States under the provisions of 42  
9 U.S.C. sec. 1855 - 1855g (Federal Disaster Act of 1950), or other  
10 federal law, or a disaster declared by the governor under AS 26.-  
11 23.010 - 26.23.110.

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

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

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

1 not returned.

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

5 ARTICLE 2. ENFORCEMENT OF TAX LIENS.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 the municipality.

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

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

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

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

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

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

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

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

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

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

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

13 ARTICLE 3. CITY PROPERTY TAX.

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

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

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

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

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

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

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

17 ARTICLE 4. BOROUGH SALES AND U . TAX.

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

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

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

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

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

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

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

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

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

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

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

12 ARTICLE 5. CITY SALES AND USE TAXES.

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

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

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

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

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

2 CHAPTER 46. SPECIAL ASSESSMENTS.

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

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

15 (2) the governing body.

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

20 (1) a procedure for filing petitions;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 than 15 days before the hearing.

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

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

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

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

1 property tax liens.

2 Sec. 29.46.C90. EXEMPTION. (a) The real property owned and  
3 occupied by a resident 65 years of age or over, or the spouse, widow,  
4 widower, or minor heir of the original applicant, on which is located  
5 only the permanent abode of the applicant that is a single-family  
6 residence, is exempt from (1) special sewer assessments levied by a  
7 municipality after September 2, 1975, and (2) special water assess-  
8 ments levied by a municipality after September 2, 1975. Only one  
9 exemption may be granted with respect to the same property, and, if  
10 two or more persons are eligible for an exemption with respect to the  
11 same property, the parties shall decide between or among themselves  
12 which shall receive the benefit of the exemption. Real property may  
13 not be exempted under this subsection that the municipality deter-  
14 mines, after notice and hearing to the parties concerned, has been  
15 conveyed to the applicant primarily for the purpose of obtaining the  
16 exemption. The determination of the municipality is appealable under  
17 AS 44.62.560 - 44.62.570.

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

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

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

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

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

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

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

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

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

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

5                   (e) In this section

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

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

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

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

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

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

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

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

28                   (4) interest on interim financing;

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

1 in the formation of the special assessment district;

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

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

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

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

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

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

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

1 of

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

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

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

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

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

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

1 the guarantee fund.

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

3 CHAPTER 47. MUNICIPAL DEBT.

4 ARTICLE 1. REVENUE ANTICIPATION NOTES.

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

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

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

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

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

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

10 ARTICLE 2. BOND ANTICIPATION NOTES.

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

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

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

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

26 Sec. 29.47.100. ISSUANCE OF NEW NOTES. If the sale of the bonds  
27 has not occurred before the maturity of the notes issued in anticipa-  
28 tion of the sale, the governing body shall issue new notes in order to  
29 meet payment of the notes then maturing, or shall renew the

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

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

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

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

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

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

### 25 ARTICLE 3. GENERAL OBLIGATION BONDS.

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

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

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

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

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

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

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

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

29                                   ARTICLE 4. REVENUE BONDS.

1           Sec. 29.47.240. REVENUE BONDS. (a) A municipality may issue  
2 negotiable or nonnegotiable revenue bonds for a public enterprise or  
3 public corporation of the municipality where the only security is the  
4 revenue of the public enterprise or corporation.

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

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

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

18                   ARTICLE 5. REFUNDING BONDS.

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

24                   (1) general obligation refunding bonds; or

25                   (2) revenue refunding bonds.

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

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bonds.

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

Sec. 29.47.330. PAYMENT OF REFUNDING BONDS. General obligation refunding bonds are payable according to AS 29.47.200. Revenue refunding bonds are payable according to AS 29.47.240.

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

ARTICLE 6. MISCELLANEOUS PROVISIONS.

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

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

1 principal or interest on the bond.

2 (c) A municipality may

3 (1) loan the proceeds of the bonds issued under this sec-  
4 tion;

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

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

10 (4) provide for any matter that affects the security of the  
11 bonds.

12 (d) In this section

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

15 (2) "project" includes commercial, manufacturing,  
16 agricultural, industrial, residential housing, recreation, tourism,  
17 and medical projects and programs.

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

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

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

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

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

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

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

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

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

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

1 voting on the indebtedness is pledged for the payment of the debt.

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

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

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

15 CHAPTER 55. MUNICIPAL PROGRAMS.

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

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

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

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

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

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

15 CHAPTER 60. STATE PROGRAMS.

16 ARTICLE 1. MUNICIPAL TAX RESOURCE EQUALIZATION.

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

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

25 Entitlement = P x R

26 where P = population, and

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

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

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

6 (1) includes

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

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

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

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

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

23 (2) excludes

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

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

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

1           Sec. 29.60.020. DETERMINATION OF POPULATION. For purposes of  
2 AS 29.60.010 - 29.60.080, the population of a taxing unit shall be  
3 determined annually by the latest figures of the United States Bureau  
4 of the Census or other population data that in the judgment of the  
5 department is reliable.

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

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

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

1 recognized for municipal purposes.

2 (d) The full and true assessed property value shall be deter-  
3 mined by the department in the manner provided for the computation of  
4 state aid to education under AS 14.17.140. When the determination of  
5 locally generated revenue includes revenue of a utility received under  
6 AS 29.60.010(c)(1)(E), the full and true assessed property value shall  
7 include the computed assessed value of the utility, determined by  
8 dividing the amount of the payment in place of taxes made by the  
9 utility by the millage rate that would apply to the utility if the  
10 utility were subject to levy and collection of taxes under AS 29.45.

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

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

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

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

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

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

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

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

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

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

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

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

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

3 (1) procedures and filing dates for submitting certifica-  
4 tion and financial reports;

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

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

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

17 (c) The department shall, by regulation, classify for inclusion  
18 or exclusion as a component of a municipality's millage rate equiva-  
19 lent under AS 29.60.010 any tax revenue appropriated for a utility not  
20 included in the definition set out in AS 29.60.080(2).

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

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

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

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

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

28 ARTICLE 2. STATE AID FOR MISCELLANEOUS PURPOSES.

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

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

3 (1) to a municipality or other eligible recipient that has  
4 the power to provide the services described in AS 29.60.110 - 29.60.-  
5 130 and exercises the power in the manner required by AS 29.60.100 -  
6 29.60.180;

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

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

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

1 particular distribution.

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

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

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

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

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

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

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

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

13 (f) In this section

14 (1) "health facility"

15 (A) means a facility that is licensed or certified by  
16 the state or approved under regulations adopted by the department  
17 and that is owned or operated or both by a municipality or by a  
18 nonprofit corporation or other nonprofit sponsor;

19 (B) includes a public health center, maternity home,  
20 community mental health center, facility for the mentally or  
21 physically handicapped, nursing home, convalescent center,  
22 domestic violence or sexual assault shelter qualified to receive  
23 a grant or contract under AS 18.66, or alcohol or drug abuse  
24 facility that meets standards established under AS 47.37;

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

27 (2) "hospital" means a licensed hospital determined by the  
28 Department of Health and Social Services to be a general or special  
29 hospital; the term excludes a facility operated or wholly supported by

1 the state or the federal government.

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

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

14 Sec. 29.60.140. STATE AID TO UNINCORPORATED COMMUNITIES. (a)  
15 The department shall pay to each unincorporated community an entitle-  
16 ment of \$25,000 each fiscal year to be used for a public purpose. The  
17 department with advice from the Department of Law shall determine  
18 whether there is in each unincorporated community an incorporated  
19 nonprofit entity or a Native village council that will agree to re-  
20 ceive and spend the entitlement. If there is more than one qualified  
21 entity in an unincorporated community, the department shall pay the  
22 money under the entitlement to the entity that the department finds  
23 most qualified to receive and spend the money. The department may not  
24 pay money under an entitlement to a Native village council unless the  
25 council waives immunity from suit for claims arising out of activities  
26 of the council related to the entitlement. A waiver of immunity from  
27 suit under this subsection must be on a form provided by the Depart-  
28 ment of Law. If there is no qualified incorporated nonprofit entity  
29 or Native village council in an unincorporated community that is

1 willing to receive money under an entitlement, the entitlement for  
2 that unincorporated community may not be paid. Neither this sub-  
3 section nor any action taken under it enlarges or diminishes the  
4 governmental authority or jurisdiction of a Native village council.

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

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

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

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

28 Sec. 29.60.170. MISCELLANEOUS SERVICES ACCOUNT. The miscella-  
29 neous services account is established. Money to carry out the

1 provisions of AS 29.60.100 - 29.60.180 shall be allocated by the  
2 department to the account in accordance with AS 29.60.280. If amounts  
3 in the account are insufficient to pay each municipality's or other  
4 recipient's share authorized under AS 29.60.100 - 29.60.180, the  
5 amounts that are available shall be distributed pro rata among  
6 eligible municipalities and other recipients.

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

16 ARTICLE 3. ADMINISTRATION OF STATE AID PROGRAMS.

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

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

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

1 established in AS 29.60.060 and distributed according to the provi-  
2 sions of AS 29.60.010 - 29.60.080.

3 Sec. 29.60.290. QUALIFICATION FOR MINIMUM PAYMENT. (a) A  
4 municipality qualifying for an entitlement under AS 29.60.010 - 29.-  
5 60.080 or 29.60.100 - 29.60.180 shall receive a minimum payment of  
6 \$25,000 plus an area cost-of-living differential for each fiscal year  
7 if

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

13 (2) regular meetings of the governing body are held in the  
14 municipality during the fiscal year preceding the year for which  
15 payment of an entitlement is authorized by AS 29.60.010 - 29.60.080 or  
16 29.60.100 - 29.60.180 and a record of the proceedings is maintained;

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

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

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

1 election districts used are those designated by the proclamation of  
2 reapportionment and redistricting of December 7, 1961, and retained  
3 for the house of representatives by proclamation of the governor  
4 September 3, 1965.

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

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

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

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

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

24 ARTICLE 4. MUNICIPAL ASSISTANCE.

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

1 previous fiscal year.

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

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

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

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

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

20 ARTICLE 5. COMMUNITY FACILITIES GRANTS.

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

26 (1) 50 percent of the estimated reasonable costs of con-  
27 struction of municipal civic, convention, and community recreation  
28 centers; and

29 (2) 50 percent of the cost of feasibility studies relating

1 to the construction of municipal civic, convention, and community  
2 recreation centers.

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

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

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

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

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

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

7           (3) agreement by the grantee

8                 (A) to proceed with and complete the proposed study or  
9 project expeditiously;

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

13                (C) to apply for and make reasonable efforts to secure  
14 federal assistance that may be available for the study or proj-  
15 ect, subject to any conditions the commissioner may require to  
16 maximize the amounts of that assistance available for all proj-  
17 ects in the state;

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

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

26           (4) alteration or modification of an approved study or  
27 project;

28           (5) alteration or modification of an existing facility that  
29 would have qualified for a grant at the time of initial construction

1 if AS 29.60.400 - 29.60.440 had been in effect;

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

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

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

13 (b) The commissioner of commerce and economic development shall  
14 adopt regulations to carry out the purposes of AS 29.60.400 - 29.60.-  
15 440.

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

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

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

26 CHAPTER 65. GENERAL GRANT LAND.

27 Sec. 29.65.010. DETERMINATION OF ENTITLEMENT OF BOROUGH AND  
28 UNIFIED MUNICIPALITIES. (a) The general grant land entitlement of  
29 each of the municipalities in this section is the amount set out

1           opposite each:

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

13               (b) This section is a continuation of the provisions of former  
14 AS 29.18.201 and does not grant additional entitlements.

15               Sec. 29.65.020. DETERMINATION OF ENTITLEMENT FOR CITIES.   (a)  
16 The general grant land entitlement of a city formerly eligible to  
17 receive general grant land under the provisions of former AS 29.18.190  
18 and 29.18.200 is 10 percent of the maximum total acreage of vacant,  
19 unappropriated, unreserved land in the boundaries of each city at any  
20 time between the initial date of eligibility under former AS 29.18.190  
21 and 29.18.200 and July 1, 1978. Within six months after July 1, 1978,  
22 the director shall determine the entitlement for each city eligible to  
23 receive general grant land under former AS 29.18.202 and certify that  
24 entitlement to the city.

25               (b) This section is a continuation of the provisions of former  
26 AS 29.18.203 and does not grant additional entitlements to cities<sup>5</sup>  
27 incorporated before January 1, 1986.

28               Sec. 29.65.030. DETERMINATION OF ENTITLEMENT FOR NEWLY INCOR-  
29 PORATED MUNICIPALITIES. (a) The general grant land entitlement of a

1 municipality incorporated after July 1, 1978, is 10 percent of the  
2 total acreage of vacant, unappropriated, unreserved land within the  
3 boundaries of the municipality on the date of its incorporation.

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

9 (c) This section is a continuation of the provisions of former  
10 AS 29.18.203 and does not grant additional entitlements to  
11 municipalities incorporated before January 1, 1986.

12 Sec. 29.65.040. STATUS OF ENTITLEMENTS. (a) After July 1,  
13 1978, general grant land entitlements provided in former AS 29.18.201  
14 and former AS 29.18.202 are vested property rights that must be  
15 fulfilled as provided in AS 29.65.050 or 29.65.080.

16 (b) General grant land entitlements provided by AS 29.65.030 are  
17 property rights that vest on the date of incorporation of the munici-  
18 pality. The entitlement must be fulfilled as provided in AS 29.65.-  
19 050.

20 (c) Land may be selected or nominated for selection by a munici-  
21 pality to satisfy a general grant land entitlement under former  
22 AS 29.18.201 and 29.18.202 at any time before October 1, 1980. How-  
23 ever, if a municipal selection or nomination or a part of a municipal  
24 selection or nomination is rejected by the director, the municipality  
25 may, not later than 90 days after receipt of the rejection, select  
26 additional state land as necessary to satisfy its entitlement.

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

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

3 (1) the portion of an entitlement that cannot be satisfied  
4 by that date because of a shortage of land suitable for residential,  
5 commercial, and industrial purposes that is vacant, unappropriated,  
6 unreserved land;

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

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

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

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

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

1 Any prior approval by the director of municipal selections for land  
2 that was not vacant, unappropriated, or unreserved on the date of  
3 selection shall be rescinded, and patent may not be issued except when  
4 disposal to a third party by sale or lease has occurred. Transfers of  
5 land to municipalities under this chapter are subject to AS 38.05.321.  
6 Classification actions as reflected on the land status records of the  
7 Department of Natural Resources are determinative of land classifica-  
8 tion status for purposes of this chapter.

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

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

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

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

3 (d) Within six months after approval of a municipal selection of  
4 school or mental health land, the director shall identify state  
5 general grant land of approximately equal value to the land requested  
6 by the municipality and shall propose the replacement land for the  
7 concurrence of the appropriate board. If a proposal by the director  
8 is rejected by the board, the director shall meet with the board as  
9 often as necessary to determine the type and amount of equal value  
10 replacement land that would be required to obtain the board's concur-  
11 rence, and shall propose the replacement land for consideration by the  
12 board. The replacement land shall thereafter be managed for the pur-  
13 poses for which the land selected by the municipality was acquired by  
14 the Territory and State of Alaska.

15 (e) The notice provisions of AS 38.05.945 apply to the designa-  
16 tion of other general grant land as school, university or mental  
17 health land in replacement of land selected under this section. The  
18 provisions of AS 38.50 do not apply to such designations under this  
19 section.

20 (f) For purposes of determining the per capita entitlement under  
21 (a) of this section, the population of a municipality shall be the  
22 population determined by the commissioner under former AS 43.18.010  
23 for the program year beginning July 1, 1978, for a municipality whose  
24 entitlement was determined under former AS 29.18.201 or 29.18.202.

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

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

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

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

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

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

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

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

21           (c) If a municipality selected vacant, unappropriated, unre-  
22 served land on or before December 18, 1971, to which the state had  
23 received tentative approval or patent, and that land was also selected  
24 by a Native corporation organized under the Alaska Native Claims  
25 Settlement Act (P.L. 92-203), and title to that land is ultimately  
26 vested in that Native corporation, the municipality may, at its op-  
27 tion, request payment for land deficiency from the municipal land  
28 account. The acceptance of payment under this subsection by a muni-  
29 cipality constitutes a relinquishment of any other right, title, or

1 claim to the land by that municipality. The total payment to a muni-  
2 cipality under this subsection may not exceed \$1,000 per acre to a  
3 maximum of 8,000 acres.

4 (d) The governor shall annually submit to the legislature a  
5 request for an appropriation to the municipal land account, for the  
6 municipalities that have elected to receive payments under (b) or (c)  
7 of this section. The request for appropriation shall distinguish  
8 between amounts necessary to make payments for land deficiency under  
9 (b) of this section and those required to make payments for land  
10 deficiency under (c) of this section.

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

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

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

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

1 (g) Payments authorized by this section may not be made to a  
2 municipality eligible for an entitlement under AS 29.65.020 or 29.65.-  
3 030.

4 (h) Payments made under this section shall be used by a muni-  
5 cipality that levies property taxes to reduce the levy in proportion  
6 to the amount of state payments received by the municipality for a  
7 given fiscal year. The governing body of each municipality shall  
8 furnish a notice with the tax statement describing the effect on  
9 property tax levies of payments received under this section.

10 Sec. 29.65.090. AUTHORIZATION FOR LAND EXCHANGES. The director,  
11 and a municipality are authorized to exchange land or interests in  
12 land when it is in the public interest. Land or interests in land  
13 exchanged under this section must be of approximately equal value,  
14 including the nonmonetary value of public benefits. Exchange  
15 procedures shall comply with applicable law and municipal ordinances.  
16 The notice and review provisions of AS 38.05.945 apply to exchanges of  
17 land under this section. The provisions of AS 38.50 do not apply to  
18 exchanges of land under this section.

19 Sec. 29.65.100. PUBLIC PURPOSE AND EXPANSION NEEDS. (a) Con-  
20 sistent with the best interests of the state, if a municipality does  
21 not contain and cannot reasonably acquire sufficient nonfederal land  
22 within its boundaries to meet its legitimate needs for public or  
23 private settlement or development, it is the policy of the state to  
24 select federal land reasonably necessary to meet the needs of the  
25 municipality and to make the land selected available to the municipal-  
26 ity under AS 38.05.810 or (b) of this section.

27 (b) The state may contract with a municipality to act as its  
28 agent in an auction of state land under applicable statutes. When a  
29 municipality acts as the agent of the state in an auction, the

1           municipality may retain from the proceeds of the auction the capital  
2           and other expenses that the director determines to be necessary and  
3           reasonable.

4           (c) Nothing in this chapter limits or impairs the authority of  
5           the director to transfer land to municipalities, without limit or  
6           consideration, for public purposes in accordance with AS 38.05.810.  
7           If there is a remaining entitlement of the municipality, land trans-  
8           ferred under AS 38.05.810 shall be credited toward fulfillment of the  
9           entitlement.

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

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

1 under (a) of this section is considered to have elected to receive  
2 benefits under this chapter and to have waived any claim that might  
3 have been raised under former AS 29.18.190 or 29.18.200.

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

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

12 Sec. 29.65.130. DEFINITIONS. In this chapter, unless the con-  
13 text otherwise requires,

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

17 (2) "director" means the director of lands, Department of  
18 Natural Resources;

19 (3) "general grant land"

20 (A) means land patented or tentatively approved to the  
21 state from the United States under sec. 6(a) or (b) of the Alaska  
22 Statehood Act;

23 (B) does not include university land;

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

26 (5) "municipal land selection" means a request by a munici-  
27 pality, filed in writing with the director under authority of former  
28 AS 29.18.190 and 29.18.200 or under this chapter for vacant, unappro-  
29 priated, unreserved general grant land within its municipal boundaries

1 in partial fulfillment of its municipal entitlement;

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

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

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

15 (9) "university land" has the meaning given in  
16 AS 38.05.365;

17 (10) "vacant, unappropriated, unreserved land" means general  
18 grant land as defined in (3) of this section, excluding minerals as  
19 required by sec. 6(i) of the Alaska Statehood Act, that

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

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

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