

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILES 86/2

781 SCOMM23: TITLE 29 POLICY REVISION ADVISORY COMM. 1980

1 which the claimant may have already paid on the assessment shall be refunded
2 to him. The municipality may at any time require proof in the form
3 considered necessary of the right and amount of an exemption claimed under
4 this section.

5 (c) The state shall reimburse a home rule or general law
6 municipality for the sewer and water assessment revenues which it would
7 receive but for the operation of this section. Reimbursement under this
8 subsection is a lien in favor of the state against the property exempted to
9 the extent of the assessment against the property exempted. Upon
10 recordation in the recording office of the district in which the property
11 exempted is located the lien is prior and superior to other liens against
12 the property except for general taxes or other special assessments and may
13 be enforced by lien foreclosure as provided in AS 34.10.070-34.10.220. The
14 lien becomes immediately due and payable

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

19 (2) when property exempted under (a)(1) or (2) of this
20 section receives more than one sewer connection or more than one water
21 connection; or

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

24 (d) In this section

25 (1) "resident" means a person who for 12 consecutive months
26 has maintained his permanent place of abode in the state;

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

1 (3) "minor heir" means a person who, at the time of transfer
2 of the property, has not attained the age of 19 years or who, if he has not
3 attained the age of 22 years, is a full-time student at an educational
4 institution or a member of the armed forces of the United States.

5 Sec. 29.48.100. (Sec. 29.63.070.) REASSESSMENT. (a) The assembly or
6 council shall within one year correct any deficiency in a special assessment
7 found by a court.

8 (b) Notice and hearing must conform to the initial assessment
9 procedures.

10 (c) Payments on the initial assessment are credited to the
11 property upon reassessment.

12 (d) The reassessment becomes a charge upon the property
13 notwithstanding failure to comply with any provision of the assessment
14 procedure.

15 Sec. 29.48.110. (Sec. 29.63.080.) OBJECTION AND APPEAL. (a) The
16 regularity or validity of an assessment may not be contested by a person who
17 did not file with the municipal clerk a written objection to the assessment
18 roll before its confirmation.

19 (b) The decision of the assembly or council upon an objection may
20 be appealed to the superior court within 30 days of the date of confirmation
21 of the assessment roll.

22 (c) If no objection is filed or an appeal taken within the time
23 provided in this section, the assessment procedure shall be considered
24 regular and valid in all respects.

25 Sec. 29.48.120. (Sec. 29.63.085.) SPECIAL ASSESSMENT BONDS. (a) The
26 assembly or council may by ordinance authorize the issuance and sale of
27 special assessment bonds to pay all or part of the cost of an improvement in
28 a special assessment district. The principal and interest of bonds issued
29 shall be payable solely from the levy of special assessments against the

1 property to be benefited. The assessments shall constitute a sinking fund
2 for the payment of principal and interest on the bonds. The property
3 benefited may be pledged by the assembly or council to secure a payment.

4 (b) Upon default in a payment due on a special assessment bond, a
5 bondholder may enforce payment of principal and interest and costs of
6 collection in a civil action in the same manner and with the same effect as
7 actions for the foreclosure of mortgages on real property. Foreclosure
8 shall be against all property on which assessments are in default. The
9 period for redemption shall be the same as in the case of a mortgage
10 foreclosure on real property.

11 (c) Before the assembly or council may issue special assessment
12 bonds, it shall establish a guarantee fund and appropriate to the fund
13 annually a sum adequate to cover any deficiency in meeting payments of
14 principal and interest of bonds issued by reason of nonpayment of
15 assessments when due. Money received from actions taken against property for
16 nonpayment of assessments shall be credited to the guarantee fund. Interest
17 on the guarantee funds shall be a cost of the improvement district.

NOTES ✓

Article 1. Special Assessments

Section

- 10. Assessment and proposal
- 15. Procedure
- 20. Decision and notice
- 25. Record owner
- 30. Objections and revision
- 40. Assessment roll
- 50. Hearing and settlement

Section

- 60. Payment
- 65. Exemption
- 70. Reassessment
- 75. Allowable costs
- 80. Objection and appeal
- 83. Interim financing
- 85. Special assessment bonds

SEC. 29.63.010. ASSESSMENT AND PROPOSAL. The assembly or council may assess against the property of a governmental unit and private real property benefited all or a portion of the cost of acquiring, installing, making or constructing [OR IMPROVING] capital improvements. The state shall pay an assessment levied, except as otherwise provided by law and subject to its right of protest under § 15(a)(8) of this chapter. If a governmental unit other than the state benefited by an improvement [ASSESSMENT] refuses to pay the assessment, it shall be denied the benefit of the improvement. An improvement proposal may be initiated by

- (1) petition to the assembly or council of the owners of one-half in value of the property to be benefited or
- (2) the assembly or council.

SEC. 29.63.015. PROCEDURE. (a) The assembly or council may prescribe by ordinance the ~~complete~~ procedure relating to creating special assessment districts, making local improvements, levying and collecting assessments and financing of the improvements [SPECIAL ASSESSMENT PROCEDURE FOR LOCAL IMPROVEMENTS], including and subject to the following:

- (1) a [THE] procedure for filing petitions;
- (2) a survey and report by the borough or city executive concerning the need for, desirable extent of, and estimated cost of each proposed local improvement;
- (3) a public hearing on the necessity for the local improvement;
- (4) a resolution or ordinance of the assembly or council determining to proceed or not to proceed with the proposed local improvement;

(5) a public hearing by the assembly or council on the special assessment roll for the local improvement;

(6) published notice of each public hearing required by this section and mailing notice to each [LEGAL OWNER OF] record owner of real property within the special assessment district;

(7) a resolution or ordinance confirming the special assessment roll for the local improvement;

(8) if protests as to the necessity of a local improvement are made by owners of property which will bear 50 per cent or more of the estimated cost of the improvement, the assembly or council may not proceed with the improvement until the objections have been reduced to less than 50 per cent, except upon approval of not fewer than three-fourths of the assembly or council.

(b) To the extent that [IF] the assembly or council does not prescribe a procedure for special assessments as permitted by this section, the assembly or council shall comply with the special assessment procedures set out in §§ ~~20-70~~ of this chapter.

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SEC. 29.63.020. Creation of District [DECISION AND NOTICE].

(a) When an improvement proposal has been filed with the municipal clerk and presented to the assembly or council, the assembly or council shall find by resolution or ordinance whether (1) the improvement requested [REQUEST] is necessary and should be made, and (2) if by petition, the request has sufficient and proper petitioners. The findings of the assembly or council are conclusive.

(b) If the assembly or council approves [PASSES A RESOLUTION APPROVING] an improvement proposal with the necessary findings, it shall develop a proposed improvement plan including the cost estimate and the ~~percentage~~ ^{estimated amount of} of the ~~the~~ ^{each} % improvement plan cost to be assessed against ~~the~~ property benefited. This plan is to be filed with the municipal clerk.

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

SEC. 29.63.025. RECORD OWNER. The person in whose name property is listed on the municipal property tax roll as owner is conclusively presumed to be the legal owner of record. If the owner is unknown, the assessment roll may designate [BE MADE AGAINST] "unknown owner."

SEC. 29.63.030. OBJECTIONS AND REVISION. (a) Objections to the improvement plan may be filed during a period of ~~not less than 30~~ ^{60 fm 1st pub of notice. w/known date} [NOR MORE THAN 60] days [AFTER PUBLICATION OF NOTICE ON A DATE] ^{or?} specified by the assembly or council. The assembly or council may by resolution or ordinance approve the plan and order [PROCEED WITH] the improvement subject to the limitation ⁱⁿ ~~of~~ (b) of this section [IF THE OWNERS OF ONE-HALF IN VALUE OF THE PROPERTY TO BE BENEFITED DO NOT OBJECT IN WRITING].

(b) If objections are made in writing during the period set for objections by the owners of property bearing one-half or more of the ~~estimated~~ cost of the improvement, the assembly or council may not proceed with the improvement unless it revises the plan to meet the objections and the objections are reduced to less than 50 per cent. A revised plan shall be approved and adopted as an original plan in accordance with 020(b) and (c) of this chapter.

SEC. 29.63.040. ASSESSMENT ROLL. (a) At any time after project approval, the assembly or council shall assess the authorized percentage of the cost against property within the district [TRACTS] in proportion to benefit received. [ASSESSMENTS MAY NOT EXCEED ACTUAL COSTS.]

(b) The special assessment roll shall contain [CONTAINS] property descriptions, names of record owners [OF RECORD] and assessment amounts.

(c) The assembly or council shall fix a time to hear objections to the roll. The municipal clerk shall send an assessment and hearing notice by mail to each record owner of an assessed tract not less than 15 days before the hearing.

SEC. 29.63.050. HEARING AND SETTLEMENT. After the public hearing, the assembly or council shall correct errors and ~~any~~ inequalities in the roll. If any assessment is raised, a new hearing shall be set and notice mailed as for the original assessment roll except that a new hearing and notice is not required if all record owners of the property subject to the raised assessment consent in writing to the raise. Objections to the raised assessment shall be limited to record owners of property on which the assessment was raised. When the roll is corrected, it shall be confirmed by resolution or ordinance of the assembly or council. [THE CLERK SHALL SO CERTIFY.]

SEC. 29.63.060. PAYMENT. (a) The assembly or council shall fix times of payment, penalty and interest ^{on} ~~on~~ delinquent payments ~~and if payable in installments~~ ^{the} ~~the~~ rate of interest on the unpaid balance of the assessment, [INSTALLMENTS] [AND DELINQUENCY OF ASSESSMENTS]. PAYMENT MAY NOT BE REQUIRED SOONER THAN 60 DAYS AFTER ASSESSMENT. Payment may be in one sum or by installments. [BUT A SUM OR INSTALLMENT MAY NOT EXCEED 25 PER CENT OF THE ASSESSED VALUE OF THE PROPERTY AFFECTED.] If payment is to be in one sum, payment may not

be required sooner than 60 days after mailing of the assessment statement. ~~If payment is to be by installment,~~ ^{the} entire assessment may be prepaid without interest or penalty within 30 days after mailing of the assessment statement; and thereafter ^{the assessment} may be prepaid in whole or in part with interest to the ~~next installment~~ payment date. [PENALTY AND INTEREST ARE THE SAME AS FOR REAL PROPERTY TAXES.]

(b) Within 30 days after fixing the time of payment, the municipal clerk shall mail a statement to the owner of record of each property assessed. The statement designates the property, the assessment amount, method of payment, rate of interest on the unpaid balance of the assessment ~~if payable in installments~~, the time of delinquency, and penalties and interest on delinquent payments.

(c) Within five days after the statements are mailed, the clerk shall publish notice that the statements have been mailed.

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

SEC. 29.63.065. EXEMPTION. (a) The real property owned and occupied by a resident 65 years of age or over, or the spouse, widow, widower, or minor heir of the original applicant, on which is located only his permanent abode which is a single-family residence, is exempt from (1) special sewer assessments levied by a home rule or general law municipality after September 2, 1975 and (2) special water assessments levied by a home rule or general law municipality after September 2, 1975. Only one exemption may be granted with respect to the same property, and, if two or more persons are eligible for an exemption with respect to the same property, the parties shall decide between or among themselves which shall receive the benefit of the exemption. No real property may be exempted under this subsection which the municipality determines, after

notice and hearing to the parties concerned, has been conveyed to the applicant primarily for the purpose of obtaining the exemption. The determination of the municipality is appealable under AS 44.62.560 - 44.62.570.

(b) No exemption may be granted under this section except upon written application for the exemption on a form prescribed by the state assessor for use by local assessors and in accordance with the following requirements:

(1) the claimant must file the initial application during the period of time between the date the assessment roll is confirmed [CERTIFIED] and the time of payment fixed by the assembly or council. Within one year of the date the assessment roll is confirmed [CERTIFIED] the assembly or council for good cause shown may waive the claimant's failure to make timely initial application for the exemption and authorize the assessor to accept the application as if timely filed.

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

(3) if an application is filed within the required time under this subsection and is approved by the assembly or council, the exemption shall be allowed in accordance with the provisions of this section. If a waiver under this subsection is granted and the application for exemption approved, the amount of any assessment, penalty or interest which the claimant may have already paid on the assessment shall be refunded to him. The municipality may at any time require proof in the form considered necessary of the right and amount of an exemption claimed under this section.

(c) The state shall reimburse a home rule or general law municipality for the sewer and water assessment revenues which it would receive but for the operation of this section. Reimbursement under this subsection is a lien in favor of the state against the property exempted to the extent of the assessment against the property exempted. Upon recordation in the recording office of the district in which the property exempted is located the lien is prior and superior to other liens against the property except for general taxes or other special assessments and may be enforced by lien foreclosure as provided in AS 34.10.070 - 34.10.220. The lien becomes immediately due and payable

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

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

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

(d) In this section

(1) "resident" means a person who for 12 consecutive months has maintained his permanent place of abode in the state;

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

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

SEC. 29.63.070. REASSESSMENT. (a) The assembly or council shall within one year correct any deficiency in a special assessment found by a court.

(b) Notice and hearing must conform to the initial assessment procedures.

(c) Payments on the initial assessment are credited to the property upon reassessment.

(d) The reassessment becomes a charge upon the property notwithstanding failure to comply with any provision of the assessment procedure.

SEC. 29.63.075. ALLOWABLE COSTS. Whenever ^Kspecial assessment district is created, there ~~shall~~ ^{now} be included in the cost and expense of the district

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

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

(3) the cost of all advertising, mailing, and publishing of all notices;

(4) interest on interim financing;

(5) the cost of legal services and any other expenses incurred for district or in the formation of the district, or in connection with making the improvement and in the financing the improvement, including the issuance of any bonds;

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

SEC. 29.63.080. OBJECTION AND APPEAL. (a) The regularity or validity of an assessment may not be contested by a person who did not file with the municipal clerk a written objection to the assessment roll before its confirmation

(b) The decision of the assembly or council upon an objection may be appealed to the superior court within 30 days of the date of confirmation of the assessment roll.

(c) If no objection is filed or an appeal taken within the time provided in this section, the assessment procedure shall be considered regular and valid in all respects.

SEC. 29.63.083. INTERIM FINANCING. (a) The assembly or council may provide by resolution or ordinance for the issuance of ^{NOTES}~~warrants~~ in payment of the costs and expenses of any local improvement project, payable out of the special assessments for such improvement. The ^{notes}~~warrants~~ shall bear interest at a rate or rates as authorized by the resolution or ordinance and shall be redeemed either in cash or by bonds for the same project.

(b) All ^{notes}~~warrants~~ issued against any assessments shall be claims and liens against those assessments prior and superior to any right, lien or claim of any surety upon the bond given to the borough or city by or for the contract to secure the performance of its contract or to secure the payment of persons who have performed work thereon, furnished materials therefor or furnished provisions and supplies for the carrying on of the work.

(c) The municipal treasurer may accept ^{NOTES}~~warrants~~ against special assessments upon conditions as the assembly or council may prescribe in payment of

(1) assessments against which the ^{NOTES}~~warrants~~ were issued in due order of priority;

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

(3) certificates of purchase in cases where property of delinquents ^{tax payees or some other property owners.}~~has been~~ sold under execution or at tax sale for failure to pay the assessments.

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SEC. 29.63.085. SPECIAL ASSESSMENT BONDS. (a) The assembly or council may by ordinance authorize the issuance and sale of special assessment bonds to pay all or part of the cost of an improvement in a special assessment district. The principal and interest of bonds issued shall be payable solely from the levy of special assessments against the property to be benefited. The assessments shall constitute a sinking fund for the payment of principal and interest on the bonds. The property benefited may be pledged by the assembly or council to secure a payment.

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

(c) Before the assembly or council may issue special assessment bonds, it shall establish a guarantee fund and appropriate to the fund annually a sum adequate to cover any deficiency in meeting payments of principal and interest of bonds issued by reason of nonpayment of assessments when due. Money received from actions taken against property for nonpayment of assessments shall be credited to the guarantee fund. [INTEREST ON THE GUARANTEE FUNDS SHALL BE A COST OF THE IMPROVEMENT DISTRICT.]

SCOMM

#23:41

DRAFTED CHANGES RECOMMENDED BY THE TECHNICAL COMMITTEE
06 December 1980

Sec. 29.48.010. ASSESSMENT AND PROPOSAL. The assembly or council may assess against the property of a governmental unit and private real property benefited all or a portion of the cost of acquiring, installing, or constructing [OR IMPROVING] capital improvements. The state shall pay an assessment levied, except as otherwise provided by law and subject to its right of protest under AS 29.48.020(a)(8). If a governmental unit other than the state benefited by an improvement [ASSESSMENT] refuses to pay the assessment, it shall be denied the benefit of the improvement. An improvement proposal may be initiated by

- (1) petition to the assembly or council of the owners of one-half in value of the property to be benefited or
- (2) the assembly or council.

EXPLANATION: This is primarily a technical revision although the language is broadened to make it clear that all costs of capital improvements may be paid for by assessments.

DRAFTED CHANGES RECOMMENDED BY THE TECHNICAL COMMITTEE
06 December 1980

Sec. 29.48.020. PROCEDURE. (a) The assembly or council may prescribe by ordinance the procedures relating to creating special assessment districts, making local improvements, levying and collecting assessments and financing of the improvements [SPECIAL ASSESSMENT PROCEDURE FOR LOCAL IMPROVEMENTS], including and subject to the following:

- (1) a [THE] procedure for filing petitions;
- (2) no change;
- (3) no change;
- (4) a resolution or ordinance of the assembly or council determining to proceed or not to proceed with the proposed local improvement;
- (5) no change;
- (6) published notice of each public hearing required by this section and mailing notice to each [LEGAL OWNER OF] record owner of real property within the special assessment district;
- (7) a resolution or ordinance confirming the special assessment roll for the local improvement;
- (8) no change;

(b) To the extent that [IF] the assembly or council does not prescribe a procedure for special assessments as permitted by this section, the assembly or council shall comply with the special assessment procedures set out in AS 29.48.030-100.

EXPLANATION: This is primarily a technical revision except that those items required to be done by resolution under existing law may be done by ordinance.

DRAFTED CHANGES RECOMMENDED BY THE TECHNICAL COMMITTEE
06 December 1980

Sec. 29.48.030. Creation of District. [DECISION AND NOTICE].

(a) When an improvement proposal has been filed with the municipal clerk and presented to the assembly or council, the assembly or council shall find by resolution or ordinance whether (1) the improvement requested [REQUEST] is necessary and should be made, and (2) if by petition, the request has sufficient and proper petitioners. The findings of the assembly or council are conclusive.

(b) If the assembly or council approves with the necessary findings [PASSES A RESOLUTION APPROVING] an improvement proposal, it shall develop a proposed improvement plan including the estimate of total cost and amount of the improvement cost to be assessed against each property benefited. This plan is to be filed with the municipal clerk.

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

EXPLANATION: (b) changed to require an estimate of the amount to be assessed to each property rather than an estimate of the percentage of the total cost. (c) requires a period for filing of objections and notice of the period.

DRAFTED CHANGES RECOMMENDED BY THE TECHNICAL COMMITTEE
06 December 1980

Sec. 29.68.040. RECORD OWNER. The person in whose name property is listed on the municipal property tax roll as owner is conclusively presumed to be the legal owner of record. If the owner is unknown, the assessemnt roll may designate [BE MADE AGAINST] "unknown owner".

EXPLANATION: Technical clean-up. No substantive change.

DRAFTED CHANGES RECOMMENDED BY THE TECHNICAL COMMITTEE
06 December 1980

Sec. 29.48.050. OBJECTIONS AND REVISION. (a) Objections to the improvement plan may be filed during a period of 60 days [NOT LESS THAN 30 NOR MORE THAN 60 DAYS] after publication of notice [ON A DATE SPECIFIED BY THE ASSEMBLY OR COUNCIL]. The assembly or council may by resolution or ordinance approve the plan and order [PROCEED WITH] the improvement subject to the limitation of (b) of this section [IF THE OWNERS OF ONE-HALF IN VALUE OF THE PROPERTY TO BE BENEFITED DO NOT OBJECT IN WRITING].

(b) If objections are made in writing during the period set for objections by the owners of property bearing one-half or more of the estimated cost of the improvement, the assembly or council may not proceed with the improvement unless it revises the plan to meet the objections and the objections are reduced to less than 50 percent. A revised plan shall be approved and adopted as an original plan in accordance with AS 29.48.030.

EXPLANATION: Eliminates option of allowing objections for only 30 days in favor of a 60 day period. Requires objections by property owners under (b) to be in writing.

DRAFTED CHANGES RECOMMENDED BY THE TECHNICAL COMMITTEE
06 December 1980

Sec. 29.48.060. ASSESSMENT ROLL. (a) At any time after project approval, the assembly or council shall assess the authorized percentage of the cost against property within the district [TRACTS] in proportion to benefit received. [ASSESSMENTS MAY NOT EXCEED ACTUAL COSTS.]

(b) The special assessment roll shall contain [CONTAINS] property descriptions, names of record owners [OF RECORD] and assessment amounts.

(c) No change.

EXPLANATION: Technical clean-up only. The last line of (a) is deleted as redundant.

DRAFTED CHANGES RECOMMENDED BY THE TECHNICAL COMMITTEE
06 December 1980

Sec. 29.48.070. HEARING AND SETTLEMENT. After the public hearing, the assembly or council shall correct errors and any inequalities in the roll. If an assessment is increased, a new hearing shall be set and notice mailed, except that a new hearing and notice is not required if all record owners of property subject to the increased assessment consent in writing to the increase. Objections to the increased assessment shall be limited to record owners of property on which the assessment was increased. When the roll is corrected, it shall be confirmed by resolution or ordinance of the assembly or council. [THE CLERK SHALL SO CERTIFY].

EXPLANATION: Provides an opportunity for a new hearing if assessments are increased. Requires the governing body to confirm a new assessment roll.

DRAFTED CHANGES RECOMMENDED BY THE TECHNICAL COMMITTEE
06 December 1980

Sec. 29.48.080. PAYMENT. (a) The assembly or council shall fix times of payment, penalty on delinquent payments and the rate of interest on the unpaid balance of the assessment [INSTALLMENTS AND DELINQUENCY OF ASSESSMENTS. PAYMENT MAY NOT BE REQUIRED SOONER THAN 60 DAYS AFTER ASSESSMENT]. Payment may be in one sum or by installments. [BUT A SUM OR INSTALLMENT MAY NOT EXCEED 25 PERCENT OF THE ASSESSED VALUE OF THE PROPERTY AFFECTED.] If payment is to be in one sum, payment may not be required sooner than 60 days after mailing of the assessment statement. The entire assessment may be prepaid without interest or penalty within 30 days after mailing of the assessment statement; and thereafter the assessment may be prepaid in whole or in part with interest to the payment date. [PENALTY AND INTEREST ARE THE SAME AS FOR REAL PROPERTY TAXES.]

(b) Within 30 days after fixing the time of payment, the municipal clerk shall mail a statement to the owner of record of each property assessed. The statement designates the property, the assessment amount, method of payment, rate of interest on the unpaid balance of the assessment, the time of delinquency, and penalties on delinquent payments.

(c) No change.

(d) No change.

EXPLANATION: Removed the limitation that a payment not exceed 25 percent of the value of property. Allows a period of 30 days for payment without interest.

DRAFTED CHANGES RECOMMENDED BY THE TECHNICAL COMMITTEE
06 December 1980

Sec. 29.48.090. EXEMPTION. (a) No change.

(b) No exemption may be granted under this section except upon written application for the exemption on a form prescribed by the state assessor for use by local assessors and in accordance with the following requirements:

(1) the claimant must file the initial application during the period of time between the date the assessment roll is confirmed [CERTIFIED] and the time of payment fixed by the assembly or council. Within one year of the date the assessment roll is confirmed [CERTIFIED] the assembly or council for good cause shown may waive the claimant's failure to make timely initial application for the exemption and authorize the assessor to accept the application as if timely filed.

The rest of the section is unchanged.

EXPLANATION: Change in (b)(1) to conform to the change in AS 29.48.070 providing that the assessment roll be confirmed by the governing body.

DRAFTED CHANGES RECOMMENDED BY THE TECHNICAL COMMITTEE
06 December 1980

Sec. 29.48.105. ALLOWABLE COSTS. (a) Whenever a special assessment district is created, there may be included in the assessments

- (1) all of the cost of acquiring, installing, making or constructing the local improvement;
- (2) the costs of all engineering and surveying to be done in connection with creating the district or improvement;
- (3) the cost of mailing and publishing of notices;
- (4) interest on interim financing;
- (5) the cost of legal services and other expenses incurred in the formation of the special assessment district;
- (6) The cost of completing the improvement and financing the improvement, including the issuance of any bonds.

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

EXPLANATION: This s a new section clarifying which costs may be paid for through assessments.

DRAFTED CHANGES RECOMMENDED BY THE TECHNICAL COMMITTEE
06 December 1980

Sec. 29.48.115. INTERIM FINANCING. (a) The assembly or council may provide by resolution or ordinance for the issuance of notes in payment of the costs of any local improvement project, payable out of special assessments for the improvement. The notes shall bear interest at a rate or rates authorized by the resolution or ordinance and shall be redeemed either in cash or bonds for the improvement project.

(b) All notes issued against assessments shall be claims against the assessments which are prior and superior to a right, lien or claim of a surety upon the bond given to the municipality to secure the performance of its contract for a local improvement project or to secure the payment of persons who have performed work or furnished materials under the contract.

(c) The municipal treasurer may accept notes against special assessments upon conditions prescribed by the assembly or council in payment of

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

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

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

EXPLANATION: This new section has been added at the suggestion of bond counsel because no authorization now exists for interim financing.

DRAFTED CHANGES RECOMMENDED BY THE TECHNICAL COMMITTEE
06 December 1980

Sec. 29.48.120. SPECIAL ASSESSMENT BONDS. (a) No change.

(b) No change.

(c) Before the assembly or council may issue special assessment bonds, it shall establish a guarantee fund and appropriate to the fund annually a sum adequate to cover any deficiency in meeting payments of principal and interest of bonds issued by reason of nonpayment of assessments when due. Money received from actions taken against property for nonpayment of assessments shall be credited to the guarantee fund. [INTEREST ON THE GUARANTEE FUNDS SHALL BE A COST OF THE IMPROVEMENT DISTRICT.]

EXPLANATION: It is felt that the last line of (c) makes no sense. Interest ought to be a credit to the district, if anything.

DRAFTED CHANGES RECOMMENDED BY THE TECHNICAL COMMITTEE
06 December 1980

Sec. 29.48.010. ASSESSMENT AND PROPOSAL. The assembly or council may assess against the property of a governmental unit and private real property benefited all or a portion of the cost of acquiring, installing, or constructing [OR IMPROVING] capital improvements. The state shall pay an assessment levied, except as otherwise provided by law and subject to its right of protest under AS 29.48.020(a)(8). If a governmental unit other than the state benefited by an improvement [ASSESSMENT] refuses to pay the assessment, it shall be denied the benefit of the improvement. An improvement proposal may be initiated by

- (1) petition to the assembly or council of the owners of one-half in value of the property to be benefited or
- (2) the assembly or council.

EXPLANATION: This is primarily a technical revision although the language is broadened to make it clear that all costs of capital improvements may be paid for by assessments.

DRAFTED CHANGES RECOMMENDED BY THE TECHNICAL COMMITTEE
06 December 1980

Sec. 29.48.020. PROCEDURE. (a) The assembly or council may prescribe by ordinance the procedures relating to creating special assessment districts, making local improvements, levying and collecting assessments and financing of the improvements [SPECIAL ASSESSMENT PROCEDURE FOR LOCAL IMPROVEMENTS], including and subject to the following:

- (1) a [THE] procedure for filing petitions;
- (2) no change;
- (3) no change;
- (4) a resolution or ordinance of the assembly or council determining to proceed or not to proceed with the proposed local improvement;
- (5) no change;
- (6) published notice of each public hearing required by this section and mailing notice to each [LEGAL OWNER OR] record owner of real property within the special assessment district;
- (7) a resolution or ordinance confirming the special assessment roll for the local improvement;
- (8) no change;
- (b) To the extent that [IF] the assembly or council does not prescribe a procedure for special assessments as permitted by this section, the assembly or council shall comply with the special assessment procedures set out in AS 29.48.030-100.

EXPLANATION: This is primarily a technical revision except that those items required to be done by resolution under existing law may be done by ordinance.

DRAFTED CHANGES RECOMMENDED BY THE TECHNICAL COMMITTEE
06 December 1980

Sec. 29.48.030. Creation of District. [DECISION AND NOTICE].

(a) When an improvement proposal has been filed with the municipal clerk and presented to the assembly or council, the assembly or council shall find by resolution or ordinance whether (1) the improvement requested [REQUEST] is necessary and should be made, and (2) if by petition, the request has sufficient and proper petitioners. The findings of the assembly or council are conclusive.

(b) If the assembly or council approves with the necessary findings [PASSES A RESOLUTION APPROVING] an improvement proposal, it shall develop a proposed improvement plan including the estimate of total cost and amount of the improvement cost to be assessed against each property benefited. This plan is to be filed with the municipal clerk.

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

EXPLANATION: (b) changed to require an estimate of the amount to be assessed to each property rather than an estimate of the percentage of the total cost. (c) requires a period for filing of objections and notice of the period.

DRAFTED CHANGES RECOMMENDED BY THE TECHNICAL COMMITTEE
06 December 1980

Sec. 29.48.060. ASSESSMENT ROLL. (a) At any time after project approval, the assembly or council shall assess the authorized percentage of the cost against property within the district [TRACTS] in proportion to benefit received. [ASSESSMENTS MAY NOT EXCEED ACTUAL COSTS.]

(b) The special assessment roll shall contain [CONTAINS] property descriptions, names of record owners [OF RECORD] and assessment amounts.

(c) No change.

EXPLANATION: Technical clean-up only. The last line of (a) is deleted as redundant.

DRAFTED CHANGES RECOMMENDED BY THE TECHNICAL COMMITTEE
06 December 1980

Sec. 29.48.105. ALLOWABLE COSTS. ^(a) Whenever a special assessment district is created, there may be included in the assessments

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

(2) the costs ~~and expenses~~ of all engineering and surveying ~~necessary~~ ^{(b) [to be done in connection with creating the ? district or improvement;]}

(3) the cost of ~~all advertising~~ mailing, and publishing of ~~all~~ notices;

(4) interest on interim financing;

(5) the cost of legal services and ~~any~~ other expenses incurred ~~for district or~~ in the formation of the district ^(3 special assessment) ~~or in connection with making the improvement and in the financing the improvement, including the issuance of any bonds;~~

(b) ^{(6) the cost of completing} The total amount of the assessment roll may not exceed actual costs but actual costs may include reasonable estimates of the costs to be incurred in connection with issuance of any bonds.

EXPLANATION: This s a new section clarifying which costs may be paid for through assessments.

Notable
drafting!

DRAFTED CHANGES RECOMMENDED BY THE TECHNICAL COMMITTEE
06 December 1980

Sec. 29.48.115. INTERIM FINANCING. (a) The assembly or council may provide by resolution or ordinance for the issuance of notes in payment of the costs of any local improvement project, payable out of special assessments for the improvement. The notes shall bear interest at a rate or rates authorized by the resolution or ordinance and shall be redeemed either in cash or bonds for the improvement project.

(b) All notes issued against assessments shall be claims against the assessments which are prior and superior to a right, lien or claim of a surety upon the bond given to the municipality to secure the performance of its contract for a local improvement project or to secure the payment of persons who have performed work or furnished materials under the contract.

(c) The municipal treasurer may accept notes against special assessments upon conditions prescribed by the assembly or council in payment of

(1) assessments against ^{which} ~~with~~ the notes were issued in order of priority;

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

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

EXPLANATION: This new section has been added at the suggestion of bond counsel because no authorization now exists for interim financing.

Article 1. Special Assessments

Section

- 10. Assessment and proposal
- 15. Procedure
- 20. Decision and notice
- 25. Record owner
- 30. Objections and revision
- 40. Assessment roll
- 50. Hearing and settlement

Section

- 60. Payment
- 65. Exemption
- 70. Reassessment
- 75. Allowable costs
- 80. Objection and appeal
- 83. Interim financing
- 85. Special assessment bonds

SEC. 29. ^{48,010}~~63-010~~. ASSESSMENT AND PROPOSAL. The assembly or council may assess against the property of a governmental unit and private real property benefited all or a portion of the cost of acquiring, installing, making or constructing [OR IMPROVING] capital improvements. The state shall pay an assessment levied, except as otherwise provided by law and subject to its right of protest under ^{As 29, 48.020(a)(8)} ~~§ 15(a)(8)~~ of this chapter. If a governmental unit other than the state benefited by an improvement [ASSESSMENT] refuses to pay the assessment, it shall be denied the ^{of} benefit of the improvement. An improvement proposal may be initiated by

(1) petition to the assembly or council of the owners of one-half in value of the property to be benefited or

(2) the assembly or council.

Ex: This is primarily a technical revision although the language is broadened to make it clear that all costs of capital improvements may be paid for by assessment.

SEC. 29. ^{48,020}~~63-015~~. PROCEDURE. (a) The assembly or council may prescribe by ordinance the ~~complete~~ procedure relating to creating special assessment districts, making local improvements, levying and collecting assessments and financing of the improvements [SPECIAL ASSESSMENT PROCEDURE FOR LOCAL IMPROVEMENTS], including and subject to the following:

(1) a [THE] procedure for filing petitions;

(2) ^{No change.} a survey and report by the borough or city executive concerning the need for, desirable extent of, and estimated cost of each proposed local improvement;

(3) ^{No change.} a public hearing on the necessity for the local improvement;

(4) a resolution or ordinance of the assembly or council determining to proceed or not to proceed with the proposed local improvement;

that these items appear to be done by resolution under existing law may be done by ordinance.
No change
(5) a public hearing by the assembly or council on the special assessment roll for the local improvement;

(6) published notice of each public hearing required by this section and mailing notice to each [LEGAL OWNER OF] record owner of real property within the special assessment district;

(7) a resolution or ordinance confirming the special assessment roll for the local improvement;

No change
(8) ~~if protests~~ as to the necessity of a local improvement ~~are~~ made by owners of property which will bear 50 per cent or more of the estimated cost of the improvement, the assembly or council may not proceed with the improvement until the objections have been reduced to less than 50 per cent, except upon approval of not fewer than three-fourths of the assembly or council.

(b) To the extent that [IF] the assembly or council does not prescribe a procedure for special assessments as permitted by this section, the assembly or council shall comply with the special assessment procedures set out in ~~§§ 20-70 of this chapter~~
AS. 29.42.030-100
Change so that will be applied.
Should just cite previous sections

48 030
SEC. 29.63.020. Creation of District [DECISION AND NOTICE].

(a) When an improvement proposal has been filed with the municipal clerk and presented to the assembly or council, the assembly or council shall find by resolution or ordinance whether (1) the improvement requested [REQUEST] is necessary and should be made, and (2) if by petition, the request has sufficient and proper petitioners. The findings of the assembly or council are conclusive.

(b) If the assembly or council approves [PASSES A RESOLUTION APPROVING] an improvement proposal with the necessary findings, it shall develop a proposed improvement plan including the ~~cost~~ ^{of total cost and estimated amount} estimate, and the percentage of the improvement plan cost to be assessed against ^{each} the property benefited. This plan is to be filed with the municipal clerk.

Change to add \$ amount of cost rather than %.

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

Explanation: (b) changed to require an estimate of the amount to be assessed to each property rather than an estimate of the percentage of the total cost. (c) requires a period for filing of objections and notice of the period.

SEC. 29.63.025. RECORD OWNER. The person in whose name property is listed on the municipal property tax roll as owner is conclusively presumed to be the legal owner of record. If the owner is unknown, the assessment roll may designate [BE MADE AGAINST] "unknown owner."

Explanation: Technical clean-up. No substantive change.

SEC. 29.63.030. OBJECTIONS AND REVISION. (a) Objections to the improvement plan may be filed during a period of ^{60 days} ~~not~~ *less than 30* [(NOR MORE THAN 60] days ^{11:45 FIRST} AFTER PUBLICATION OF ^{small letters} NOTICE ^{ON A DATE} [ON A DATE] specified by the assembly or council. The assembly or council may by resolution or ordinance approve the plan and order [PROCEED WITH] the improvement subject to the limitation of (b) of this section [IF THE OWNERS OF ONE-HALF IN VALUE OF THE PROPERTY TO BE BENEFITED DO NOT OBJECT IN WRITING].

(b) If objections are made in writing during the period set for objections by the owners of property bearing one-half or more of the estimated cost of the improvement, the assembly or council may not proceed with the improvement unless it revises the plan to meet the objections and the objections are reduced to less than 50 per cent. A revised plan shall be approved and adopted as an original plan ^{AS 29.48.030} in accordance with 020(b) and (c) of this chapter.

Explanation: Eliminates option of allowing objections for only 30 days in favor of a 60 day period. Requires objections by property owners under (b) to be in writing.

48,060
SEC. 29.63.040. ASSESSMENT ROLL. (a) At any time after project approval, the assembly or council shall assess the authorized percentage of the cost against property within the district [TRACTS] in proportion to benefit received. [ASSESSMENTS MAY NOT EXCEED ACTUAL COSTS.]

(b) The special assessment roll shall contain [CONTAINS] property descriptions, names of record owners [OF RECORD] and assessment amounts.

No change.
(c) ~~The assembly or council shall fix a time to hear objections to the roll.~~ The municipal clerk shall send an ~~assessment~~ and hearing notice by mail to each record owner of ~~an~~ assessed tract not less than 15 days before the hearing.

Explanation: Technical clean-up only. The last line of (a) is deleted as redundant.

48,070
SEC. 29.63.050. HEARING AND SETTLEMENT. After the public hearing, the assembly or council shall correct errors and any inequalities in the roll. If an ~~assessment~~ is increased, a new hearing shall be set and notice mailed, ~~as for the original assessment roll~~ except that a new hearing and notice is not required if all record owners of ~~the~~ property subject to the ~~raised~~ increased assessment consent in writing to the ~~increase~~ false. Objections to the ~~raised~~ increased assessment shall be limited to record owners of property on which the assessment was ~~increased~~ raised. When the roll is corrected, it shall be confirmed by resolution or ordinance of the assembly or council. [THE CLERK SHALL SO CERTIFY.]

Explanation: Provides an opportunity for a new hearing if assessments are increased. Requires the governing body to confirm a new assessment roll.

SEC. 29.63.060. PAYMENT. (a) The assembly or council shall fix times of payment, penalty and interest on delinquent ~~and the rate of interest on the unpaid balance of the assessment~~ payments and if payable in installments the rate of interest on the unpaid balance of the assessment, [INSTALLMENTS] ~~AND DELINQUENCY OF ASSESSMENTS~~. PAYMENT MAY NOT BE REQUIRED SOONER THAN 60 DAYS AFTER ASSESSMENT. Payment may be in one sum or by installments. [BUT A SUM OR INSTALLMENT MAY NOT EXCEED 25 PER CENT OF THE ASSESSED VALUE OF THE PROPERTY AFFECTED.] If payment is to be in one sum, payment may not

the rate of interest on unpaid balance

be required sooner than 60 days after mailing of the assessment statement. ~~If payment is to be by installment, the~~ entire assessment may be prepaid without interest or penalty within 30 days after mailing of the assessment statement; and thereafter ^{the assessment} may be prepaid in whole or in part with interest to the ~~next installment~~ payment date. [PENALTY AND INTEREST ARE THE SAME AS FOR REAL PROPERTY TAXES.]

(b) Within 30 days after fixing the time of payment, the municipal clerk shall mail a statement to the owner of record of each property assessed. The statement designates the property, the assessment amount, method of payment, rate of interest on the unpaid balance of the assessment if ~~payable in installments~~, the time of delinquency, and penalties ~~and interest~~ on delinquent payments.

(c) ^{No change.} Within five days after the statements are mailed, the clerk shall publish notice that the statements have been mailed.

(d) ^{No change.} Assessments are liens upon the property assessed and are prior and paramount to all liens except municipal tax liens. They may be enforced as provided in AS 29.53.200-29.53.390 for enforcement of property tax liens.

Explanation: Removed the limitation that a payment not exceed 25 percent of the value of property. Allows a period of 30 days for payment without interest.

SEC. 29.63.065. EXEMPTION. (a) The real property owned and occupied by a resident 65 years of age or over, or the spouse, widow, widower, or minor heir of the original applicant, on which is located only his permanent abode which is a single-family residence, is exempt from (1) special sewer assessments levied by a home rule or general law municipality after September 2, 1975 and (2) special water assessments levied by a home rule or general law municipality after September 2, 1975. Only one exemption may be granted with respect to the same property, and, if two or more persons are eligible for an exemption with respect to the same property, the parties shall decide between or among themselves which shall receive the benefit of the exemption. No real property may be exempted under this subsection which the municipality determines, after

No
Type -> Sec. 29.4P.090. EXEMPTION. (a) No change.

notice and hearing to the parties concerned, has been conveyed to the applicant primarily for the purpose of obtaining the exemption. The determination of the municipality is appealable under AS 44.62.560 - 44.62.570.

Typ 2
(b) No exemption may be granted under this section except upon written application for the exemption on a form prescribed by the state assessor for use by local assessors and in accordance with the following requirements:

(1) the claimant must file the initial application during the period of time between the date the assessment roll is confirmed [CERTIFIED] and the time of payment fixed by the assembly or council. Within one year of the date the assessment roll is confirmed [CERTIFIED] the assembly or council for good cause shown may waive the claimant's failure to make timely initial application for the exemption and authorize the assessor to accept the application as if timely filed.

(The rest of the section is unchanged.)
(2) a claimant receiving the exemption must file with the department by March 15 of each subsequent year a separate application proving eligibility as of January 1 in order to retain the exemption. Within the same year the department for good cause shown may waive the claimant's failure to make timely application and approve the application as if timely filed.

(3) if an application is filed within the required time under this subsection and is approved by the assembly or council, the exemption shall be allowed in accordance with the provisions of this section. If a waiver under this subsection is granted and the application for exemption approved, the amount of any assessment, penalty or interest which the claimant may have already paid on the assessment shall be refunded to him. The municipality may at any time require proof in the form considered necessary of the right and amount of an exemption claimed under this section.

Explanation: Change in (b)(1) to conform to the change in AS 29.42.070 providing that the assessment roll be confirmed by the governing body.

(c) The state shall reimburse a home rule or general law municipality for the sewer and water assessment revenues which it would receive but for the operation of this section. Reimbursement under this subsection is a lien in favor of the state against the property exempted to the extent of the assessment against the property exempted. Upon recordation in the recording office of the district in which the property exempted is located the lien is prior and superior to other liens against the property except for general taxes or other special assessments and may be enforced by lien foreclosure as provided in AS 34.10.070 - 34.10.220. The lien becomes immediately due and payable

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

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

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

(d) In this section

(1) "resident" means a person who for 12 consecutive months has maintained his permanent place of abode in the state;

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

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

SEC. 29.63.070. REASSESSMENT. (a) The assembly or council shall within one year correct any deficiency in a special assessment found by a court.

(b) Notice and hearing must conform to the initial assessment procedures.

(c) Payments on the initial assessment are credited to the property upon reassessment.

(d) The reassessment becomes a charge upon the property notwithstanding failure to comply with any provision of the assessment procedure.

48.105 (Do not underline)
SEC. 29.63.075. ALLOWABLE COSTS. Whenever special assessment district is created, there ^{may} ~~shall~~ be included in the ^{assessment's} ~~cost~~ and expense of the district

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

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

(3) the cost of all advertising, mailing, and publishing of all notices;

(4) interest on interim financing;

(5) the cost of legal services and any other expenses incurred for district or in the formation of the district, or in connection with making the improvement and in the financing the improvement, including the issuance of any bonds;

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

Explanation: This is a new section clarifying which costs may be paid for through assessments.

SEC. 29.63.080. OBJECTION AND APPEAL. (a) The regularity or validity of an assessment may not be contested by a person who did not file with the municipal clerk a written objection to the assessment roll before its confirmation.

(b) The decision of the assembly or council upon an objection may be appealed to the superior court within 30 days of the date of confirmation of the assessment roll.

(c) If no objection is filed or an appeal taken within the time provided in this section, the assessment procedure shall be considered regular and valid in all respects.

48.115 (Do Not underline)
SEC. 29. ~~63.009~~. INTERIM FINANCING. (a) The assembly or council may provide by resolution or ordinance for the issuance of ^{notes} ~~warrants~~ in payment of the costs and expenses of any local improvement project, payable out of the special assessments for ~~the~~ ^{notes} improvement. The ~~warrants~~ shall bear interest at a rate or rates ~~as~~ authorized by the resolution or ordinance and shall be redeemed either in cash or ~~by~~ bonds for the ~~same~~ ^{improvement} project.

(b) All ^{notes} ~~warrants~~ issued against ~~the~~ ^{which are} assessments shall be claims ~~and liens~~ against ~~those~~ ^{the} assessments prior and superior to ~~any~~ right, lien or claim of ~~any~~ surety upon the bond given to the ^{municipality} ~~borough or city~~ by or for the contract to secure the performance of its contract ^{for a local improvement project} or to secure the payment of persons who have performed work ~~thereon~~ ^{or} furnished materials ^{under the} ~~therefor~~ ^{contract.} or furnished provisions and supplies for the carrying on of the work.

(c) The municipal treasurer may accept ^{notes} ~~warrants~~ against special assessments upon conditions ^{prescribed by} ~~as~~ the assembly or council ~~may prescribe~~ in payment of

(1) assessments against which the ^{notes} ~~warrants~~ were issued in ~~any~~ order of priority;

(2) judgments rendered against property owners who have become delinquent in the payment of ~~the~~ ^{such} assessments; and

(3) certificates of purchase ~~in cases where~~ ^{the} property ~~of delinquents~~ has been sold under execution or at tax sale for failure to pay the assessments.

Explanation: This new section has been added at the suggestion of bond counsel because, no authorization now exists for interim financing.

Nothing authorizing interim financing 100.

SEC. 29.63.085. SPECIAL ASSESSMENT BONDS. (a) ^{No change.} The assembly or council may be ordinance authorize the issuance and ~~sale of special assessment bonds~~ to pay all or part of the cost of an improvement in a special assessment district. The principal and interest of bonds issued shall be payable solely from the levy of special assessments against the property to be benefited. The assessments shall constitute a sinking fund for the payment of principal and interest on ~~the bonds.~~ The property benefited may be pledged by the assembly or council to secure a payment.

(b) ^{No change.} ~~Upon~~ default in a payment due on a special assessment bond, a bondholder may enforce payment of principal and interest and costs of collection in a civil action in the same manner and with the same effect as actions for the foreclosure of mortgages on real property. Foreclosure shall be against all property on which assessments are in default. The period for redemption shall be the same as in the case of a mortgage foreclosure on real property.

(c) Before the assembly or council may issue special assessment bonds, it shall establish a guarantee fund and appropriate to the fund annually a sum adequate to cover any deficiency in meeting payments of principal and interest of bonds issued by reason of nonpayment of assessments when due. Money received from actions taken against property for nonpayment of assessments shall be credited to the guarantee fund. [INTEREST ON THE GUARANTEE FUNDS SHALL BE A COST OF THE IMPROVEMENT DISTRICT.]

Explanation: It is felt that the last line of (c) makes no sense. Interest ought to be a credit to the district, if anything.

SCOMM

#23:42

1 CHAPTER 51. MUNICIPAL DEBT.

2 ARTICLE 1. REVENUE ANTICIPATION NOTES.

3 Sec. 29.51.010. BORROWING IN ANTICIPATION OF REVENUE. A municipality
4 of the state which is authorized to incur indebtedness may borrow money to
5 meet appropriations for any fiscal year in anticipation of the collection of
6 the revenues for that year but all debt so contracted shall be paid before
7 the end of the next fiscal year. Revenue anticipation notes may be issued
8 as evidence of the borrowing.

9 Sec. 29.51.020. ISSUANCE OF NOTES. The governing body of a munici-
10 pality may, by ordinance or resolution, authorize the issuance of revenue
11 anticipation notes and prescribe the form and details of the notes and the
12 manner of their execution. The governing body of the municipality may
13 delegate to its chief fiscal officer the power to issue the notes from time
14 to time under the terms and conditions of the ordinance or resolution which
15 provides for the manner of their sale.

16 Sec. 29.51.030. ISSUANCE OF NOTES IN ANTICIPATION OF STATE, FEDERAL
17 GRANTS. (a) The governing body of a municipality, upon adoption of a
18 long-range capital improvement budget by ordinance or resolution, may by
19 resolution provide for revenue anticipation notes in an amount not to exceed
20 the total amount of any state or federal grants finally committed for these
21 projects. The notes mature no later than the end of the next fiscal year.
22 The notes may be for single or multiple projects outlined in the adopted
23 capital improvement budget.

24 (b) If the state or federal grants for capital improvement
25 projects have not been paid to the municipality before maturity of the notes
26 issued in anticipation of the receipt of the revenue, the governing body of
27 the municipality may issue new notes in order to meet payment of the notes
28 then maturing or may renew the outstanding revenue anticipation notes. New
29

1 notes issued or renewals of outstanding revenue anticipation notes shall
2 mature not later than the end of the next fiscal year.

3 Sec. 29.51.040. PRIORITY OF REPAYMENT. The payment of the principal
4 and interest on revenue anticipation notes shall be payable from revenues,
5 and their payment additionally shall be secured by a pledge of the full
6 faith, credit and unlimited taxing power of the municipality issuing them.

7 ****Sec. 29.51.050. Repeal.

8 ARTICLE 2. BOND ANTICIPATION NOTES.

9 Sec. 29.51.080. BOND ANTICIPATION BORROWING. A municipality may
10 borrow money in anticipation of the sale of general obligation and revenue
11 bonds if

12 (1) the general obligation bonds to be sold have been auth-
13 orized by the assembly or council and ratified by a majority vote at a
14 regular or special election;

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

17 Sec. 29.51.090. ISSUANCE OF NOTES. The assembly or council shall
18 issue negotiable or nonnegotiable notes for the amounts borrowed with a
19 maturity date not to exceed one year from the date of issue. All notes and
20 the interest on them are payable at fixed places on or before a fixed time,
21 from the proceeds of the sale of bonds in anticipation of which the original
22 note or notes were issued, unless the bonds have not been sold by the
23 maturity date of the notes.

24 Sec. 29.51.100. ISSUANCE OF NEW NOTES. If the sale of the bonds has
25 not occurred before the maturity of the notes issued in anticipation of the
26 sale, the assembly or council shall issue new notes in order to meet payment
27 of the notes then maturing or shall renew the outstanding bond anticipation
28 notes. New notes issued or renewals of outstanding bond anticipation notes
29 shall bear a maturity date not to exceed one year from the date of issue.

1 Notes, new notes, and renewals of notes shall not be outstanding for a total
2 elapsed time of more than three years.

3 Sec. 29.51.110. REPAYMENT OF NOTES. Every note is payable from the
4 proceeds of the sale of bonds which the notes anticipated or from the pro-
5 ceeds of the sale of new bond anticipation notes.

6 Sec. 29.51.120. SECURITY. (a) Notwithstanding any other provisions of
7 this chapter as to payment of notes, notes issued in anticipation of the
8 sale of general obligation bonds and the interest on them are secured by the
9 full faith, credit, taxing power and resources of the municipality. The
10 municipality may levy ad valorem taxes for payment without limitation of
11 rate or amount.

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

15 Sec. 29.51.130. LIMITATION. The total amount of notes issued and
16 outstanding shall at no time exceed the total amount of bonds authorized to
17 be issued.

18 Sec. 29.51.140. USE OF PROCEEDS. The proceeds from the sale of notes
19 shall be used only for the purposes for which the proceeds from the sale of
20 bonds may be used or to meet payment of outstanding bond anticipation notes.

21 ****Sec. 29.51.150. Repeal.

22 ARTICLE 3. GENERAL OBLIGATION BONDS.

23 Sec. 29.51.180. GENERAL OBLIGATION BONDS. A municipality may acquire,
24 construct, improve and equip capital improvements and issue negotiable or
25 nonnegotiable general obligation bonds for these purposes.

26 Sec. 29.51.190. VOTE AND NOTICE OF EXISTING INDEBTEDNESS REQUIRED.

27 (a) A municipality may incur general obligation bond debt only after a bond
28 authorization ordinance is approved by a majority of those voting on the
29 question at a regular or special election. Any municipal voter may vote in
the bond election, except as otherwise provided by charter or law.

1 (b) Before a general obligation bond issue election, the assembly
2 or council shall have published a notice of the municipality's total existing
3 bond indebtedness at least once a week for three consecutive weeks. The
4 first notice shall be published at least 20 days before the date of the
5 election. A notice shall include

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

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

9 (3) the total assessed valuation within the municipality.

10 ****Sec. 29.51.200. Repeal.

11 Sec. 29.51.210. PAYMENT. (a) The full faith and credit of a munici-
12 pality are pledged for the payment of principal and interest on general
13 obligation bonds. The municipality may levy ad valorem taxes for payment
14 without limitation of rate or amount to pay or secure the payment of the
15 principal and interest on bonds, regardless of whether the bonds are in
16 default or in danger of default.

17 (b) General obligation bonds issued for acquiring, constructing,
18 improving and equipping a municipally-owned utility or other revenue-
19 generating enterprise may be additionally secured by a pledge of the revenue
20 derived from operation. Bonds so secured are not subject to a debt
21 limitation imposed by a borough or city home rule charter.

22 ARTICLE 4. REVENUE BONDS.

23 Sec. 29.51.240. REVENUE BONDS. ****(a) A municipality may issue
24 revenue bonds for a public enterprise or public corporation of the munici-
25 pality where the only security is the revenue of the public enterprise or
26 corporation.

27 (b) A municipality may issue its revenue bonds to finance the
28 purchase of residential mortgage loans. The revenue bonds issued under this
29 subsection are payable solely from the principal and interest of the mortgage

1 loans and from any other amounts pledged by the municipality, except the
2 pledge of revenues derived from taxes. Revenue bonds issued under this
3 subsection do not constitute a general obligation of the municipality.

4 **** (c) Repeal.

5 Sec. 29.51.250. NO ELECTION REQUIRED. No election is required to
6 authorize the issuance and sale of revenue bonds, unless otherwise provided
7 by ordinance.

8 Sec. 29.51.260. FORMS AND TERMS. The assembly or council shall fix
9 the date of the bonds, denominations, maturities, rate or rates of interest,
10 place and manner of payment, redemption terms, registration privileges,
11 manner of execution, signatures required, and other details of the bonds.
12 If an officer whose signature appears on the bonds or coupons ceases to be
13 an officer before delivery of the bonds, his signature is valid as if he had
14 remained in office until delivery.

15 ****Sec. 29.51.270. Repeal.

16 ****Sec. 29.51.280. CONSTRUCTION. The prohibitions of AS 37.10.085 shall
17 not apply to the issuance of revenue bonds or the use of proceeds from
18 revenue bonds by a home rule or general law municipality.

19 ARTICLE 5. REFUNDING BONDS.

20 Sec. 29.51.300. AUTHORIZATION. If a municipality has outstanding
21 general obligation or revenue bonds and the assembly or council determines
22 that it would be financially advantageous to refund the bonds, the assembly
23 or council may provide by ordinance for the issuance of general obligation
24 or revenue refunding bonds.

25 Sec. 29.51.310. EFFECT OF BONDS. The refunding bonds may take up and
26 refund all or any part of outstanding bonds at or before their maturity or
27 redemption date. The assembly or council may include various series and
28 issues of bonds in a single issue of refunding bonds.
29

1 Sec. 29.51.320. NO ELECTION REQUIRED. No election is required to
2 authorize the issuance and sale of refunding bonds. Their issuance may be
3 authorized and all proceedings with reference to them prescribed by ordinance
4 of the assembly or council. However, when it is desirable to use general
5 obligation bonds to refund a revenue bond issue, the governing body shall
6 call an election on the question.

7 Sec. 29.51.330. PAYMENT OF REFUNDING BONDS. General obligation
8 refunding bonds are payable according to Sec. 180 of this chapter. Revenue
9 refunding bonds are payable according to Sec. 220 of this chapter.

10 ****Sec. 29.51.340. SALE OF REFUNDING BONDS. General obligation or revenue
11 refunding bonds may, at the discretion of the governing body, be exchanged
12 for the bonds being refunded, or may be sold at public or private sale.
13 They may be issued and delivered at any time before the date of maturity or
14 redemption of the refunded bonds.

15 ****Sec. 29.51.350. OTHER MUNICIPAL FINANCING. (a) A municipality may
16 authorize by ordinance or resolution the issuance of revenue bonds to finance
17 any project which serves a public purpose, and the bonds shall be secured
18 and payable solely from the revenue and property of the project.

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

1 (c) A municipality may

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

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

5 (3) enter into covenants and agreements concerning bonds
6 issued under this section which the municipality determines to be desirable;

7 (4) provide for any matter which effects the security of the
8 bonds.

9 (d) In this section

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

12 (2) "project" includes but is not limited to commercial,
13 manufacturing, agricultural, industrial, residential housing, recreation,
14 tourism, and medical projects and programs.

15 ARTICLE 6. MISCELLANEOUS PROVISIONS.

16 ****Sec. 29.51.370. SALE. Bonds and notes issued under this chapter may
17 be sold at either public or private sale by the municipality in the manner
18 and at the price it determines.

19 ****Sec. 29.51.375. FORMS AND TERMS. The governing body may by ordinance
20 or resolution fix the date, denominations, maturities, rate or rates of
21 interest, redemption terms, registration privileges, manner of execution,
22 signatures required, purchase price, manner of sale, and other requirements
23 for issuing bonds or notes. If an official whose signature appears on the
24 bonds or coupons ceases to be an official before delivery of the bonds, his
25 signature is valid as if he had remained in office until delivery.

26 ****Sec. 29.51.380. INTEREST RATE. The interest rate payable on a bond or
27 note shall be determined by the governing body and is not subject to the
28 usury rate limitations of AS 45.45.010.
29

1 ****Sec. 29.51.390. Repeal.

2 Sec. 29.51.400. REDEMPTION BEFORE MATURITY. A bond or note may be
3 made subject to redemption before maturity as stated in the authorization or
4 in the bond or note.

5 ****Sec. 29.51.410. BOROUGH INDEBTEDNESS. (a) A borough may incur indebted-
6 ness

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

8 (2) on a nonareawide basis for functions performed in the
9 area outside cities only; or

10 (3) on a service area basis for functions performed in a
11 service area only.

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

16 (c) If the bonded debt to be incurred by a borough is an areawide
17 debt, the vote is areawide; if the full faith and credit of the entire
18 borough is pledged for the payment of the debt of the area outside cities or
19 of a service area, an areawide election is held and the proposition must
20 pass both areawide and in the area which will benefit from the improvement;
21 if the bonded indebtedness to be incurred is limited to areas outside cities
22 only or to service areas, the vote is limited to voters in those areas and
23 only the full faith and credit of the area voting on the indebtedness is
24 pledged for the payment of the debt.

25 (d) The indebtedness of a municipality reclassified under
26 AS 29.08.040 is not affected by reclassification. Not less than all property
27 within a municipality which is reclassified remains subject to taxation to
28 amortize bonded or other indebtedness affecting the municipality and auth-
29 orized on the effective date of reclassification.

1 ****Sec. 29.51.420. Repeal.

2 ****Sec. 29.51.430. Repeal.

3 ****Sec. 29.51.440. SERVICE AREA DEBT. The indebtedness of a service area
4 acquired under AS 29.51.410 shall remain the indebtedness of the area which
5 incurred the debt notwithstanding a subsequent court determination that the
6 service area was not validly formed under law or by virtue of a defect in
7 the proceedings creating the service area. All the property within the
8 service area remains subject to taxation to pay the bonded indebtedness.

Proof 1-2

CHAPTER 51. MUNICIPAL DEBT.

ARTICLE 1. REVENUE ANTICIPATION NOTES.

Sec. 29.51.010. BORROWING IN ANTICIPATION OF REVENUE. A municipality of the state which is authorized to incur indebtedness may borrow money to meet appropriations for any fiscal year in anticipation of the collection of the revenues for that year but all debt so contracted shall be paid before the end of the next fiscal year. Revenue anticipation notes may be issued as evidence of the borrowing.

Sec. 29.51.020. ISSUANCE OF NOTES. The governing body of a municipality may, by ordinance or resolution, authorize the issuance of revenue anticipation notes and prescribe the form and details of the notes and the manner of their execution. The governing body of the municipality may delegate to its chief fiscal officer the power to issue the notes from time to time under the terms and conditions of the ordinance or resolution which provides for the manner of their sale.

Sec. 29.51.030. ISSUANCE OF NOTES IN ANTICIPATION OF STATE, FEDERAL GRANTS. (a) The governing body of a municipality, upon adoption of a long-range capital improvement budget by ordinance or resolution, may by resolution provide for revenue anticipation notes in an amount not to exceed the total amount of any state or federal grants finally committed for these projects. The notes mature no later than the end of the next fiscal year. The notes may be for single or multiple projects outlined in the adopted capital improvement budget.

(b) If the state or federal grants for capital improvement projects have not been paid to the municipality before maturity of the notes issued in anticipation of the receipt of the revenue, the governing body of the municipality may issue new notes in order to meet payment of the notes then maturing or may renew the outstanding revenue anticipation notes. New

1 notes issued or renewals of outstanding revenue anticipation notes shall
2 mature not later than the end of the next fiscal year.

3 Sec. 29.51.040. PRIORITY OF REPAYMENT. The payment of the principal
4 and interest on revenue anticipation notes shall be payable from revenues,
5 and their payment additionally shall be secured by a pledge of the full
6 faith, credit and unlimited taxing power of the municipality issuing them.

7 ****Sec. 29.51.050. Repeal.

8 ARTICLE 2. BOND ANTICIPATION NOTES.

9 Sec. 29.51.080. BOND ANTICIPATION BORROWING. A municipality may
10 borrow money in anticipation of the sale of general obligation and revenue
11 bonds if

12 (1) the general obligation bonds to be sold have been auth-
13 orized by the assembly or council and ratified by a majority vote at a
14 regular or special election;

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

17 Sec. 29.51.090. ISSUANCE OF NOTES. The assembly or council shall
18 issue negotiable or nonnegotiable notes for the amounts borrowed with a
19 maturity date not to exceed one year from the date of issue. All notes and
20 the interest on them are payable at fixed places on or before a fixed time,
21 from the proceeds of the sale of bonds in anticipation of which the original
22 note or notes were issued, unless the bonds have not been sold by the maturity
23 date of the notes.

24 Sec. 29.51.100. ISSUANCE OF NEW NOTES. If the sale of the bonds has
25 not occurred before the maturity of the notes issued in anticipation of the
26 sale, the assembly or council shall issue new notes in order to meet payment
27 of the notes then maturing or shall renew the outstanding bond anticipation
28 notes. New notes issued or renewals of outstanding bond anticipation notes
29 shall bear a maturity date not to exceed one year from the date of issue.

1 Notes, new notes, and renewals of notes shall not be outstanding for a total
2 elapsed time of more than three years.

3 Sec. 29.51.110. REPAYMENT OF NOTES. Every note is payable from the
4 proceeds of the sale of bonds which the notes anticipated or from the proceeds
5 of the sale of new bond anticipation notes.

6 Sec. 29.51.120. SECURITY. (a) Notwithstanding any other provisions of
7 this chapter as to payment of notes, notes issued in anticipation of the
8 sale of general obligation bonds and the interest on them are secured by the
9 full faith, credit, taxing power and resources of the municipality. The
10 municipality may levy ad valorem taxes for payment without limitation of
11 rate or amount.

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

15 Sec. 29.51.130. LIMITATION. The total amount of notes issued and
16 outstanding shall at no time exceed the total amount of bonds authorized to
17 be issued.

18 Sec. 29.51.140. USE OF PROCEEDS. The proceeds from the sale of notes
19 shall be used only for the purposes for which the proceeds from the sale of
20 bonds may be used or to meet payment of outstanding bond anticipation notes.

21 ****Sec. 29.51.150. Repeal.

22 ARTICLE 3. GENERAL OBLIGATION BONDS.

23 Sec. 29.51.180. GENERAL OBLIGATION BONDS. A municipality may acquire,
24 construct, improve and equip capital improvements and issue negotiable or
25 nonnegotiable general obligation bonds for these purposes.

26 Sec. 29.51.190. VOTE AND NOTICE OF EXISTING INDEBTEDNESS REQUIRED.

27 (a) A municipality may incur general obligation bond debt only after a bond
28 authorization ordinance is approved by a majority of those voting on the
29 question at a regular or special election. Any municipal voter may vote in
the bond election, except as otherwise provided by charter or law.

1 (b) Before a general obligation bond issue election, the assembly
2 or council shall have published a notice of the municipality's total existing
3 bond indebtedness at least once a week for three consecutive weeks. The
4 first notice shall be published at least 20 days before the date of the
5 election. A notice shall include

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

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

9 (3) the total assessed valuation within the municipality.

10 ****Sec. 29.51.200. Repeal.

11 Sec. 29.51.210. PAYMENT. (a) The full faith and credit of a munici-
12 pality are pledged for the payment of principal and interest on general
13 obligation bonds. The municipality may levy ad valorem taxes for payment
14 without limitation of rate or amount to pay or secure the payment of the
15 principal and interest on bonds, regardless of whether the bonds are in
16 default or in danger of default.

17 (b) General obligation bonds issued for acquiring, constructing,
18 improving and equipping a municipally-owned utility or other revenue-generating
19 enterprise may be additionally secured by a pledge of the revenue derived
20 from operation. Bonds so secured are not subject to a debt limitation
21 imposed by a borough or city home rule charter.

22 ARTICLE 4. REVENUE BONDS.

23 Sec. 29.51.240. REVENUE BONDS. ****(a) A municipality may issue
24 revenue bonds for a public enterprise or public corporation of the municipal-
25 ity where the only security is the revenue¹ of the public enterprise or
26 corporation.

27 (b) A municipality may issue its revenue bonds to finance the
28 purchase of residential mortgage loans. The revenue bonds issued under this
29 subsection are payable solely from the principal and interest of the mortgage

1 loans and from any other amounts pledged by the municipality, except the
2 pledge of revenues derived from taxes. Revenue bonds issued under this
3 subsection do not constitute a general obligation of the municipality.

4 **** (c) Repeal.

5 Sec. 29.51.250. NO ELECTION REQUIRED. No election is required to
6 authorize the issuance and sale of revenue bonds, unless otherwise provided
7 by ordinance.

8 Sec. 29.51.260. FORMS AND TERMS. The assembly or council shall fix
9 the date of the bonds, denominations, maturities, rate or rates of interest,
10 place and manner of payment, redemption terms, registration privileges,
11 manner of execution, signatures required, and other details of the bonds.
12 If an officer whose signature appears on the bonds or coupons ceases to be
13 an officer before delivery of the bonds, his signature is valid as if he had
14 remained in office until delivery.

15 ****Sec. 29.51.270. Repeal.

16 ****Sec. 29.51.280. CONSTRUCTION. The prohibitions of AS 37.10.085 shall
17 not apply to the issuance of revenue bonds or the use of proceeds from
18 revenue bonds by a home rule or general law municipality.

19 ARTICLE 5. REFUNDING BONDS.

20 Sec. 29.51.300. AUTHORIZATION. If a municipality has outstanding
21 general obligation or revenue bonds and the assembly or council determines
22 that it would be financially advantageous to refund the bonds, the assembly
23 or council may provide by ordinance for the issuance of general obligation
24 or revenue refunding bonds.

25 Sec. 29.51.310. EFFECT OF BONDS. The refunding bonds may take up and
26 refund all or any part of outstanding bonds at or before their maturity or
27 redemption date. The assembly or council may include various series and
28 issues of bonds in a single issue of refunding bonds.
29

1 Sec. 29.51.320. NO ELECTION REQUIRED. No election is required to
2 authorize the issuance and sale of refunding bonds. Their issuance may be
3 authorized and all proceedings with reference to them prescribed by ordinance
4 of the assembly or council. However, when it is desirable to use general
5 obligation bonds to refund a revenue bond issue, the governing body shall
6 call an election on the question.

7 Sec. 29.51.330. PAYMENT OF REFUNDING BONDS. General obligation
8 refunding bonds are payable according to Sec. 180 of this chapter. Revenue
9 refunding bonds are payable according to Sec. 220 of this chapter.

10 ****Sec. 29.51.340. SALE OF REFUNDING BONDS. General obligation or revenue
11 refunding bonds may, at the discretion of the governing body, be exchanged
12 for the bonds being refunded, or may be sold at public or private sale.
13 They may be issued and delivered at any time before the date of maturity or
14 redemption of the refunded bonds.

15 ****Sec. 29.51.350. OTHER MUNICIPAL FINANCING. (a) A municipality may
16 authorize by ordinance or resolution the issuance of revenue bonds to finance
17 any project which serves a public purpose, and the bonds shall be secured
18 and payable solely from the revenue and property of the project.

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

1 (c) A municipality may

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

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

5 (3) enter into covenants and agreements concerning bonds
6 issued under this section which the municipality determines to be desirable;

7 (4) provide for any matter which effects the security of the
8 bonds.

9 (d) In this section

10 (1) "bonds" means bonds, notes, or other evidences of
11 indebtedness;

12 (2) "project" includes but is not limited to commercial,
13 manufacturing, agricultural, industrial, residential housing, recreation,
14 tourism, and medical projects and programs.

15 ARTICLE 6. MISCELLANEOUS PROVISIONS.

16 ****Sec. 29.51.370. SALE. Bonds and notes issued under this chapter may
17 be sold at either public or private sale by the municipality in the manner
18 and at the price it determines.

19 ****Sec. 29.51.375. FORMS AND TERMS. The governing body may by ordinance
20 or resolution fix the date, denominations, maturities, rate or rates of
21 interest, redemption terms, registration privileges, manner of execution,
22 signatures required, purchase price, manner of sale, and other requirements
23 for issuing bonds or notes. If an official whose signature appears on the
24 bonds or coupons ceases to be an official before delivery of the bonds, his
25 signature is valid as if he had remained in office until delivery.

26 ****Sec. 29.51.380. INTEREST RATE. The interest rate payable on a bond or
27 note shall be determined by the governing body and is not subject to the
28 usury rate limitations of AS 45.45.010.
29

1 ****Sec. 29.51.390. Repeal.

2 Sec. 29.51.400. REDEMPTION BEFORE MATURITY. A bond or note may be
3 made subject to redemption before maturity as stated in the authorization or
4 in the bond or note.

5 ****Sec. 29.51.410. BOROUGH INDEBTEDNESS. (a) A borough may incur indebted-
6 ness

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

8 (2) on a nonareawide basis for functions performed in the
9 area outside cities only; or

10 (3) on a service area basis for functions performed in a
11 service area only.

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

16 (c) If the bonded debt to be incurred by a borough is an areawide
17 debt, the vote is areawide; if the full faith and credit of the entire
18 borough is pledged for the payment of the debt of the area outside cities or
19 of a service area, an areawide election is held and the proposition must
20 pass both areawide and in the area which will benefit from the improvement;
21 if the bonded indebtedness to be incurred is limited to areas outside cities
22 only or to service areas, the vote is limited to voters in those areas and
23 only the ^ufull faith and credit of the area ^{voting on the indebtedness} is pledged for the payment of the
24 debt.

25 (d) The indebtedness of a municipality reclassified under (AS)
26 29.08.040 is not affected by reclassification. Not less than all property
27 within a municipality which is reclassified remains subject to taxation to
28 amortize bonded or other indebtedness affecting the municipality and auth-
29 orized on the effective date of reclassification.

1 ****Sec. 29.51.420. Repeal.

2 ****Sec. 29.51.430. Repeal.

3 ****Sec. 29.51.440. SERVICE AREA DEBT. The indebtedness of a service area
4 acquired under AS 29.51.410 shall remain the indebtedness of the area which
5 incurred the debt notwithstanding a subsequent court determination that the
6 service area was not validly formed under law or by virtue of a defect in
7 the proceedings creating the service area. All the property within the
8 service area remains subject to taxation to pay the bonded indebtedness.

29.51.050
29.51.150

Also repeal A.S. 29.58.060, 29.58.140 and 29.58.200.

(.050) (.750)

29.51.200
29.51.270
170.

Repeal the following provisions--A.S. 29.58.230, 29.58.

51.240
5. A.S. 29.58.200 is amended to read:

240 ✓
OK
Sec. 29.58.200. REVENUE BONDS. (a) A municipality of ~~the State~~ may issue revenue bonds for a public enterprise or public corporation of the municipality where the only security is the revenues of the public enterprise or corporation. [A MUNICIPALITY MAY ACQUIRE, CONSTRUCT, IMPROVE AND EQUIP CAPITAL IMPROVEMENTS TO BE OPERATED UPON A REVENUE-PRODUCING BASIS, AND BONDS FOR THESE PURPOSES ARE PAYABLE SOLELY FROM UNPLEDGED REVENUE OF THE PUBLIC FACILITIES FOR WHICH THE BONDS ARE ISSUED.]

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

[(c) A MUNICIPALITY MAY ALSO ISSUE REVENUE BONDS FOR ANY LAWFUL PURPOSE. THE BONDS ARE PAYABLE FROM ANY AMOUNTS PLEDGED BY THE MUNICIPALITY EXCEPT TAXES AND DO NOT CONSTITUTE GENERAL OBLIGATIONS OF THE MUNICIPALITY.]

270 REPEAL.

DRAFTED CHANGES RECOMMENDED BY TECHNICAL COMMITTEE - 06 DECEMBER 1980

Sec. 29.51.280. CONSTRUCTION. The prohibitions of AS 37.10.085 shall not apply to the issuance of revenue bonds or the use of proceeds from revenue bonds by a home rule or general law municipality.

EXPLANATION: The following provision is made inapplicable to the use of proceeds from revenue bonds:

Sec. 37.10.085. FINANCIAL AID TO CORPORATIONS BY STATE OR POLITICAL SUBDIVISION. Neither the state nor a political subdivision of the state may

- (1) make a subscription to the capital stock of a corporation;
 - (2) lend its credit for the use of a corporation;
- or
- (3) borrow money for the use of a corporation.

It is felt by bond counsels that this section currently forbids a municipality to use proceeds of revenue bond sales for loans and other expenditures designed to encourage industrial development.

Sec. 29.51.340. SALE OF REFUNDING BONDS. General obligation refunding bonds or revenue refunding bonds may, at the discretion of the ^{governing body} ~~assembly or council~~, be exchanged for the bonds being refunded, or may be sold at public or private sale. ^{delivered} They may be issued and delivered at any time before the date of maturity or redemption of the refunded bonds.

51.350
6. A new section 29.58.290 as follows:

OK Sec. 29.58.290. OTHER MUNICIPAL FINANCING. (a) A municipality may authorize by ordinance or resolution the issuance of revenue bonds to finance any public ^{which serves a public purpose, and the bonds} ~~purpose project or program, which shall be~~ secured and payable solely from the revenue and property of ^{the} ~~such~~ project or program.

(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 ~~to the effect~~ that the principal and interest on the bond are payable solely from the revenues and property of the project ~~or program~~ being financed, ^{from source} and that the municipality is not obligated to pay the principal ~~of~~ or the interest on the bonds except for those sources of the project ~~or program~~, and that neither the faith and credit nor the taxing power of the municipality is pledged to the payment of ~~each~~ principal ~~of~~ or interest on the bond.

350
(1) ~~A municipality may in connection with the issue of bonds under this section~~

(1) loan the proceeds of the bonds;

issued under this section

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

(3) ~~make and enter into any and all covenants and agreements~~ *concerning bonds issued under this section* which the municipality ~~may~~ determines to be ~~necessary or~~ desirable;

(4) provide for any ~~other~~ matter which ~~in any way~~ effect, the security of ~~protection~~ of the bonds.

(*) In this section the word "bonds" includes bonds, notes or other evidence of indebtedness. In this section, the words "project" or "program" shall include without limitation commercial, manufacturing, agricultural, industrial, residential housing, recreation, tourism and medical projects and programs.

(d) *in this section*

(1) "bonds" means bonds, notes, or other evidence of indebtedness;

(2) "project" includes but is not limited to commercial, manufacturing, agricultural, industrial, residential housing, recreation, tourism, and medical projects and programs.

370

Sec. 29.58.300 should be amended to read:

OK →

Sec. 29.58.300. ~~[UNLAWFUL]~~ SALE. Bonds and notes issued under this chapter may be sold by the municipality in the manner and at the price it determines at either public or private sale. ~~{THE MUNICIPALITY SHALL SELL ALL BONDS AT A PUBLIC OR PRIVATE SALE AS PROVIDED BY ORDINANCE, NO BONDS MAY BE SOLD AT LESS THAN PAR VALUE.}~~

4. A new Section A.S. 29.58.305 to read as follows:

375

51.375
Sec. 29.58.305. FORMS AND TERMS. The ~~assembly or~~ council may by ordinance or resolution fix the date, denominations, maturities, rate or rates of interest, redemption terms, registration privileges, manner of execution, signatures required, purchase price, manner of sale, and ~~all other details of the bonds or notes.~~ ^{requirements for issuing} If an officer ^{ial} whose signature appears on the bonds or coupons ceases to be an officer before delivery of the bonds, his signature is valid as if he had remained in office until delivery.

2. Sec. 29.58.310 should be amended to read:

380

OK

51.380
Sec. 29.58.310. INTEREST RATE. The interest rate payable on a bond or note shall be determined by the governing body assembly or council and is not subject to the usury rate limitations of A.S. 45.45.010. [NO MUNICIPAL BOND OR NOTE MAY BEAR AN INTEREST RATE EXCEEDING THE CONTRACT USURY RATE OR INTEREST PROVIDED BY LAW.]

DRAFTED CHANGES RECOMMENDED BY TECHNICAL COMMITTEE - 06 DECEMBER 1980

**Sec. 29.51.390. BOND ATTORNEYS, BOND AND FINANCIAL CONSULTANTS.
Repeal.**

OK
EXPLANATION: This section is repealed as unnecessary since the governing body has control through approving or disapproving the issuance of bonds. Arguably, contracting is an executive function.

DRAFTED CHANGES RECOMMENDED BY TECHNICAL COMMITTEE - 06 DECEMBER 1980

Sec. 29.51.410. BOROUGH INDEBTEDNESS. (a) A borough may incur indebtedness

(1) on an areawide basis for areawide functions; *fm text*

or
(2) on a ~~nonareawide~~ ^{areawide} basis for functions performed in the area outside cities only; or *fm text*

(3) on a service area basis for functions performed in a service area only. *fm text*

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

↓
incumbent
use
existing
(c)
+
changes
in last 2 times
(c) If the bonded debt to be incurred by a borough is an areawide debt, the vote is areawide; if the full faith and credit of the area outside cities or of a service area, an areawide election is held and the proposition must pass both areawide and in the area which will benefit from the improvement; if the bonded indebtedness to be incurred is limited to areas outside cities only or to service areas, the vote is limited to voters in those areas ^{only} and the full faith and credit of the area is pledged for the payment of the debt. *added*

(d) no change.

↑
voting on
the indebtedness
pledged

EXPLANATION: Minor technical clean-up in (a) and (b). Language at the end of (c) added to make it clear that a service area general obligation bond can be issued.

M. use existing (c) and add "and only the full faith and credit of the area voting on the indebtedness is pledged for the payment of the debt."

DRAFTED CHANGES RECOMMENDED BY TECHNICAL COMMITTEE - 06 DECEMBER 1980

Sec. 29.51.420. BONDED INDEBTEDNESS FOR SCHOOL CONSTRUCTION.
Repeal.

Sec. 29.51.430. BOND GUARANTEE FUND. Repeal

EXPLANATION: These sections have never been used and appear to serve no useful purpose. They are repealed at the request of the State Assessor.

DRAFTED CHANGES RECOMMENDED BY TECHNICAL COMMITTEE - 06 DECEMBER 1980

Sec. 29.51.440. SERVICE AREA DEBT. The indebtedness of a service area acquired under AS 29.51.410 shall remain the indebtedness of the area which incurred the debt notwithstanding a subsequent court determination that the service area was not validly formed under law or by virtue of a defect in the proceedings creating the service area. All the property within the service area remains subject to taxation to pay the bonded indebtedness.

EXPLANATION: This is a new section. The Alaska Constitution prohibits the establishment of service areas when the function can be performed by a city or another service area. No guidelines have been established, leaving the legality of some service areas in doubt. This provides for the continuation of a debt should a service area subsequently be declared invalid, creating a de facto service area for purposes of the debt. *(It may be unconstitutional)*

CHAPTER 51. MUNICIPAL DEBT~~(CHAPTER 58. MUNICIPAL DEBT)~~

ARTICLE 1. REVENUE ANTICIPATION NOTES

Sec. 29.51.010. ~~(Sec. 29.58.010.)~~ BORROWING IN ANTICIPATION OF REVENUE. A municipality of the state which is authorized to incur indebtedness may borrow money to meet appropriations for any fiscal year in anticipation of the collection of the revenues for that year but all debt so contracted shall be paid before the end of the next fiscal year. Revenue anticipation notes may be issued as evidence of the borrowing.

Sec. 29.51.020. ~~(Sec. 29.58.020.)~~ ISSUANCE OF NOTES. The governing body of a municipality may, by ordinance or resolution, authorize the issuance of revenue anticipation notes and prescribe the form and details of the notes and the manner of their execution. The governing body of the municipality may delegate to its chief fiscal officer the power to issue the notes from time to time under the terms and conditions of the ordinance or resolution which provides for the manner of their sale.

Sec. 29.51.030. ~~(Sec. 29.58.040.)~~ ISSUANCE OF NOTES IN ANTICIPATION OF STATE, FEDERAL GRANTS. (a) The governing body of a municipality, upon adoption of a long-range capital improvement budget by ordinance or resolution, may by resolution provide for revenue anticipation notes in an amount not to exceed the total amount of any state or federal grants finally committed for these projects. The notes mature no later than the end of the next fiscal year. The notes may be for single or multiple projects outlined in the adopted capital improvement budget.

(b) If the state or federal grants for capital improvement projects have not been paid to the municipality before maturity of the notes issued in anticipation of the receipt of the revenue, the governing body of the municipality may issue new notes in order to meet payment of the notes then maturing or may renew the outstanding revenue anticipation notes. New

notes issued or renewals of outstanding revenue anticipation notes shall mature not later than the end of the next fiscal year.

Sec. 29.51.040. (Sec. 29.58.050.) PRIORITY OF REPAYMENT. The payment of the principal and interest on revenue anticipation notes shall be payable from revenues, and their payment additionally shall be secured by a pledge of the full faith, credit and unlimited taxing power of the municipality issuing them.

Sec. 29.51.050. (Sec. 29.58.060.) SALE OF NOTES. The municipality may sell revenue anticipation notes in the manner and at the price it determines, at either public or private sale.

ARTICLE 2. BOND ANTICIPATION NOTES.

Sec. 29.51.080. (Sec. 29.58.070.) BOND ANTICIPATION BORROWING. A municipality may borrow money in anticipation of the sale of general obligation and revenue bonds if

(1) the general obligation bonds to be sold have been authorized by the assembly or council and ratified by a majority vote at a regular or special election;

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

Sec. 29.51.090. (Sec. 29.58.080.) ISSUANCE OF NOTES. The assembly or council shall issue negotiable or nonnegotiable notes for the amounts borrowed with a maturity date not to exceed one year from the date of issue. All notes and the interest on them are payable at fixed places on or before a fixed time, from the proceeds of the sale of bonds in anticipation of which the original note or notes were issued, unless the bonds have not been sold by the maturity date of the notes.

Sec. 29.51.100. (Sec. 29.58.090.) ISSUANCE OF NEW NOTES. If the sale of the bonds has not occurred before the maturity of the notes issued in anticipation of the sale, the assembly or council shall issue new notes in

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

6 Sec. 29.51.110. (Sec. 29.58.100.) REPAYMENT OF NOTES. Every note is
7 payable from the proceeds of the sale of bonds which the notes anticipated
8 or from the proceeds of the sale of new bond anticipation notes.

9 Sec. 29.51.120. (Sec. 29.58.110.) SECURITY. (a) Notwithstanding any
10 other provisions of this chapter as to payment of notes, notes issued in
11 anticipation of the sale of general obligation bonds and the interest on
12 them are secured by the full faith, credit, taxing power and resources of
13 the municipality. The municipality may levy ad valorem taxes for payment
14 without limitation of rate or amount.

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

18 Sec. 29.51.130. (Sec. 29.58.120.) LIMITATION. The total amount of
19 notes issued and outstanding shall at no time exceed the total amount of
20 bonds authorized to be issued.

21 Sec. 29.51.140. (Sec. 29.58.130.) USE OF PROCEEDS. The proceeds from
22 the sale of notes shall be used only for the purposes for which the proceeds
23 from the sale of bonds may be used or to meet payment of outstanding bond
24 anticipation notes.

25 Sec. 29.51.150. (Sec. 29.58.140.) SALE OF NOTES. Notes issued under
26 this chapter shall be sold by the municipality in the manner and at the
27 price it determines, at either public or private sale, but no note may be
28 sold for less than par and accrued interest.
29

ARTICLE 3. GENERAL OBLIGATION BONDS.

1 Sec. 29.51.180. (Sec. 29.58.150.) GENERAL OBLIGATION BONDS. A
2 municipality may acquire, construct, improve and equip capital improvements
3 and issue negotiable or nonnegotiable general obligation bonds for these
4 purposes.

5 Sec. 29.51.190. (Sec. 29.58.160.) VOTE AND NOTICE OF EXISTING INDEBT-
6 EDNESS REQUIRED. (a) A municipality may incur general obligation bond debt
7 only after a bond authorization ordinance is approved by a majority of those
8 voting on the question at a regular or special election. Any municipal
9 voter may vote in the bond election, except as otherwise provided by charter
10 or law.

11 (b) Before a general obligation bond issue election, the assembly
12 or council shall have published a notice of the municipality's total
13 existing bond indebtedness at least once a week for three consecutive weeks.
14 The first notice shall be published at least 20 days before the date of the
15 election. A notice shall include

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

18 (2) the cost of the debt service on the current
19 indebtedness;
20

21 (3) the total assessed valuation within the municipality.

22 Sec. 29.51.200. (Sec. 29.58.170.) FORM AND TERMS OF SALE. The
23 assembly or council shall fix the date of the bonds, denominations,
24 maturities, rate of interest, place and manner of payment, redemption terms,
25 registration privileges, manner of execution, and signatures required. If
26 an officer whose signature appears on the bonds or coupons ceases to be an
27 officer before delivery of the bonds, his signature is valid as if he had
28 remained in office until delivery.
29

1 Sec. 29.51.210. (Sec. 29.58.180.) PAYMENT. (a) The full faith and
2 credit of a municipality are pledged for the payment of principal and
3 interest on general obligation bonds. The municipality may levy ad valorem
4 taxes for payment without limitation of rate or amount to pay or secure the
5 payment of the principal and interest on bonds, regardless of whether the
6 bonds are in default or in danger of default.

7 (b) General obligation bonds issued for acquiring, constructing,
8 improving and equipping a municipally-owned utility or other
9 revenue-generating enterprise may be additionally secured by a pledge of the
10 revenue derived from operation. Bonds so secured are not subject to a debt
11 limitation imposed by a borough or city home rule charter.

12 ARTICLE 4. REVENUE BONDS.

13 Sec. 29.51.240. (Sec. 29.58.200.) REVENUE BONDS. (a) A municipality
14 may acquire, construct, improve and equip capital improvements to be
15 operated upon a revenue-producing basis, and bonds for these purposes are
16 payable solely from unpledged revenue of the public facilities for which the
17 bonds are issued.

18 (b) A municipality may issue its revenue bonds to finance the
19 purchase of residential mortgage loans. The revenue bonds issued under this
20 subsection are payable solely from the principal and interest of the
21 mortgage loans and from any other amounts pledged by the municipality,
22 except the pledge of revenues derived from taxes. Revenue bonds issued under
23 this subsection do not constitute a general obligation of the municipality.

24 (c) A municipality may also issue revenue bonds for any lawful
25 purpose. The bonds are payable from any amounts pledged by the municipality
26 except taxes and do not constitute general obligations of the municipality.

27 Sec. 29.51.250. (Sec. 29.58.205.) NO ELECTION REQUIRED. No election
28 is required to authorize the issuance and sale of revenue bonds, unless
29 otherwise provided by ordinance.

1 Sec. 29.51.260. (Sec. 29.58.210.) FORMS AND TERMS. The assembly or
2 council shall fix the date of the bonds, denominations, maturities, rate or
3 rates of interest, place and manner of payment, redemption terms,
4 registration privileges, manner of execution, signatures required, and other
5 details of the bonds. If an officer whose signature appears on the bonds or
6 coupons ceases to be an officer before delivery of the bonds, his signature
7 is valid as if he had remained in office until delivery.

8 Sec. 29.51.270. (Sec. 29.58.220.) PAYMENT. Bonds issued under AS
9 29.58.200 - 29.58.220 or the proceedings of the assembly or council
10 authorizing their issuance may contain the covenants which the assembly or
11 council considers advisable concerning

12 (1) the rates or fees to be charged for services rendered by
13 the public facilities, the revenue of which is pledged to the payment of the
14 bonds, or the terms and conditions of any other amounts collected which are
15 pledged to the payment of the bonds;

16 (2) the deposit and use of the revenue of the public
17 facilities or of other amounts collected which are pledged to the payment of
18 the bonds;

19 (3) the issuance of additional bonds payable from revenue of
20 the public facilities or of other amounts collected which are pledged to the
21 payment of the bonds;

22 (4) the rights of the bondholders in case of default in the
23 payment of the principal or interest on the bonds, including the appointment
24 of a receiver to operate the public facilities;

25 (5) other covenants as the assembly or council determines.

26 ARTICLE 5. REFUNDING BONDS

27 Sec. 29.51.300. (Sec. 29.58.240.) AUTHORIZATION. If a municipality
28 has outstanding general obligation or revenue bonds and the assembly or
29 council determines that it would be financially advantageous to refund the

1 bonds, the assembly or council may provide by ordinance for the issuance of
2 general obligation or revenue refunding bonds.

3 Sec. 29.51.310. (Sec. 29.58.250.) EFFECT OF BONDS. The refunding
4 bonds may take up and refund all or any part of outstanding bonds at or
5 before their maturity or redemption date. The assembly or council may
6 include various series and issues of bonds in a single issue of refunding
7 bonds.

8 Sec. 29.51.320. (Sec. 29.58.260.) NO ELECTION REQUIRED. No election
9 is required to authorize the issuance and sale of refunding bonds. Their
10 issuance may be authorized and all proceedings with reference to them
11 prescribed by ordinance of the assembly or council. However, when it is
12 desirable to use general obligation bonds to refund a revenue bond issue,
13 the governing body shall call an election on the question.

14 Sec. 29.51.330. (Sec. 29.58.270.) PAYMENT OF REFUNDING BONDS.
15 General obligation refunding bonds are payable according to Sec. 180 of this
16 chapter. Revenue refunding bonds are payable according to Sec. 220 of this
17 chapter.

18 Sec. 29.51.340. (Sec. 29.58.280.) SALE. General obligation or
19 revenue refunding bonds may, in the discretion of the assembly or council,
20 be exchanged at par for the bonds being refunded, or may be sold at public
21 or private sale for an amount not less than par and accrued interest. They
22 may be issued and delivered at any time before the date of maturity or
23 redemption of the refunded bonds.

24 ARTICLE 6. MISCELLANEOUS PROVISIONS .

25 Sec. 29.51.370. (Sec. 29.58.300.) PUBLIC SALE. The municipality
26 shall sell all bonds at a public or private sale as provided by ordinance.
27 No bonds may be sold at less than par value.

28 Sec. 29.51.380. (Sec. 29.58.310.) INTEREST RATE. No municipal bond
29 or note may bear an interest rate exceeding the contract usury rate of
LA interest provided by law.

1 Sec. 29.51.390. (Sec. 29.58.315.) ~~BOND ATTORNEYS, BOND AND FINANCIAL~~
2 CONSULTANTS. The governing body or its designee of a home rule or general
3 law municipality shall be the sole contracting authority for bond attorneys,
4 bond consultants and financial consultants engaged in long range financial
5 planning of the municipality which leads to sale of bonds.

6 Sec. 29.51.400. (Sec. 29.58.320.) REDEMPTION BEFORE MATURITY. A bond
7 or note may be made subject to redemption before maturity as stated in the
8 authorization or in the bond or note.

9 Sec. 29.51.410. (Sec. 29.58.340.) BOROUGH INDEBTEDNESS. (a) Boroughs
10 may incur indebtedness

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

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

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

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

20 *See notes for addition* (c) If the bonded debt to be incurred by a borough is an areawide
21 debt, the vote is areawide; if the full faith and credit of the entire ~~the~~
22 borough is pledged for the payment of the debt of the area outside cities or
23 of a service area, an areawide election is held and the proposition must
24 pass both areawide and in the area which will benefit from the improvement;
25 if the bonded indebtedness to be incurred is limited to areas outside cities
26 only or to service areas, the vote is limited to voters in those areas.

27 (d) The indebtedness of a municipality reclassified under AS
28 29.08.040 is not affected by reclassification. Not less than all property
29 within a municipality which is reclassified remains subject to taxation to

1 amortize bonded or other indebtedness affecting the municipality and
2 authorized on the effective date of reclassification.

3 Sec. 29.51.420. (Sec. 29.58.345.) BONDED INDEBTEDNESS FOR SCHOOL
4 CONSTRUCTION. A home rule city levying property taxes for schools, upon
5 furnishing proof satisfactory to the Department of Education and the
6 Department of Community and Regional Affairs of the needs for school
7 facilities which, if provided, will require the city to exceed limits on
8 authorizing or issuing bonds which may be established by charter, may exceed
9 the limits to the extent necessary to pay costs of school construction. In
10 this section "costs of school construction" means costs as defined in AS
11 43.18.100(g)(2).

12 Sec. 29.51.430. (Sec. 29.58.350.) BOND GUARANTEE FUND. (a) To
13 guarantee payment by the state of the principal and interest of bonds issued
14 under the enabling authority of Sec. 345 of this chapter, there is in the
15 Department of Community and Regional Affairs a special fund called the local
16 school bond guarantee fund in which there shall be deposited all money
17 appropriated by the legislature for the purpose of the fund and other money
18 which may be made available for the purpose of the fund from any other
19 source. Money in the fund shall be held and applied solely to further
20 guarantee and provide an additional pledge of payment of all bonds issued
21 under the provisions of Sec. 345 of this chapter. Money shall not be
22 withdrawn from the fund if a withdrawal would reduce the amount in the fund
23 to an amount equal to less than the "maximum debt service reserve" (as
24 defined in this section), except for payment of interest then due and
25 payable on bonds and the principal of bonds then maturing and payable and
26 for the retirement of bonds in accordance with the terms of a contract
27 between the municipality and its bondholders and for the payments on account
28 of which interest or principal or retirement of bonds other money is not
29 then available in accordance with the terms of the contract. In this

1 section "maximum debt service reserve" means, as of any date of computation,
2 the largest amount of money required by the terms of all contracts between
3 municipalities and their bondholders as to bonds issued under Sec. 345 of
4 this chapter to be raised in any succeeding calendar year for the payment of
5 interest on and maturing principal of outstanding bonds and payments
6 required by the terms of the contracts to sinking funds established for the
7 payment or redemption of the bonds, all calculated on the assumption that
8 bonds will cease to be outstanding after the date of the computation by
9 reason of the payment of bonds at their respective maturities and the
10 payments of the required money to sinking funds and the application of the
11 money in accordance with the terms of the contracts to the retirement of
12 bonds.

13 (b) Money in the guarantee fund at any time in excess of the
14 maximum debt service reserve, whether by reason of investment or otherwise,
15 may be withdrawn by the department and transferred to the general fund.

16 (c) Money at any time in the guarantee fund may be invested in
17 any direct obligation of, or obligations as to which principal and interest
18 is guaranteed by, the United States, the state or a political subdivision.

19 (d) For purposes of valuation, investments in the guarantee fund
20 shall be valued at the lowest of the par value, cost to the authority, or
21 market value of the investments. Valuation on any particular date shall
22 include the amount of interest then earned or accrued to that date on any
23 money or investments in the fund.

24 (e) Other provisions of this section notwithstanding, no bonds
25 may be issued carrying the guarantee provided in this section unless there
26 is in the guarantee fund the maximum debt service reserve for all bonds then
27 issued and outstanding and the bonds about to be issued, but nothing
28 prevents or precludes a municipality from satisfying the foregoing
29 requirement by depositing so much of the proceeds of the bonds about to be

1 issued, upon their issuance, as is needed to achieve the maximum debt
2 service reserve.

3 (f) In order to assure the maintenance of the maximum debt
4 service reserve in the guarantee fund, there is authorized to be
5 appropriated
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Sec. 29.51.340. SALE OF REFUNDING BONDS. General obligation refunding bonds or revenue refunding bonds may, at the discretion of the ~~assembly or council~~, be exchanged for the bonds being refunded, or may be sold at public or private sale. ^{deleted} They may be issued and delivered at any time before the date of maturity or redemption of the refunded bonds.

51.350
6. A new section 29.58.290 as follows:

ok Sec. 29.58.290. OTHER MUNICIPAL FINANCING. (a) A municipality may authorize by ordinance or resolution the issuance of revenue bonds to finance any public ~~purpose project or program~~, which ~~shall~~ be secured and payable solely from the revenue and property of ~~such~~ project or program.

(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 ~~to the effect~~ that the principal and interest on the bond are payable solely from the revenues and property of the project or program being financed, ~~and that the municipality is not obligated to pay the principal of or the interest on the bonds except for those sources of the project or program~~ and that neither the faith and credit nor the taxing power of the municipality is pledged to the payment of ~~each~~ principal of or interest on the bond.

350
c
(A) A municipality may in connection with the issuance of bonds under this section

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

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

(3) make and enter into any and all covenants and agreements which the municipality may determine to be necessary or desirable;

(4) provide for any other matter which in any way effect, the security or protection of the bonds.

(*) In this section the word "bonds" includes bonds, notes or other evidence of indebtedness. In this section, the words "project" or "program" shall include without limitation commercial, manufacturing, agricultural, industrial, residential housing, recreation, tourism and medical projects and programs.

(d) the word "project"

(1) "bonds" includes bonds, notes, or other evidence of indebtedness.

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

370

51.370

3. Sec. 29.58.300 should be amended to read:

OK →

Sec. 29.58.300. ~~[PUBLIC]~~ SALE. Bonds and notes issued under this chapter may be sold by the municipality in the manner and at the price it determines at either public or private sale. ~~{THE MUNICIPALITY SHALL SELL ALL BONDS AT A PUBLIC OR PRIVATE SALE AS PROVIDED BY ORDINANCE, NO BONDS MAY BE SOLD AT LESS THAN PAR VALUE.}~~

4. A new Section A.S. 29.58.305 to read as follows:

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51.375

Sec. 29.58.305. FORMS AND TERMS. The assembly or council may by ordinance or resolution fix the date, denominations, maturities, rate or rates of interest, redemption terms, registration privileges, manner of execution, signatures required, purchase price, manner of sale, and ~~all~~ other details of the bonds or notes. If an officer whose signature appears on the bonds or coupons ceases to be an officer before delivery of the bonds, his signature is valid as if he had remained in office until delivery.

2. Sec. 29.58.310 should be amended to read:

51.380

380

51.380

OK

Sec. 29.58.310. INTEREST RATE. The interest rate payable on a bond or note shall be determined by the ~~governor or council~~ ^{assembly or council} and is not subject to the usury rate limitations of A.S. 45.45.010. [NO MUNICIPAL BOND OR NOTE MAY BEAR AN INTEREST RATE EXCEEDING THE CONTRACT USURY RATE OR INTEREST PROVIDED BY LAW.]

DRAFTED CHANGES RECOMMENDED BY TECHNICAL COMMITTEE - 06 DECEMBER 1980

Sec. 29.51.390. BOND ATTORNEYS, BOND AND FINANCIAL CONSULTANTS.
Repeal.

OK
EXPLANATION: This section is repealed as unnecessary since the governing body has control through approving or disapproving the issuance of bonds. Arguably, contracting is an executive function.