

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILES 86 / 2

782 SCOMM23: TITLE 29 POLICY REVISION ADVISORY COMM. 1980

DRAFTED CHANGES RECOMMENDED BY TECHNICAL COMMITTEE - 06 DECEMBER 1980

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

- or
- (1) on an areawide basis for areawide functions; *fm text*
 - (2) on a ~~noncity~~ 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*

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(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.

↑
looking 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.

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 They are repealed at the request of the State Assessor.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.

CHAPTER 58. MUNICIPAL DEBT.

*Four
Notes*

ARTICLE

1. Revenue Anticipation Notes (§§ 29.58.010--29.58.060)
2. Bond Anticipation Notes (§§ 29.58.070--29.58.140)
3. General Obligation Bonds (§§ 29.58.150--29.58.180)
4. Revenue Bonds (§§ 29.58.200--29.58.230)
5. Refunding Bonds (§§ 29.58.240--29.58.280)
6. Miscellaneous Provisions (§§ 29.58.300--29.58.350)

ARTICLE 1. REVENUE ANTICIPATION NOTES.

SECTION

SECTION

- | | |
|--|--|
| 10. Borrowing in anticipation of revenue | 40. Issuance of notes in anticipation of state, federal grants |
| 20. Issuance of notes | 50. Priority of repayment |
| 30. [REPEALED] | 60. Sale of notes |

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. 29.58.020. 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. 29.58.030. LIMITATION ON ISSUANCE OF NOTES. *REPEALED.* ~~The aggregate amount of revenue anticipation notes at any time outstanding may not exceed 50 percent of the amount of revenues estimated to be collected in the fiscal year in which the notes are issued, less the amount of estimated revenues actually collected in the fiscal year before the issuance of the notes.~~

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. 29.58.050. PRIORITY OF REPAYMENT. The payment of the principal and interest on the 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. 29.58.060. 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.

SECTION

- 70. Bond anticipation borrowing
- 80. Issuance of notes
- 90. Issuance of new notes
- 100. Repayment of notes

SECTION

- 110. Security
- 120. Limitation
- 130. Use of proceeds
- 140. Sale of notes

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. 29.58.080. 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. 29.58.090. 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 order to meet payment of the notes then maturing or shall renew the outstanding bond anticipation notes. New notes issued or renewals of outstanding bond anticipation notes shall bear a maturity date not to exceed one year from the date of issue. Notes, new notes, and renewals of notes shall not be outstanding for a total elapsed time of more than three years.

SEC. 29.58.100. REPAYMENT OF NOTES. Every note is payable from the proceeds of the sale of bonds which the notes anticipated or from the proceeds of the sale of new bond anticipation notes.

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

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

SEC. 29.58.120. LIMITATION. The total amount of notes issued and outstanding shall at no time exceed the total amount of bonds authorized to be issued.

SEC. 29.58.130. USE OF PROCEEDS. The proceeds from the sale of notes shall be used only for the purposes for which the proceeds from the sale of bonds may be used or to meet payment of outstanding bond anticipation notes.

SEC. 29.58.140. SALE OF NOTES. Notes issued under this chapter shall be sold by the municipality in the manner and at a price it determines, at either public or private sale, but no note may be sold for less than par and accrued interest.

ARTICLE 3. GENERAL OBLIGATION BONDS.

SECTION

SECTION

150. General obligation bonds
160. Vote and notice of existing indebtedness required

170. Form and terms of sale
180. Payment

SEC. 29.58.150. GENERAL OBLIGATION BONDS. A municipality may acquire, construct, improve and equip capital improvements and issue negotiable or nonnegotiable general obligation bonds for these purposes.

SEC. 29.58.160. VOTE AND NOTICE OF EXISTING INDEBTEDNESS REQUIRED.

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

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

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

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

(3) the total assessed valuation within the municipality.

SEC. 29.58.170. FORM AND TERMS OF SALE. The assembly or council shall fix the date of the bonds, denominations, maturities, rate of interest, place and manner of payment, redemption terms, registration privileges, manner of execution, and signatures required. 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.

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

(b) General obligation bonds issued for acquiring, constructing, improving and equipping a municipally-owned utility or other

revenue-generating enterprise may be additionally secured by a pledge of the revenue derived from operation. Bonds so secured are not subject to a debt limitation imposed by a borough or city home rule charter.

ARTICLE 4. REVENUE BONDS.

SECTION

- 200. Revenue bonds
- 210. Forms and terms
- 220. Payment
- 230. Operation of AS 37.10.085

See Constitution
SEC. 29.58.200. REVENUE BONDS. (a) 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~~ ^{solely} from [UNPLEDGED] revenue of the public facilities for which the bonds are issued or from revenue of other public revenue-producing facilities. ^A Revenue bonds shall not be payable from taxes or from the general funds of the municipality. *Abd*

(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.

SEC. 29.58.210. FORMS AND TERMS. The assembly or council shall fix the date of the bonds, denominations, maturities, rate or rates of interest, place and manner of payment, redemption terms, registration privileges, manner of execution, signatures required, and other details of the bonds. 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.

SEC. 29.58.220. PAYMENT. Bonds issued under AS 29.58.200-- 29.58.220 or the proceedings of the assembly or council authorizing their issuance may contain the covenants which the assembly or council considers advisable concerning

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

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

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

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

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

SEC. 29.58.230. OPERATION OF AS 37.10.085. 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.

ARTICLE 5. REFUNDING BONDS.

SECTION

240. Authorization
250. Effect of bonds
260. No election required

SECTION

270. Payment of refunding bonds
280. Sale

SEC. 29.58.240. AUTHORIZATION. If a municipality has outstanding general obligation or revenue bonds and the assembly or council determines that it would be financially advantageous to refund the bonds, the assembly or council may provide by ordinance ^{or resolution}

for the issuance of general obligation or revenue refunding bonds.

add

SEC. 29.58.250. EFFECT OF BONDS. The refunding bonds may take up and refund all or any part of outstanding bonds at or before their maturity or redemption date. The assembly or council may include various series and issues of bonds in a single issue of refunding bonds.

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

SEC. 29.58.270. PAYMENT OF REFUNDING BONDS. General obligation refunding bonds are payable according to § 180 of this chapter. Revenue refunding bonds are payable according to § 220 of this chapter.

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

ARTICLE 6. MISCELLANEOUS PROVISIONS.

SECTION

- 300. Public sale
- 310. Interest rate
- 315. Bond attorneys, bond and financial consultants

SECTION

- 320. Redemption before maturity
- 340. Borough indebtedness
- 345. Bonded indebtedness
- 350. Bond Guaranty Fund

SEC. 29.58.300. PUBLIC SALE. The municipality shall ~~sell all bonds at a public or private sale as provided by ordinance.~~ No general obligation bonds may be sold at less than par value.

OK
ALTERNATE SEC. 29.58.300. PUBLIC 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).

SEC. 29.58.310. INTEREST RATE. No municipal bond or note may bear an interest rate exceeding the contract usury rate of interest provided by law.

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

SEC. 29.58.320. REDEMPTION BEFORE MATURITY. A bond or note may be made subject to redemption before maturity as stated in the authorization or in the bond or note.

SEC. 29.58.340. BOROUGH INDEBTEDNESS. (a) Boroughs may incur indebtedness

- (1) on an areawide basis for areawide functions; or
- (2) on a noncity basis for functions performed in the area outside cities only; or
- (3) on a service area basis for functions performed in a service area only.

(b) Payment of debt principal and interest as well as other costs shall be limited to 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.

(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 entire borough is pledged for the payment of the debt 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.

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

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

~~SEC. 29.58.350. BOND GUARANTEE FUND. (a) To guarantee payment by the state of the principal and interest of bonds issued under the enabling authority of § 345 of this chapter, there is in the Department of Community and Regional Affairs a special fund called the local school bond guarantee fund in which there shall be deposited all money appropriated by the legislature for the purpose of the fund and other money which may be made available for the purpose of the fund from any other source. Money in the~~

fund shall be held and applied solely to further guarantee and provide an additional pledge of payment of all bonds issued under the provisions of § 345 of this chapter. Money shall not be withdrawn from the fund if a withdrawal would reduce the amount in the fund to an amount equal to less than the "maximum debt service reserve" (as defined in this section), except for payment of interest then due and payable on bonds and the principal of bonds then maturing and payable and for the retirement of bonds in accordance with the terms of a contract between the municipality and its bondholders and for the payments on account of which interest or principal or retirement of bonds other money is not then available in accordance with the terms of the contract. In this section "maximum debt service reserve" means, as of any date of computation, the largest amount of money required by the terms of all contracts between municipalities and their bondholders as to bonds issued under § 345 of this chapter to be raised in any succeeding calendar year for the payment of interest on and maturing principal of outstanding bonds and payments required by the terms of the contracts to sinking funds established for the payment or redemption of the bonds, all calculated on the assumption that bonds will cease to be outstanding after the date of the computation by reason of the payment of bonds at their respective maturities and the payments of the required money to sinking funds and the application of the money in accordance with the terms of the contracts to the retirement of bonds.

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

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

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

(e) Other provisions of this section notwithstanding, no bonds may be issued carrying the guarantee provided in this section unless there is in the guarantee fund the maximum debt service reserve for all bonds then issued and outstanding and the bonds about to be issued, but nothing prevents or precludes a municipality from satisfying the foregoing requirement by depositing so much of the proceeds of the bonds about to be issued, upon their issuance, as is needed to achieve the maximum debt service reserve.

(f) In order to assure the maintenance of the maximum debt service reserve in the guarantee fund, there is authorized to be appropriated annually and paid to the authority for deposit in the fund, the sum, if any, that is certified by the commissioner of community and regional affairs to the governor as necessary to restore the fund to an amount equal to the maximum debt service reserve. The chairman shall annually, before December 2, deliver to the governor his certificate stating the sum, if any, required to restore the fund to that amount, and the sum so certified is authorized to be appropriated and paid to the fund during the then current state fiscal year.

(g) Nothing in this section may be considered to cause bonds, payment of which is guaranteed from money in the fund established under this section, to be in any way a debt or liability of the state or any political subdivision of the state other than the political subdivision issuing the bonds, and the bonds, whether or not payable from the maximum debt service reserve created and established under this section, shall not create or constitute an indebtedness, liability or obligation of the state or be or constitute a pledge of the faith and credit of the state.

ERIC E. WOHLFORTH
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November 18, 1980

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Dept. of Law
Administration

Ted Berns, Esq.
Municipal Attorney
Municipality of Anchorage
Pouch 6-650
Anchorage, Alaska 99502

Dear Ted:

I have reviewed the draft of Chapter 58 of the Municipal Code regarding Municipal Debt. I have a few suggestions as follows:

1. AS 29.58.030. This section was repealed in 1974. I don't know why it should be reenacted.

2. AS 29.58.160(a). Delete "ordinance." Before the last Title 29 revision most communities put bond questions on the ballot by resolution. Since the public has the final say on bonds at the election the additional public hearing that an ordinance provides seems superfluous. The ordinance procedure also causes timing problems due to the two reading requirement. Since small communities often meet only once or twice per month this can be serious.

3. AS 29.58.200. Subsection (a) seems superfluous; given the broad authority of (c). Thus (a) could simply be deleted. I suggest deleting "except taxes" in (c) since a project may need a limited tax backing short of full faith and credit to be marketable. The Palmer Industrial Park bonds were sold by pledging sales tax revenues. Tax increment financing is another possibility. Similarly if (a) is retained "solely" should be deleted.

4. Industrial Development Bonds. General law municipalities should have the authority to issue the IDB's permitted by Section 103(c) of the Internal Revenue Code as well as home mortgage bonds. A new section permitting this is attached.

Ted Berns, Esq.
November 18, 1980
Page Two

5. AS 29.58.280 and 29.58.300. Delete "at par" and "for an amount not less than par and accrued interest" from 29.58.280 and use alternate 29.58.300. The ability to sell at less than par can be a useful marketing tool.

6. AS 29.58.310. Delete this section which serves no purpose.

7. AS 29.58.340(c). Add the following sentence at the end: "The full faith and credit of the area voting on the indebtedness is pledged for the payment of the debt." This makes it clear that there can be a service area general obligation bond.

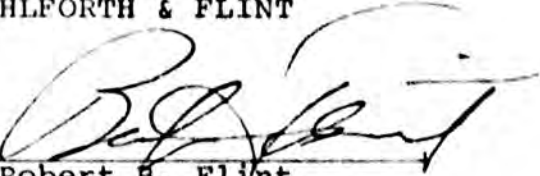
8. AS 29.58.360. Add a new section as follows:

 AS 29.58.360. Service Area Debt. The indebtedness of a service area issued pursuant to §340(a)(3) of this chapter shall remain the indebtedness of the area incurring the debt notwithstanding a subsequent determination by a court that the service area was not validly formed under law or by virtue of a defect in the proceedings creating the service area. Not less than all property within the service area remains subject to taxation to pay the bonded indebtedness.

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 ever been established, leaving the legality of some areas in doubt. This language provides for the continuation of a debt should such an area subsequently be declared to have violated constitutional standards. In effect it creates a de facto service area for the purpose of the debt.

Very truly yours,

WOHLFORTH & FLINT

By 
Robert B. Flint

RBF/am
Attachment
cc: Senator Arliss Sturgulewski

Sec. 29.58.200(c) [or(d) if (a) is retained]. A municipality shall have the power to borrow money and to issue bonds or other evidence of indebtedness for the purpose of promoting economic development in and adjacent to the municipality. Such indebtedness may be authorized by the municipality without a vote of the electorate for obligations which are defined as industrial development bonds by the United States Internal Revenue Code, as amended. The municipality may, with respect to the issuance of such debt, acquire, purchase, lease, construction, sell, sublease or otherwise dispose of projects by action of the council or assembly. No bonds or other indebtedness issued by the municipality under this section shall be repayable from taxes levied by the municipality nor be a charge against the general credit of the municipality.

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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 assembly or council, be exchanged for the bonds being refunded, or may be sold at public or private sale. They may be issued and delivered at any time before the date of maturity or redemption of the refunded bonds.

EXPLANATION: It is felt by bond counsels that the flexibility of allowing a refunding bond to be exchanged or sold at other than par value ought to be provided. It is felt that the policy of notifying the public of the value of bonds should not become an hinderance to obtaining the best deals through discounting bonds. It has become difficult to market revenue bonds at par value according to bond counsels.

DRAFTED CHANGES RECOMMENDED BY TECHNICAL COMMITTEE - 06 DECEMBER 1980

Sec. 29.51.370. PUBLIC SALE. Repeal.

EXPLANATION: This section is repealed as redundant since other provisions deal with the sale of bonds.

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

Repeal.

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.

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

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

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

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

(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.

(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 and the full faith and credit of the area is pledged for the payment of the debt.

(d) no change.

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.

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DRAFTED CHANGES RECOMMENDED BY TECHNICAL COMMITTEE - 06 DECEMBER 1980

^{51.340}
Sec. 29.58.200. SALE ^{OF REFUNDING BONDS.} ^{refunding bonds} General obligation or revenue refunding bonds may, ^{QTY} ~~at~~ the discretion of the assembly or council, be exchanged for the bonds being refunded, or may be sold at public or private sale. They may be issued and delivered at any time before the date of maturity or redemption of the refunded bonds.

^{during}
EXPLANATION: It is felt by bond counsels that the flexibility of allowing a bond to be exchanged or sold at other than par value ought to be provided.

Add material from p. 70

Sec. 29.51.270⁵⁰ 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 bond sales for loans and other expenditures designed to encourage industrial development.

** revenue*

INSERT

§ 37.10.080

ALASKA STATUTES

§ 37.10.087

(d) As used in this section, the term "commissioner of revenue" means the commissioner of revenue or any other officer, board, commission or committee of the state authorized to invest money of the general fund. (§ 1 ch 207 SLA 1970; am §§ 1 — 3 ch 112 SLA 1975)

Revisor's note (1979). — To correct a clerical error, the word "or" has been inserted at the end of AS 37.10.079(b)(1), added by ch. 207, SLA 1970 (HCS CSSB 593 am H). See 1970 House Journal, page 1589.

Effect of amendment. — The 1975 amendment substituted "he may" for "up to \$18,365,000 of them may be used to" in subsection (a), and in paragraph (2) of subsection (b), substituted the language

beginning "the bonds cannot be sold" for "the buyer has proper cause to avoid his contract for the purchase of the bonds" at the end of subparagraph (B), deleted subparagraph (C), and inserted the language beginning "municipality is" and ending "so that the" in subparagraph (D). The amendment also so changed subsection (c) that a detailed comparison is impracticable.

Sec. 37.10.080. Sale of bonds held as investments. Bonds purchased by the Department of Revenue for the benefit of the state from funds set apart for a specific purpose may be sold by the Department of Revenue at the terms and conditions which the governor approves, and the money received shall be credited to the fund for which the bonds were purchased. (§ 13-1-3 ACLA 1949)

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. (~~§§ 4-2-1, 12-1-3 ACLA 1949~~)

Bond issue to encourage industrial development. — A general obligation bond issue for the purpose of encouraging industrial development within a municipality was held valid in *Wright v. City of Palmer*, Sup. Ct. Op. No. 605 (File No. 1192), 468 P.2d 326 (1970).

Quoted in *Burton v. Matanuska Valley Lines*, 17 Alas. 298, 244 F.2d 647 (9th Cir. 1957).

ALR references. — Encouragement or promotion of industry not in nature of public utility, carried on by private enterprise, as public purpose for which public money may be appropriated, 112 ALR 571.

Validity, construction and effect of statutes authorizing public funds for urban redevelopment by private enterprise, 44 ALR2d 1420, 1431.

Sec. 37.10.087. Loans to bond construction funds. (a) When a construction fund or account established to receive the proceeds of state general obligation bonds is temporarily exhausted the commissioner of administration on recommendation of the state bond committee, and with the approval of the Legislative Budget and Audit Committee, may temporarily transfer money from the general fund to the bond construction fund or account.

(b) Transfers under (a) of this section may be made only when the commissioner of revenue determines and certifies to the state bond committee that there is in the general fund an amount sufficient to meet current cash expenditure needs of the state.

Explanation: The following 32 provision is made inapplicable + the use of proceeds from revenue bonds:

It is felt by bond counselors that this section currently prohibits municipalities from having proceeds to bond

industrial
to encourage
development
and other expenditures
development.

DRAFTED CHANGES RECOMMENDED BY TECHNICAL COMMITTEE - 06 DECEMBER 1980

Sec. 29.51.370. PUBLIC SALE. ^{Repeal} ~~The municipality shall sell all bonds at a public or private sale as provided by ordinance.~~

EXPLANATION: ~~The requirement that no bonds be sold at less than par value has been eliminated.~~ It is felt that the policy of notifying the public of the value of bonds should not become a hinderance to obtaining the best deals through discounting bonds. It has become difficult to market revenue bonds at par value according to bond counsels. → p.69

This section is repealed as redundant since other provision deal with the sale of bonds.

DRAFTED CHANGES RECOMMENDED BY TECHNICAL COMMITTEE - 06 DECEMBER 1980

^{51.390}
Sec. 29.58.315. BOND ATTORNEYS, BOND AND FINANCIAL CONSULTANTS.

Repeal.

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.

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

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

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

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

(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.

(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 and the full faith and credit of the area is pledged for the payment of the debt.

(d) no change.

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.

DRAFTED CHANGES RECOMMENDED BY TECHNICAL COMMITTEE - 06 DECEMBER 1980

^{51.420}
Sec. 29.58.345. BONDED INDEBTEDNESS FOR SCHOOL CONSTRUCTION.

Repeal.

^{51.430}
Sec. 29.58.350. 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.

Sec. 37.30.100. PROHIBITED BIDDING ON BONDS. Repeal.

EXPLANATION: It is felt that this section should be repealed because it unduly restricts the selling of bonds. ~~This It~~ creates a hardship on smaller municipalities which may have only one financial advisor available. The municipality is protected by SEC disclosure requirements and by the fact that a "person" can't buy bonds without permission of the municipality. Also (b) created a cloud on bonds, since there ~~was~~ always a possibility that they ~~were~~ void if the wrong person provided marketing assistance.

Sec. 37.30.100. PROHIBITED BIDDING ON BONDS. Repeal.

EXPLANATION: It is felt that this section should be repealed because it unduly restricts the selling of bonds. This creates a hardship on smaller municipalities which may have ^{only} ~~to depend on~~ one financial advisor ^{available} ~~for both~~ ~~financial planning and the sale of bonds~~. The municipality ^{is protected} ~~by Federal SEC disclosure requirements and by the fact that a~~ ^(Set out section) "person" can't buy bonds without permission of the municipality. Also (b) created a cloud on bonds, since there was always a possibility that they were void if the wrong person provided marketing assistance.

ALTERNATE 1.

AS 37.30.100 is repealed.

SEC. 29.58.317. PROHIBITED BIDDING ON BONDS. (a) No person who provides financial programming or marketing assistance to a political subdivision of the state, whether home rule or otherwise, in connection with the issuance or sale of general obligation bonds, revenue bonds or bond anticipation notes of the political subdivision may bid on the bonds or notes if offered at public sale, or negotiate for their purpose if sold at private sale.

(b) The sale of general obligation, revenue bonds or bond anticipation notes of a political subdivision to a person prohibited from bidding on, or negotiating for the sale of bonds or notes under (a) of this section is against public policy and the sale is void.

(c) In this section "person" means an individual, firm, agent, factor, intermediary, partnership, corporation, association, bond house, stockbroker or bond broker.

→ ALTERNATE 2.

AS 37.30.100 is repealed.

OK
approved.

Cuts down on people who bid on your bonds and on competent people to advise a town. Now there is a ^{SEC} fed. disclosure requirement to municipality & "person" can't buy ¹ without permission of municipality anyway.
Problem is with smaller communities. Always a cloud over bonds as void under (b) — who provided marketing assistance?

and (2) the original obligation date is not more than two years from the requested date of disbursement. (§ 1 ch 113 SLA 1962)

Sec. 37.25.020. Unexpended balances of appropriation for capital projects. An appropriation made for a capital project is valid for the life of the project and the unexpended balance shall be carried forward to subsequent fiscal years. Between July 1 and August 31 of each fiscal year, a statement supporting the amount of the unexpended balance required to complete the projects for which the initial appropriation was made and the amount that may be lapsed shall be recorded with the Department of Administration. (§ 2 ch 113 SLA 1962)

Chapter 30. Local Government Bonding.

Article

1. Anticipatory Borrowing (Repealed)
2. Restrictions on Sale of Bonds and Bond Anticipation Notes (§ 37.30.100)

Article 1. Anticipatory Borrowing.

Section

0—90. [Repealed]

Secs. 37.30.010 — 37.30.090.

Repealed by § 1 ch. 118 SLA 1972.

Editor's note. — The repealed article derived from § 1, ch. 117, SLA 1964; § 1, ch. 189, SLA 1970.

Article 2. Restrictions on Sale of Bonds and Bond Anticipation Notes.

Section

100. Prohibited bidding on bonds

Sec. 37.30.100. Prohibited bidding on bonds. (a) No person who provides financial programming or marketing assistance to a political subdivision of the state, whether home rule or otherwise, in connection with the issuance or sale of general obligation bonds, revenue bonds or bond anticipation notes of the political subdivision may bid on the bonds or notes if offered at public sale, or negotiate for their purchase if sold at private sale.

(b) The sale of general obligation, revenue bonds or bond anticipation notes of a political subdivision to a person prohibited from bidding on, or negotiating for the sale of bonds or notes under (a) of this section is against public policy and the sale is void.

(c) In this section "person" means an individual, firm, agent, factor, intermediary, partnership, corporation, association, bond house, stockbroker or bond broker. (~~§ 3 ch. 102 SLA 1974~~)

~~Sec. 29.51.440. ~~SERVICE~~ AREA DEBT.~~

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 where 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.

CHAPTER 58. MUNICIPAL DEBT.

ARTICLE

1. Revenue Anticipation Notes (§§ 29.58.010--29.58.060)
2. Bond Anticipation Notes (§§ 29.58.070--29.58.140)
3. General Obligation Bonds (§§ 29.58.150--29.58.180)
4. Revenue Bonds (§§ 29.58.200--29.58.230)
5. Refunding Bonds (§§ 29.58.240--29.58.280)
6. Miscellaneous Provisions (§§ 29.58.300--29.58.350)

ARTICLE 1. REVENUE ANTICIPATION NOTES.

SECTION

SECTION

- | | |
|--|--|
| 10. Borrowing in anticipation of revenue | 40. Issuance of notes in anticipation of state, federal grants |
| 20. Issuance of notes | 50. Priority of repayment |
| 30. [REPEALED] | 60. Sale of notes |

*No change
Do not
Type*

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.

*No change
Do not
Type*

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.

Repealed

SEC. 29.58.030. LIMITATION ON ISSUANCE OF NOTES. ~~The aggregate amount of revenue anticipation notes at any time outstanding may not exceed 50 percent of the amount of revenues estimated to be collected in the fiscal year in which the notes are issued, less the amount of estimated revenues actually collected in the fiscal year before the issuance of the notes.~~

*Do not
Type*

SEC. 29.58.040. ISSUANCE OF NOTES IN ANTICIPATION OF STATE,

No change
Do not
sup
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.

No change
Do not
sup
SEC. 29.58.050. PRIORITY OF REPAYMENT. The payment of the principal and interest on the 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.

No change
Do not
sup
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.

SECTION

70. Bond anticipation borrowing
80. Issuance of notes
90. Issuance of new notes
100. Repayment of notes

SECTION

110. Security
120. Limitation
130. Use of proceeds
140. Sale of notes

*No change
Do not
type*

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.

*No change
Do not
type*

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.

*No change
Do not
type*

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

*No change
Do not
type*

SEC. 29.58.100. REPAYMENT OF NOTES. Every note is payable from the proceeds of the sale of bonds which the notes anticipated or from the proceeds of the sale of new bond anticipation notes.

*No change
Do not
type*

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

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

*No change
Do not
type*

SEC. 29.58.120. LIMITATION. The total amount of notes issued and outstanding shall at no time exceed the total amount of bonds authorized to be issued.

*No change
Do not
type*

SEC. 29.58.130. USE OF PROCEEDS. The proceeds from the sale of notes shall be used only for the purposes for which the proceeds from the sale of bonds may be used or to meet payment of outstanding bond anticipation notes.

*No change
Do not
type*

SEC. 29.58.140. SALE OF NOTES. Notes issued under this chapter shall be sold by the municipality in the manner and at a price it determines, at either public or private sale, but no note may be sold for less than par and accrued interest.

ARTICLE 3. GENERAL OBLIGATION BONDS.

SECTION

SECTION

150. General obligation bonds
160. Vote and notice of existing indebtedness required

170. Form and terms of sale
180. Payment

*No change
Do not
type*

SEC. 29.58.150. GENERAL OBLIGATION BONDS. A municipality may acquire, construct, improve and equip capital improvements and issue negotiable or nonnegotiable general obligation bonds for these purposes.

SEC. 29.58.160. VOTE AND NOTICE OF EXISTING INDEBTEDNESS REQUIRED.

No change
Do not type
(a) A municipality may incur general obligation bond debt only after a bond authorization ordinance ~~is approved~~ by a majority of those voting on the question at a regular or special election. Any municipal voter may vote in the bond election, except as otherwise provided by charter or law.

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

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

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

(3) the total assessed valuation within the municipality.

No change
Do not type
SEC. 29.58.170. FORM AND TERMS OF SALE. The assembly or council shall fix the date of the bonds, denominations, maturities, rate of interest, place and manner of payment, redemption terms, registration privileges, manner of execution, and signatures required. 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.

No change
Do not type
SEC. 29.58.180. PAYMENT. (a) The full faith and credit of a municipality are pledged for the payment of principal and interest on general obligation bonds. The municipality may levy ad valorem taxes for payment without limitation of rate or amount to pay or secure the payment of the principal and interest on bonds, regardless of whether the bonds are in default or in danger of default.

(b) General obligation bonds issued for acquiring, constructing, improving and equipping a municipally-owned utility or other

revenue-generating enterprise may be additionally secured by a pledge of the revenue derived from operation. Bonds so secured are not subject to a debt limitation imposed by a borough or city home rule charter.

ARTICLE 4. REVENUE BONDS.

SECTION

200. Revenue bonds
210. Forms and terms
220. Payment
230. Operation of AS 37.10.085

SEC. 29.58.200. REVENUE BONDS. (a) 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~~ ^{secured} ~~solely~~ ^[SOLELY] from [UNPLEDGED] revenue of the public facilities for which the bonds are issued or from revenue of other public revenue-producing facilities. Revenue bonds shall not be payable from taxes or from the general funds of the municipality.

(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~~ ^{may be secured and 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.

SEC. 29.58.210. FORMS AND TERMS. The assembly or council shall fix the date of the bonds, denominations, maturities, rate or rates of interest, place and manner of payment, redemption terms, registration privileges, manner of execution, signatures required, and other details of the bonds. 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.

SEC. 29.58.220. PAYMENT. Bonds issued under AS 29.58.200--

29.58.220 or the proceedings of the assembly or council authorizing their issuance may contain the covenants which the assembly or council considers advisable concerning

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

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

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

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

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

51.280. Construction
SEC. 29.58.230. ~~OPERATION OF AS 37.10.085.~~ 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.

municipality may want to issue bonds & use proceeds to loan (Industrial development) Bond counsel have raised as a concern esp. where municipalities get into industrial dev.
ARTICLE 5. REFUNDING BONDS.

SECTION

240. Authorization
250. Effect of bonds
260. No election required

SECTION

270. Payment of refunding bonds
280. Sale

SEC. 29.58.240. AUTHORIZATION. If a municipality has outstanding general obligation or revenue bonds and the assembly or council determines that it would be financially advantageous to refund the bonds, the assembly or council may ^{authorize} ~~provide~~ ^{on resolution} by ordinance

Acting quickly to gain advantage in bond market
-7-

for the issuance of general obligation or revenue refunding bonds. *Terms of refunding bonds may be established by resolution*

*No Change
Do Not
type*

SEC. 29.58.250. EFFECT OF BONDS. The refunding bonds may take up and refund all or any part of outstanding bonds at or before their maturity or redemption date. The assembly or council may include various series and issues of bonds in a single issue of refunding bonds.

*No Change
Do Not
type*

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

*No Change
Do Not
type*

SEC. 29.58.270. PAYMENT OF REFUNDING BONDS. General obligation refunding bonds are payable according to § 180 of this chapter. Revenue refunding bonds are payable according to § 220 of this chapter.

SEC. 29.58.280. SALE. General obligation or revenue refunding bonds may, in the discretion of the assembly or council, be exchanged ~~at par~~ for the bonds being refunded, or may be sold at public or private sale, ~~for an amount not less than par and accrued interest~~. They may be issued and delivered at any time before the date of maturity or redemption of the refunded bonds.

EXPLANATION: It is felt by bond managers that the flexibility of allowing a bond to be exchanged at other than par value ought to be provided. This section reflects the requirement that bonds be sold at not less than par.

ARTICLE 6. MISCELLANEOUS PROVISIONS.

SECTION

- 300. Public sale
- 310. Interest rate
- 315. Bond attorneys, bond and financial consultants

SECTION

- 320. Redemption before maturity
- 340. Borough indebtedness
- 345. Bonded indebtedness
- 350. Bond Guaranty Fund

Id. 51.370



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EXPLANATION: The requirement that no bonds be sold at less than par value has been eliminated. It is felt that the policy of notifying the public of the value of bonds should not become a hindrance to obtaining the best financial deals through discounting bonds. It has become difficult to market revenue bonds at par value according to bond covenants.

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repealed
SEC. 29.58.300. PUBLIC SALE. The municipality shall sell all bonds at a public or private sale as provided by ordinance. No general obligation bonds may be sold at less than par value.

*change
etc*
^{51.370}
ALTERNATE SEC. 29.58.300. PUBLIC 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)~~.

Add Explanation
~~And to market revenue bonds at par. Policy behind this is notice to public of value of bonds, shouldn't hinder financial experts in getting best deal this demand.~~

Hold
SEC. 29.58.310. INTEREST RATE. No municipal bond or note may bear an interest rate exceeding the contract usury rate of interest provided by law.

*repeal
legally
to lose
executive
powers*
SEC. 29.58.315. BOND ATTORNEYS, BOND AND FINANCIAL CONSULTANTS. *Repeal.*
The governing body or its designee of a home rule or general law municipality shall be the sole contracting authority for bond attorneys, bond consultants and financial consultants engaged in long-range financial planning of the municipality which leads to sale of bonds.

unnecessary assembly has control over approving bonds for protection
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.

*No
change*
SEC. 29.58.320. REDEMPTION BEFORE MATURITY. A bond or note may be made subject to redemption before maturity as stated in the authorization or in the bond or note.

^{51.410}
SEC. 29.58.340. BOROUGH INDEBTEDNESS. ^{Ab} (a) ~~Boroughs~~ may incur indebtedness

- (1) on an areawide basis for areawide functions; or
- (2) on a noncity basis for functions performed in the area outside cities only; or
- (3) on a service area basis for functions performed in a service area only.

(b) Payment of debt principal and interest as well as other costs shall be ~~limited~~ ^{derived from} to 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.

(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 entire borough is pledged for the payment of the debt 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 *and the full faith and credit of the area is pledged for the payment of the debt.*

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

No change

(d) No change. *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.*

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

Proposed eliminating
no one has
used
It's used to be
in law
Jacobson
Roberts
Montgale

repeal

SEC. 29.58.350. BOND GUARANTEE FUND. (a) To guarantee payment by the state of the principal and interest of bonds issued under the enabling authority of § 345 of this chapter, there is in the Department of Community and Regional Affairs a special fund called the local school bond guarantee fund in which there shall be deposited all money appropriated by the legislature for the purpose of the fund and other money which may be made available for the purpose of the fund from any other source. Money in the

repeal

Sec. 29.51.420. Bonded indebtedness for school construction. *Repeal.*

Sec. 29.51.430 Bond Guarantee Fund. *Repeal*
These sections have never been used and appear to

they are repealed at the request of the State Assembly.

fund shall be held and applied solely to further guarantee and provide an additional pledge of payment of all bonds issued under the provisions of § 345 of this chapter. Money shall not be withdrawn from the fund if a withdrawal would reduce the amount in the fund to an amount equal to less than the "maximum debt service reserve" (as defined in this section), except for payment of interest then due and payable on bonds and the principal of bonds then maturing and payable and for the retirement of bonds in accordance with the terms of a contract between the municipality and its bondholders and for the payments on account of which interest or principal or retirement of bonds other money is not then available in accordance with the terms of the contract. In this section "maximum debt service reserve" means, as of any date of computation, the largest amount of money required by the terms of all contracts between municipalities and their bondholders as to bonds issued under § 345 of this chapter to be raised in any succeeding calendar year for the payment of interest on and maturing principal of outstanding bonds and payments required by the terms of the contracts to sinking funds established for the payment or redemption of the bonds, all calculated on the assumption that bonds will cease to be outstanding after the date of the computation by reason of the payment of bonds at their respective maturities and the payments of the required money to sinking funds and the application of the money in accordance with the terms of the contracts to the retirement of bonds.

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

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

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

(e) Other provisions of this section notwithstanding, no bonds may be issued carrying the guarantee provided in this section unless there is in the guarantee fund the maximum debt service reserve for all bonds then issued and outstanding and the bonds about to be issued, but nothing prevents or precludes a municipality from satisfying the foregoing requirement by depositing so much of the proceeds of the bonds about to be issued, upon their issuance, as is needed to achieve the maximum debt service reserve.

(f) In order to assure the maintenance of the maximum debt service reserve in the guarantee fund, there is authorized to be appropriated annually and paid to the authority for deposit in the fund, the sum, if any, that is certified by the commissioner of community and regional affairs to the governor as necessary to restore the fund to an amount equal to the maximum debt service reserve. The chairman shall annually, before December 2, deliver to the governor his certificate stating the sum, if any, required to restore the fund to that amount, and the sum so certified is authorized to be appropriated and paid to the fund during the then current state fiscal year.

(g) Nothing in this section may be considered to cause bonds, payment of which is guaranteed from money in the fund established under this section, to be in any way a debt or liability of the state or any political subdivision of the state other than the political subdivision issuing the bonds, and the bonds, whether or not payable from the maximum debt service reserve created and established under this section, shall not create or constitute an indebtedness, liability or obligation of the state or be or constitute a pledge of the faith and credit of the state.

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CHAPTER 62. STATE PROGRAMS

(CHAPTER 88. MUNICIPAL TAX RESOURCE EQUALIZATION)

ARTICLE 1. MUNICIPAL TAX RESOURCE EQUALIZATION

Sec. 29.62.010. (Sec. 29.88.010.) STATE EQUALIZATION OF TAX RESOURCES FOR LOCAL GOVERNMENT SERVICES. (a) During each fiscal year the department shall compute an equalization entitlement for local government services provided by a taxing unit.

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

Entitlement = $P \times R$ where P = population, and R = millage rate equivalent, determined by dividing the sum of the locally generated revenue of the taxing unit by one-tenth of one percent (0.1) of the full and true value of assessed property of the taxing unit determined under AS 29.88.020(d); however, the property value used under this subsection may not be less than 15 percent of the statewide average per capita full and true assessed property value.

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

(1) includes

(A) the actual revenue derived from the levy and collection of local taxes in the taxing unit for local government services during the preceding fiscal year of the taxing unit;

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

(C) revenue from fees, rentals, leases, penalties, licenses or permits received during the preceding fiscal year by the municipality for a function or service over which it has control, including revenues derived from parks and recreation ser-

1 vices, mass transit, offstreet parking, and garbage and solid
2 waste disposal services;

3 (D) special assessments received during the preceding
4 fiscal year; and

5 (E) payments received by a municipality from a utility
6 which are in place of taxes levied and collected by the munici-
7 pality;

8 (2) excludes

9 (A) revenue derived from the levy and collection of
10 municipal taxes and appropriated for the operating expenses and
11 debt service of utilities;

12 (B) revenue from interest earned on investments and
13 from
14 the sale and lease of land or equipment; and

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

16 Sec. 29.62.020. (Sec. 29.88.015.) DETERMINATION OF POPULATION. (a)
17 For purposes of this chapter, the population of a taxing unit shall be
18 determined annually by the latest figures of the United States Bureau of the
19 Census or other population data which, in the judgment of the department, is
20 reliable.

21 (b) The population of the taxing unit includes the population of
22 any military reservation which is a part of the taxing unit.

23 Sec. 29.62.030. (Sec. 29.88.020.) DETERMINATION OF MILLAGE RATE
24 EQUIVALENT. (a) The department may require a municipality to return a
25 certification, signed by the municipal treasurer or manager and the mayor,
26 which provides an estimate of the locally generated revenue received by the
27 municipality during the preceding fiscal year.

28 (b) By October 15 of each year, the department shall make an initial
29 determination of the millage rate equivalent of each taxing unit to be used

1 for computing and distributing equalization entitlements for the current
2 fiscal year under this chapter. The department shall base the initial
3 determination on the estimates in the certification returned by a
4 municipality under (a) of this section.

5 (c) As early as possible, but not later than December 15 of each
6 year, the department shall make a final determination of the millage rate
7 equivalent of each taxing unit to use to compute and distribute equalization
8 entitlements under this chapter. The department shall base the
9 determination on audits, financial statements and other financial reports
10 prepared and submitted by a municipality. The department shall adjust the
11 locally generated revenue reported by a municipality to exclude the
12 municipal revenue claimed by the municipality which does not qualify for
13 inclusion in or recognition as locally generated revenue for local
14 government purposes under AS 29.88.010(c)(1). The adjustment shall be made
15 by deducting from total revenue claimed by the municipality the amount of
16 the department's estimate of revenue which is not recognized for local
17 government purposes.

18 (d) The full and true assessed property value shall be determined
19 by the department in the manner provided for the computation of state aid to
20 education under AS 14.17.140. When the determination of locally generated
21 revenue includes revenue of a utility received under AS 29.88.010(c)(1)(E),
22 the full and true assessed property value shall include the computed
23 assessed value of the utility, determined by dividing the amount of the
24 payment in place of taxes made by the utility by the millage rate which
25 would apply to the utility if the utility were subject to levy and
26 collection of taxes under AS 29.53.

27 (e) In addition to the computation for municipalities which levy
28 and collect a property tax, the department shall determine an estimated full
29 and true assessed property value under (d) of this section for

1 (1) each municipality which is a school district and which
2 does not levy and collect a property tax;

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

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

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

13 Sec. 29.62.040. (Sec. AS 29.88.025.) REPORTS. A payment of an
14 equalization entitlement may not be made to a municipality under this
15 chapter until the municipality has submitted its certificate of estimated
16 revenue and its financial report to the department for the fiscal year
17 preceding the year for which the equalization entitlement is sought,
18 together with a budget for the municipality's current fiscal year. The
19 financial report shall include a listing of general revenue collected from
20 taxes levied and assessed by the municipality and any other revenue which,
21 in the opinion of the municipal officials, is eligible for inclusion in
22 computations of the locally generated revenue of the taxing unit.

23 Sec. 29.62.050. (Sec. 29.88.030.) LIMITATION ON COMPUTATION AND USE
24 OF PAYMENTS. (a) An equalization entitlement generated by the general tax
25 levy of a taxing unit may be used only for authorized expenditures of that
26 taxing unit, but up to 15 percent of the payment of an equalization
27 entitlement generated by areawide revenue of a municipality may be used by
28 the municipality for areawide or nonareawide purposes at the discretion of
29 its assembly or council.

1 (b) An equalization entitlement determined with reference to
2 revenue other than revenue obtained from the levy and collection of taxes
3 may be used for areawide or nonareawide purposes, at the discretion of the
4 assembly or council.

5 Sec. 29.62.060. (Sec. 29.88.035.) TAX EQUALIZATION ACCOUNT. The tax
6 equalization account is established. Money to carry out the provisions of
7 this chapter shall be allocated by the department to the account. The
8 amount allocated to the account shall be fully distributed by the department
9 as payments to municipalities to fulfill each municipality's share
10 authorized under AS 29.62.010. (AS 29.88.010.). The amount allocated to the
11 account shall be distributed by the department pro rata among eligible
12 municipalities.

13 Sec. 29.62.070. (Sec. 29.88.040.) ADMINISTRATION. (a) The
14 department may adopt regulations necessary to implement this chapter. The
15 regulations shall include, among other provisions,

16 (1) procedures and filing dates for submitting certification
17 and financial reports;

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

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

26 (b) The department shall make reasonable efforts to advise and
27 assist municipalities in collecting information and completing reports
28 necessary for the determination of entitlements under this chapter.
29

(c) The department shall, by regulation, classify for inclusion or exclusion as a component of a municipality's millage rate equivalent under AS 29.62.010 (AS 29.88.010) any tax revenue appropriated for a utility not included in the definition set out in AS 29.62.080(4) [(AS 29.88.045(4))].

Sec. 29.62.080. (Sec. 29.88.045.) DEFINITIONS. In this chapter

(1) "department" means the department of Community and Regional Affairs;

(2) "municipality" means a city, borough or unified municipality incorporated under the laws of the state;

(3) "taxing unit" means a municipality and

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

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

(4) "utilities" means electricity, water, sewer, gas heat, or telephone services, and refuse and garbage collection services.

Article 2. STATE AID FOR MISCELLANEOUS MUNICIPAL PURPOSES

(CHAPTER 89. STATE AID FOR MISCELLANEOUS MUNICIPAL PURPOSES.)

Sec. 29.62.110. (Sec. 29.89.010.) REVENUE SHARING PAYABLE. In addition to the equalization entitlements paid under AS 29.62 (AS 29.88), during each fiscal year the department shall pay aid

(1) to a municipality or other eligible recipient which has the power to provide the services described in AS 29.62.030 - AS 29.62.070 (AS 29.88.020 - AS 29.88.040) and exercises the power in the manner required by this chapter;

(2) to a Native village government under AS 29.62.150 (AS 29.89.050).

Sec. 29.62.120. (Sec. 29.89.020.) STATE AID TO MUNICIPALITIES FOR ROADS. (a) The department shall pay to a municipality which has power to

1 provide for road maintenance and exercises that power, \$2,500 a mile for
2 each mile of road, street or highway maintained by the local government,
3 excluding (1) the official state highway system, (2) roads, streets or
4 highways not dedicated to public use, (3) roads, streets or highways
5 maintained under the local service road program (AS 19.30.111 - 19.30.251),
6 and (4) alleyways, in accordance with regulations adopted by the Department
7 of Transportation and Public Facilities. A payment may not be made under
8 this subsection for maintenance of a road which is not used by automotive
9 equipment.

10 (b) A frozen waterway and a connection from an inhabited area to
11 a waterway which may be safely used for public transportation by automotive
12 equipment and is so used during a portion of a year is eligible for a
13 payment of \$1,500 per mile if the waterway and connection are maintained
14 during the period of use by a municipality or combination of municipalities.
15 The department, after consultation with the Department of Transportation and
16 Public Facilities, shall determine which waterways and connections qualify
17 and, where the waterways or connections lie outside the corporate limits of
18 a municipality, which municipalities shall receive the payments under this
19 subsection, unless the municipalities involved have agreed in writing to a
20 particular distribution.

21 Sec. 29.62.130. (Sec. 29.89.030.) STATE AID TO MUNICIPALITIES AND
22 OTHER ELIGIBLE RECIPIENTS FOR HEALTH FACILITIES AND HOSPITALS. (a) The
23 department shall pay

24 (1) to a municipality which has the power to provide
25 hospital facilities and services and which exercises that power, \$1,000 per
26 bed for each bed actually used for patient care, limited to the number of
27 beds provided for in the construction design of the hospital, or \$75,000 a
28 hospital for those hospitals with 10 or more beds, or \$25,000 a hospital for
29 those hospitals with less than 10 beds, as the municipality may elect; money

received under this paragraph may be used only for hospitals and shall be apportioned among qualifying hospitals as the municipality determines;

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

(3) to a municipality in which a health facility is operated, \$1,000 per bed for each bed actually used for patient care, limited to the number of beds provided for in the construction design of the health facility, or \$4,000 per health facility as the municipality determines.

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

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

(d) Before money may be distributed under this section, the commissioner of health and social services shall certify to the commissioner of community and regional affairs that any accumulation of assets by nonprofit corporations or other recipients under this section is dedicated irrevocably to a public purpose.

1 Sec. 29.62.140. (Sec. 29.89.040.) STATE AID TO VOLUNTEER FIRE

2 DEPARTMENTS IN THE UNORGANIZED BOROUGH. (a) The department shall pay to a
3 volunteer fire department registered with the state fire marshal and serving
4 an area not in an organized borough or city a sum for protection purposes
5 equal to \$10 per capita for the population served by the department, as
6 determined by the state fire marshal.

7 (b) A grant shall be made under (a) of this section to facilitate
8 the organization of a volunteer fire department in an area not in an
9 organized borough or city, upon application of the proposed fire protection
10 group to the state fire marshal and upon approval of applications according
11 to standards of organization and service prescribed by regulations adopted
12 by the state fire marshal.

13 Sec. 29.62.150. (Sec. 29.89.050.) STATE AID TO NATIVE VILLAGE
14 GOVERNMENTS. The state shall pay \$25,000 to a Native village government for
15 a village which is not incorporated as a city under this title. In this
16 section, "Native village government" means

17 (1) a local governing body organized by authority of the Act
18 of Congress of June 18, 1934 (25 U.S.C. sec. 476); or

19 (2) a traditional village council or, if there is no
20 traditional village council, the paramount chief or other governing body of
21 a Native village which meets the requirements of the Alaska Native Claims
22 Settlement Act (43 U.S.C. sec 1601 - 1628).

23 Sec. 29.62.160. (Sec. 29.89.060.) POPULATION DETERMINATION. For
24 purposes of this chapter, population shall be determined by the latest
25 figures of the United States Bureau of the Census or other reliable pop-
26 ulation data, including but not limited to public school enrollment figures,
27 public utility connection, registered voters or certified employment
28 payrolls.
29

1 Sec. 29.62.170. (Sec. 29.89.070.) AREA COST-OF-LIVING DIFFERENTIAL.

2 (a) Payments to a municipality or other eligible recipient under
3 AS 29.62.120 - 29.62.130 (AS 29.89.020 - 29.89.030) shall reflect area
4 cost-of-living differentials. Payments shall be based upon the sum of per
5 capita, per mile and per bed or facility grants due each municipality or
6 other recipient multiplied by the appropriate area cost-of-living
7 differential. The area cost-of-living differential for each recipient shall
8 be determined annually by election district under the provisions of AS
9 39.27.030. Application of the area cost-of-living differential may not
10 result in distribution of an amount less than the amount of the payment
11 determined without reference to application of this section.

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

17 Sec. 29.62.180. (Sec. 29.89.080.) MISCELLANEOUS SERVICES ACCOUNT. The
18 miscellaneous services account is established. Money to carry out the
19 provisions of this chapter shall be allocated by the department to the
20 account in accordance with AS 29.95.010. If amounts in the account are
21 insufficient to pay each municipality's or other recipient's share
22 authorized under this chapter, the amounts which are available shall be
23 distributed pro rata among eligible municipalities and other recipients.

24 Sec. 29.62.190. (Sec. 29.89.090.) REGULATIONS. The department shall
25 adopt regulations necessary to carry out the purposes of this chapter. The
26 regulations shall include minimum standards required to qualify a
27 municipality or other recipient for payments for each service. The
28 department may require a municipality or other recipient to submit a
29 performance report adequate to demonstrate to the department that a service

1 for which payment is requested under this chapter was performed by the
2 municipality or other recipient and meets minimum standards of service
3 prescribed by regulation.

4 Sec. 29.62.200. (Sec. 29.89.100.) DEFINITIONS. In this chapter

5 (1) "department" means the Department of Community and
6 Regional Affairs;

7 (2) "health facility"

8 (A) means a facility which is licensed, when required,
9 by the state under AS 18.20.010-18.20.130 and which is owned
10 or operated or both by a municipality or by a nonprofit
11 corporation or other nonprofit sponsor;

12 (B) includes a public health center, maternity home,
13 community mental health center, facility for the mentally or
14 physically handicapped, nursing home or convalescent center;

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

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

21 Article 3. STATE AID FOR HOSPITAL CONSTRUCTION

22 (CHAPTER 90. STATE AID FOR HOSPITAL CONSTRUCTION)

23 Sec. 29.62.230. (Sec. 29.90.010.) STATE AID FOR HOSPITAL
24 CONSTRUCTION. If construction of a hospital began after January 1, 1968, and
25 state matching aid for construction approved for payment to the municipality
26 or other hospital sponsor constitutes less than 25 percent of the total
27 project cost, the department shall pay to the municipality or other hospital
28 sponsor each fiscal year \$2,500 a bed for the maximum number of beds
29 provided for in the construction design of the facility or five percent of

1 the total project cost, whichever is greater. State aid provided for in
2 this section shall continue until the municipality or other hospital sponsor
3 has received an amount which, combined with state matching money for
4 construction of the hospital, equals 25 percent of the total project cost.
5 Money received for construction may not be used for any other purpose.

6 Sec. 29.62.240. (Sec. 29.90.020.) HOSPITAL CONSTRUCTION ASSISTANCE
7 ACCOUNT. The hospital construction assistance account is established. Money
8 to carry out the provisions of this chapter shall be allocated by the
9 department to the account in accordance with AS 29.62.280 (AS 29.95.010). If
10 amounts in the account are insufficient to pay each recipient's share
11 authorized under this chapter, the amounts which are available shall be
12 distributed pro rata among eligible recipients.

13 Sec. 29.62.250. (Sec. 29.90.030.) DEFINITIONS. In this chapter

14 (1) "department" means the Department of Community and
15 Regional Affairs;

16 (2) "hospital" means a licensed hospital determined by the
17 Department of Health and Social Services to be a general hospital; the term
18 excludes a facility operated or wholly supported by the state or the federal
19 government;

20 (3) "total project cost" means
21 (A) costs directly related to the project; and
22 (B) the total of all costs of financing and carrying
23 out the project, including but not limited to,

24 (i) the costs of all necessary studies, surveys,
25 plans and specifications, architectural, engineering or other
26 special services, acquisition of real property, site pre-
27 paration and development, purchase, construction,
28 reconstruction and improvement of real property, and the
29 acquisition of machinery and equipment as may be necessary in
connection with the project;

1 (ii) an allocable portion of the administrative and
2 operating expenses of the municipality or other hospital
3 sponsor;

4 (iii) the cost of financing the project, including
5 interest on bonds issued to finance the project; and

6 (iv) the cost of other items, including any
7 indemnity and surety bonds and premiums on insurance, legal
8 fees, fees and expenses of trustees, depositaries, financial
9 advisors, and paying agents for the bonds issued as the
10 issuer considers necessary.

11 Article 4. ADMINISTRATION OF MUNICIPAL FINANCIAL PROGRAMS

12 (CHAPTER 95. ADMINISTRATION OF MUNICIPAL FINANCIAL ASSISTANCE PROGRAMS)

13 Sec. 29.62.280. (Sec. 29.95.010.) ALLOCATION AND DISTRIBUTION. (a)
14 Each year, the Department of Community and Regional Affairs shall allocate
15 money appropriated to the accounts established in AS 29.62 (AS 29.88, AS
16 29.89, and AS 29.90) in the amounts determined by the legislature.

17 (b) Money in the miscellaneous services account established in AS
18 29.62.180 (AS 29.89.080) which exceeds the amount required to fully fund
19 distributions authorized by AS 29.62 (AS 29.89) shall be reallocated to the
20 tax equalization account established in AS 29.62.060 (AS 29.88.035) and
21 distributed according to the provisions of AS 29.62 (AS 29.88).

22 (c) Money in the hospital construction assistance account
23 established in AS 29.62.240 (AS 29.89.020) which exceeds the amount required
24 to fully fund distributions authorized by AS 29.62 (AS 29.90) shall be
25 reallocated to the tax equalization account established in AS 29.62.060 (AS
26 29.88.035) and distributed according to the provisions of AS 29.62 (AS
27 29.88).

28 Sec. 29.62.290. (Sec. 29.95.020.) QUALIFICATION FOR MINIMUM PAYMENT.

29 (a) A municipality qualifying for an entitlement under AS 29.62 (AS 29.88

or AS 29.89) shall receive a minimum payment of \$25,000 plus an area cost-of-living differential for each fiscal year if:

(1) the municipality has conducted a regular election under AS 29.30.010 - 29.30.060 (AS 29.28.010 - 29.28.050) during the fiscal year preceding the year for which payment of an entitlement is authorized by AS 29.62 (AS 29.88 or AS 29.89) and has reported the results of the election to the commissioner of the Department of Community and Regional Affairs;

(2) regular council meetings are held in the municipality in accordance with the requirements of AS 29.24.290 (AS 29.23.210) during the fiscal year preceding the year for which payment of an entitlement is authorized by AS 29.62 (AS 29.88 or AS 29.89) and a record of the proceedings is maintained;

(3) a municipal budget has been adopted for the fiscal year during which payment of an entitlement is authorized by AS 29.62 (AS 29.88 or AS 29.89) and an audit or financial statement for the preceding fiscal year has been prepared and furnished to the Department of Community and Regional Affairs in accordance with AS 29.24.700(a) [AS 29.23.560(a)]; and

(4) local ordinances adopted by the governing body of the municipality have been codified in accordance with AS 29.27.060 (AS 29.48.180).

(b) The area cost-of-living differential payable to each municipality under this section shall be determined annually by election district under the provisions of AS 39.27.030. Except as provided in AS 29.62.300 (AS 29.95.030), application of the area cost-of-living differential may not result in a payment which is less than the minimum payment determined under (a) of this section. For purposes of this subsection, the election districts used are those designated by the proclamation of reapportionment and redistricting of December 7, 1961, and retained for the house of representatives by proclamation of the governor

1 (c) The Department of Community and Regional Affairs shall pay to
2 each municipality eligible to receive a minimum payment under this section
3 an amount equal to the difference between the minimum payment determined
4 under (a) and (b) of this section and the sum of the amounts payable for the
5 same fiscal year under AS 29.62 (AS 29.88 and AS 29.89).

6 (d) A payment under this section may be prorated and reduced
7 under AS 29.62.300 (AS 29.95.030).

8 (e) Payments under this section shall be made from the money
9 allocated to the tax equalization account established in AS 29.62.060 (AS
10 29.88.035).

11 Sec. 29.62.300. (Sec. 29.95.030.) PRORATION OF PAYMENTS. (a)
12 Payments under AS 29.62.290 (AS 29.95.020) and AS 29.62. art.4., (AS 29.88)
13 shall equal the amount allocated to the tax equalization account AS
14 29.62.060 (AS 29.88.035), adjusted in accordance with AS 29.62.80 (AS
15 29.95.010).

16 (b) Adjustments of payments shall be determined by prorating
17 amounts payable under AS 29.62.290 (AS 29.95.020) and amounts payable under
18 article 1 of this chapter (AS 29.88) by a factor which, when applied,
19 reduces all payments in equal proportion so that payment under AS 29.95.020
20 and payments under AS 29.88 equal the amount allocated to the tax
21 equalization account established in AS 29.88.035.

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CHAPTER 65. GENERAL GRANT LAND

(CHAPTER 18., ARTICLE 3A., GENERAL GRANT LAND)

Sec. 29.65.010. (Sec. 29.18.201.) DETERMINATION OF ENTITLEMENT OF
BOROUGHES AND UNIFIED MUNICIPALITIES. The general grant land entitlement of
each of the municipalities in this section is the amount set out opposite
each:

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

Sec. 29.65.020. (Sec. 29.18.202.) DETERMINATION OF ENTITLEMENT FOR
CITIES. The general grant land entitlement of a city formerly eligible to
receive general grant land under the provisions of secs. 190 and 200 of
this chapter, as repealed by this act, is 10 percent of the maximum total
acreage of vacant, unappropriated, unreserved land within the boundaries of
each city at any time between the initial date of eligibility under former
secs. 190 and 200 of this chapter and July 1, 1978. Within six months of
July 1, 1978, the director shall determine the entitlement for each city
eligible to receive general grant land under this section and certify that
entitlement to the city.

Sec. 29.65.030. (Sec. 29.18.203.) DETERMINATION OF ENTITLEMENT FOR
NEWLY INCORPORATED MUNICIPALITIES. (a) The general grant land entitlement

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

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

9 Sec. 29.65.040. (Sec. 29.18.204.) STATUS OF ENTITLEMENTS. (a) After
10 July 1, 1978, general grant land entitlements provided in AS 29.18.201 and
11 29.18.202 are vested property rights which must be fulfilled as provided in
12 AS 29.18.205 or 29.18.208.

13 (b) General grant land entitlements provided by AS 29.18.203 are
14 property rights which vest on the date of incorporation of the municipality.
15 The entitlement must be fulfilled as provided in AS 29.18.205.

16 (c) Land may be selected by a municipality to satisfy a general
17 grant land entitlement under AS 29.18.201 and 29.18.202 at any time before
18 October 1, 1980.

19 (d) Land may be selected by a municipality to satisfy a general
20 grant land entitlement under AS 29.18.203 at any time within one year after
21 the director certifies the entitlement to the municipality.

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

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

28 (2) payments for land deficiency under AS 29.18.208;
29

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

4 (4) the portion of an entitlement which cannot be satisfied
5 because the land nominated for selection by the municipality is not tenta-
6 tively approved for patent to the state.

7 Sec. 29.65.050. (Sec. 29.18.205.) FULFILLMENT OF LAND ENTITLEMENTS

8 (a) The acreage of each municipality's land selections under former secs.
9 190 and 200 of this chapter for which patent has been issued before July 1,
10 1978 shall be credited toward fulfillment of the entitlement of that
11 municipality.

12 (b) All approved selections under former secs. 190 and 200 of this
13 chapter for which patent has not been issued to a municipality on July 1,
14 1978 shall be reviewed by the director within nine months of July 1, 1978.
15 Any approved selection of land which was vacant, unappropriated or
16 unreserved on the date of selection is valid as of the date of the approval
17 under former secs. 190 and 200 of this chapter, and a patent shall be issued
18 to the municipality within three months after approval by the director of a
19 plat of survey. The acreage shall be credited toward fulfillment of the
20 municipality's entitlement. No municipality is entitled to receive patent
21 under this chapter to more than its entitlement determined under secs. 201 -
22 203 of this chapter. Any prior approval by the director of municipal
23 selections for land which was not vacant, unappropriated or unreserved on
24 the date of selection shall be rescinded, and patent may not be issued
25 except when disposal to a third party by sale or lease has occurred.
26 Transfers of land to municipalities under this chapter are subject to AS
27 38.05.321. Classification actions as reflected upon the land status records
28 of the Department of Natural Resources are determinative of land
29 classification status for purposes of this chapter.

1 (c) Repealed by sec. 45 ch 85 SLA 1979.

2 (d) Repealed by sec. 45 ch 85 SLA 1979.

3 (e) Repealed by sec. 45 ch 85 SLA 1979.

4 (f) The director shall approve each selection for patent within
5 nine months of its selection by a municipality, and a patent shall be issued
6 to the municipality for land selected in satisfaction of a general grant
7 land entitlement vested under AS 29.18.201 - 29.18.203 within three months
8 after approval by the director of a plat of survey.

9 (g) Repealed by sec. 45 ch 85 SLA 1979.

10 (h) Repealed by sec. 45 ch 85 SLA 1979.

11 (i) Repealed by sec. 45 ch 85 SLA 1979.

12 Sec. 29.65.060. (Sec. 29.18.206.) SCHOOL, UNIVERSITY AND MENTAL
13 HEALTH LAND. (a) If an entitlement determined in sec. 201 or 202 of this
14 chapter results in a per capita entitlement for the municipality of less
15 than one and one-half acre, the municipality may select vacant school,
16 university or mental health land within the municipality in partial
17 fulfillment of its land entitlement under this chapter. School, university
18 or mental health land may be selected notwithstanding the fact that these
19 lands are not unappropriated and unreserved within the meaning of this
20 chapter and secs. 190 and 200 of this chapter, repealed by this act, but
21 each selection of school, university or mental health land by a municipality
22 must be vacant, unappropriated, or unreserved land as defined in this
23 chapter, except that it need not be general grant land.

24 (b) The acreage of school, university or mental health land, if
25 any, within a municipality may not be included in the determination of
26 entitlement under sec. 201 or 202 of this chapter.

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

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

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

21 (f) For purposes of determining the per capita entitlement under
22 (a) of this section, the population of a municipality shall be the
23 population determined by the commissioner of the Department of Community and
24 Regional Affairs under AS 43.18.010 for the program year beginning July 1,
25 1978 for a municipality whose entitlement is determined under sec. 201 or
26 202 of this chapter.

27 Sec. 29.65.070. (Sec. 29.18.207.) SELECTION AND CONVEYANCE PROCEDURE.

28 (a) Repealed by sec. 45 ch 85 SLA 1979.
29

(b) Repealed by sec. 45 ch 85 SLA 1979.

(c) If land selected by a municipality is unsurveyed at the time of approval, the director shall survey, or may approve the municipality's survey of, the exterior boundaries of an approved selection without interior subdivision, and shall issue patent in terms of the exterior boundary survey. The cost of the survey shall be borne by the municipality. If land selected by a municipality has been surveyed at the time of its selection, the boundaries shall conform to the public land subdivisions established by the approved survey.

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

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

Sec. 29.65.080. (Sec. 29.18.208.) PAYMENT FOR LAND DEFICIENCY. (a) There is established within the general fund the Alaska municipal land account for the following purposes:

(1) providing payment to the boroughs and unified municipalities designated in AS 29.18.201 for a deficiency of land physically suitable for residential, commercial or industrial purposes; or

1 (2) providing payment to the boroughs and unified
2 municipalities designated in sec. 201 of this chapter for certain general
3 grant lands selected by the state and conveyed to a Native corporation under
4 the provisions of the Alaska Native Claims Settlement Act.

5 (b) A municipality shall receive payment for its land deficiency
6 from the account established in (a) of this section. A municipality's
7 eligible to receive payment for land deficiency if, after July 1, 1980, the
8 amount of land selected by a municipality which is physically suitable for
9 residential, commercial or industrial purposes amounts to less than
10 one-third acre per capita. Any entitlement under AS 29.18.201 which is less
11 than one-third acre per capita will, for the purposes of this subsection, be
12 considered a land deficiency. An unselected remaining entitlement will, for
13 the purpose of deficiency payment under this subsection, be considered as
14 land physically suitable for residential, commercial or industrial purposes.
15 A municipality eligible under this subsection is entitled to receive a
16 payment for land deficiency equal to \$1,000 per acre for a number of acres
17 equal to the difference between one-third of the population of the
18 municipality less the number of acres physically suitable for residential,
19 commercial or industrial purposes which has been selected by the
20 municipality. For the purpose of this subsection, the population of the
21 municipality shall be the population determined in accordance with AS
22 29.18.206(f). No payment may be made to a municipality under this subsection
23 in excess of \$9,000,000.

24 (c) If a municipality selected vacant, unappropriated, unreserved
25 land on or before December 18, 1971, to which the state had received
26 tentative approval or patent, and such land was also selected by a Native
27 corporation organized under the Alaska Native Claims Settlement Act (P.L.
28 92-203), and title to that land is ultimately vested in that Native
29 corporation, the municipality may, at its option, request payment for land

1 deficiency from the account established in (a) of this section. The
2 acceptance of payment under this subsection by a municipality constitutes a
3 relinquishment of any other right, title or claim to the land by that
4 municipality. The total payment to a municipality under this subsection may
5 not exceed \$1,000 per acre to a maximum of 8,000 acres.

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

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

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

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

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

1 (g) Payments authorized by this section may not be made to a
2 municipality eligible for an entitlement under sec. 202 or 203 of this
3 chapter.

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

10 Sec. 29.65.090. (Sec. 29.18.209.) AUTHORIZATION FOR LAND EXCHANGES.
11 The director, with the concurrence of the commissioner, and any municipality
12 are authorized to exchange land or interests in land when it is in the
13 public interest. Land or interests in land exchanged under this section must
14 be of approximately equal value, including the non-monetary value of public
15 benefits. Exchange procedures shall comply with applicable law and municipal
16 ordinances. The notice and review provisions of AS 38.05.305 and 38.05.345
17 are applicable to exchanges of land under this section. The provisions of AS
18 38.50 do not apply to exchanges of land under this section.

19 Sec. 29.65.100. (Sec. 29.18.210.) PUBLIC PURPOSE AND EXPANSION NEEDS.
20 (a) Consistent with the best interests of the state, if a municipality does
21 not contain and cannot reasonably acquire sufficient nonfederal land within
22 its boundaries to meet its legitimate needs for public or private settlement
23 or development, it shall be the policy of the state to select federal land
24 reasonably necessary to meet the needs of the municipality and to make the
25 land selected available to the municipality under AS 38.05.315 or (b) of
26 this section.

27 (b) Where state land is the most logical location for demonstrated
28 municipal expansion for nonpublic settlement and development purposes, and
29 when an exchange of land under sec. 209 of this chapter is not possible or

1 is not in the public interest, it is the policy of the state to sell or
2 lease the land at public auction. The state may contract with a municipality
3 to act as its agent in an auction of state land under applicable statutes.
4 When a municipality acts as the agent of the state in an auction, the
5 municipality may retain from the proceeds of the auction the expenses which
6 the director determines to be necessary and reasonable.

7 (c) Nothing in this chapter limits or impairs the authority of the
8 director to transfer land to municipalities, without limit or consideration,
9 for public purposes in accordance with AS 38.05.315. If there is a remaining
10 entitlement of the municipality, land transferred under AS 38.05.315 shall
11 be credited toward fulfillment of the entitlement.

12 Sec. 29.65.110. (Sec. 29.18.211.) ELECTION OF BENEFITS. (a) A
13 municipality which on July 1, 1978 is engaged in litigation, or which
14 becomes engaged in litigation, regarding a claim to state land under former
15 secs. 190 and 200 of this chapter shall elect either to obtain the benefits
16 provided in secs. 201 -213 of this chapter or to pursue the litigation and
17 thereby waive any claim to entitlement under secs. 201 213 of this chapter.
18 An election shall be made by filing a motion for dismissal with prejudice in
19 the court in which the litigation is pending. If the claim involves a
20 municipality identified in sec. 201 of this chapter, the municipality shall
21 file its motion for dismissal within 60 days of July 1, 1978. If the claim
22 involves a city eligible to receive an entitlement under sec. 202 of this
23 chapter, the city shall file its motion for dismissal within 60 days after
24 receiving the certificate of entitlement provided by the director under sec.
25 202 of this chapter. Failure of the municipality to file a motion for
26 dismissal during the time period provided in this subsection shall be
27 considered a waiver of entitlement under secs. 201 - 213 of this chapter.

28 (b) A municipality which was eligible to file land selections
29 under former secs. 190 and 200 of this chapter and which does not enter

1 into litigation over a claim to rights under those sections before the
2 expiration of the time period within which it could make an election under
3 (a) of this section shall be considered to have elected to receive benefits
4 under secs. 201 - 213 of this chapter and to have waived any claim which
5 might have been raised under former secs. 190 and 200 of this chapter.

6 (c) The provisions of secs. 201 - 213 of this chapter do not
7 affect the rights, if any, of any party to litigation regarding the former
8 AS 29.18.190 29.18.200 or 29.18.420, which litigation is maintained by a
9 municipality that has elected not to obtain the benefits provided by secs.
10 201 - 213 of this chapter.

11 Sec. 29.65.120. (Sec. 29.18.212.) ADMINISTRATION. The commissioner
12 may adopt regulations in accordance with the Administrative Procedure Act
13 (AS 44.62) necessary to carry out the purposes of secs. 201 - 213 of this
14 chapter.

15 Sec. 29.65.130. (Sec. 29.18.213.) DEFINITIONS. In secs. 201 - 213 of
16 this chapter, unless the context otherwise requires,

17 (1) Repealed by sec. 45 ch 85 SLA 1979.

18 (2) "approved selection" means a municipal land selection
19 which has been approved in writing by the director for transfer by patent to
20 a municipality;

21 (3) "director" means the director of the division of lands,
22 Department of Natural Resources, or his designee;

23 (4) "general grant land" means land patented or tentatively
24 approved to the state from the United States under sec. 6(a) or (b) of the
25 Alaska Statehood Act;

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

28 (6) "municipal land selection" means a request by a
29 municipality, filed in writing with the director under authority of secs.

1 190 and 200 of this chapter repealed by this act or under secs. 201 - 213 of
2 this chapter for vacant, unappropriated, unreserved general grant land
3 within its municipal boundaries in partial fulfillment of its municipal
4 entitlement;

5 (7) "municipality" means a home rule or general law city or
6 organized borough of any class, and includes unified municipalities
7 established under AS 29.68.240 - 29.68.440;

8 (8) "patent" means a document, issued by the director to a
9 municipality for a previously approved selection, which conveys and
10 quitclaims all the right, title and interest of the state without
11 reservation or condition except as may be required by law;

12 (9) "remaining entitlement" means the general grant land
13 entitlement determined in accordance with secs. 201 - 203 of this chapter,
14 reduced by the total acreage of approved selections, including both patented
15 and unpatented parcels;

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

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

24 (12) "vacant, unappropriated, unreserved land" means general
25 grant land as defined in (4) of this section, excluding minerals as required
26 by sec. 6(1) of the Alaska Statehood Act, which

27 (A) has not been set aside by statute for one or more
28 particular uses or purposes;
29

1 (B) has not been approved for patent to a municipality
2 under secs. 201-213 of this chapter or former secs. 190 and 200 of
3 this chapter repealed by this act; or

4 (C) is unclassified or, if classified under AS
5 38.05.300, is classified for agricultural, grazing, commercial,
6 industrial, private recreational, residential, utility or
7 open-to-entry purposes,
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NEW LANGUAGE

Sec. 29.65.050. FULFILLMENT OF LAND ENTITLEMENTS.

(j) Notwithstanding AS 29.65.010 - 29.65.130, a municipality which is unable to satisfy its entitlement due to a shortage of vacant, unappropriated, unreserved general grant land suitable for residential, commercial or industrial purposes may fulfill its remaining entitlement by selection of other state land which is vacant, unappropriated and unreserved.

NO OBJECTION

EXPLANATION: This added subsection addresses a problem which has come up when a municipality is formed in an area with little vacant state land nearby. This allows a municipality the option of selecting vacant state land which is not general grant land if general grant land is unavailable.