

ALASKA LEGISLATURE COMMITTEE FILES 1983-1984 8672  
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1 notice by certified mail to each record owner of property against  
2 which a judgment of foreclosure has been taken and, if the assessed  
3 value of the property is more than \$100,000, to all holders of mort-  
4 gages or other liens of record on the property. The notice shall be  
5 mailed within five days after the first publication. The mailing  
6 shall be sufficient if mailed to the property owner and to the holder  
7 of a mortgage or recorded lien at the last address of record.

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

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

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

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

23 (c) If unredeemed property lies in a city and if the city has no  
24 immediate public use for the property but the borough does have an  
25 immediate public use, the city shall deed the property to the borough.  
26 If unredeemed property lies in the borough outside all cities and if  
27 the borough does not have an immediate public use for the property but  
28 a city does have an immediate public use, the borough shall deed the  
29 property to the city.

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

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

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

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

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

28 (d) The provisions of (c) of this section do not apply with  
29 respect to property that has been held by the municipality for a

1 period of more than 10 years after the close of the redemption period.

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

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

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

22 (b) If tax-foreclosed real property that has been held by a  
23 municipality for less than 10 years after the close of the redemption  
24 period and never designated for a public purpose is sold at a tax-  
25 foreclosure sale, the former record owner is entitled to the portion  
26 of the proceeds of the sale that exceeds the amount of unpaid taxes,  
27 the amount equal to taxes that would have been assessed and levied  
28 after foreclosure if the property had continued in private ownership,  
29 penalty, interest, and costs to the municipality of foreclosing and

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

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

21 Sec. 29.45.500. REFUND OF TAXES. (a) If a taxpayer pays taxes  
22 under protest, the taxpayer may bring suit in the superior court  
23 against the municipality for recovery of the taxes. If judgment for  
24 recovery is given against the municipality, or, if in the absence of  
25 suit, it becomes obvious to the governing body that judgment for  
26 recovery of the taxes would be obtained if legal proceedings were  
27 brought, the municipality shall refund the amount of the taxes to the  
28 taxpayer with interest at eight percent from the date of payment plus  
29 costs.

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

8 (c) The governing body may correct manifest clerical errors at  
9 anytime.

10 ARTICLE 3. CITY PROPERTY TAX.

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

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

22 Sec. 29.45.570. APPLICATION. AS 29.45.010 - 29.45.570 apply to  
23 home rule and general law municipalities.

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

28 Sec. 29.45.590. LIMITED PROPERTY TAXING POWER FOR SECOND CLASS  
29 CITIES. A second class city may by referendum levy property taxes as

1 provided for first class cities. However, levy by a second class city  
2 may not exceed one-half of one percent of the assessed value of the  
3 property taxed, except that the limit does not apply to a levy neces-  
4 sary to avoid a default upon payment of principal and interest of  
5 bonded or other indebtedness that is secured by a pledge to levy ad  
6 valorem or other taxes without limit to meet debt payments.

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

14 ARTICLE 4. BOROUGH SALES AND USE TAX.

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

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

23 (c) A person who furnishes proof, in the form required by the  
24 borough tax collector, that the person has paid a sales tax on the  
25 source on which a use tax is levied by the borough is required to pay  
26 the use tax only to the extent of the difference between the amount of  
27 the sales tax paid and the amount of the use tax levied by the bor-  
28 ough. This subsection applies to a sales tax levied in any taxing  
29 jurisdiction whether inside or outside the state.

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

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

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

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

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

27 (b) Compliance with the provisions of this section is a prereq-  
28 uisite to receipt of municipal tax resource equalization assistance  
29 under AS 29.60.010 - 29.60.080 and state aid for miscellaneous

1 municipal services under AS 29.60.100 - 29.60.180. The department  
2 shall withhold annual allocations under those sections until municipal  
3 officials demonstrate that the requirements of this section have been  
4 met.

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

9 ARTICLE 5. CITY SALES AND USE TAXES.

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

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

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

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

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

28 CHAPTER 46. SPECIAL ASSESSMENTS.

29 Sec. 29.46.010. ASSESSMENT AND PROPOSAL. The municipality may

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

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

12 (2) the governing body.

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

17 (1) a procedure for filing petitions;

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

21 (3) a public hearing on the necessity for the proposed  
22 local improvement;

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

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

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

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

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

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

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

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

24          (c) The governing body shall set a time for public hearing on  
25          the improvement plan and the period for filing objections to the plan.  
26          The governing body shall publish a notice of the hearing and of the  
27          period during which objections may be filed at least once a week for  
28          four consecutive weeks in a newspaper of general circulation if dis-  
29          tributed in the municipality and shall send notice by mail to every

1 record owner of property in the special assessment district.

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

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

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

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

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

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

28 Sec. 29.46.070. HEARING AND SETTLEMENT. After the public hear-  
29 ing, the governing body shall correct errors and inequalities in the

1 roll. If an assessment is increased, a new hearing shall be set and  
2 notice published, except that a new hearing and notice is not required  
3 if all record owners of property subject to the increased assessment  
4 consent in writing to the increase. Objections to the increased  
5 assessment shall be limited to record owners of property on which the  
6 assessment was increased. When the roll is corrected, it shall be  
7 confirmed by resolution or ordinance.

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

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

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

28 Sec. 29.46.090. EXEMPTION. (a) The real property owned and  
29 occupied by a resident 65 years of age or over, or the spouse, widow,

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

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

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

26 (2) A claimant receiving the exemption must file with the  
27 assessor by March 15 of each subsequent year a separate application  
28 proving eligibility as of January 1 in order to retain the exemption.  
29 Within the same year the assessor for good cause shown may waive the

1 claimant's failure to make timely application and approve the applica-  
2 tion as if timely filed.

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

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

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

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

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

29 (d) This section applies to home rule and general law

1 municipalities.

2 (e) In this section

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

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

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

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

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

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

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

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

25 (4) interest on interim financing;

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

28 (6) the cost of completing the improvement and financing  
29 the improvement, including the issuance of bonds.

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

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

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

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

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

25 (c) The municipal treasurer may accept notes against special  
26 assessments on conditions prescribed by the governing body in payment  
27 of

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

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

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

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

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

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

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

29 CHAPTER 47. MUNICIPAL DEBT.

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ARTICLE 1. REVENUE ANTICIPATION NOTES.

Sec. 29.47.010. BORROWING IN ANTICIPATION OF REVENUE. A municipality that 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. Negotiable or nonnegotiable revenue anticipation notes may be issued as evidence of the borrowing.

Sec. 29.47.020. ISSUANCE OF NOTES. A municipality may by ordinance or resolution authorize the issuance of revenue anticipation notes. The governing body 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 that provides for the manner of their sale.

Sec. 29.47.030. ISSUANCE OF NOTES IN ANTICIPATION OF STATE, FEDERAL GRANTS. (a) A municipality, on adoption of a long-range capital improvement budget by ordinance or resolution, may by resolution provide for negotiable or nonnegotiable 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 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

1 mature not later than the end of the next fiscal year.

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

6 ARTICLE 2. BOND ANTICIPATION NOTES.

7 Sec. 29.47.080. BOND ANTICIPATION BORROWING. A municipality may  
8 borrow money in anticipation of the sale of general obligation and  
9 revenue bonds if

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

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

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

22 Sec. 29.47.100. ISSUANCE OF NEW NOTES. If the sale of the bonds  
23 has not occurred before the maturity of the notes issued in antici-  
24 pation of the sale, the governing body shall issue new notes in order to  
25 meet payment of the notes then maturing, or shall renew the outstand-  
26 ing bond anticipation notes. New notes issued or renewals of out-  
27 standing bond anticipation notes bear a maturity date not to exceed  
28 one year from the date of issue. Notes, new notes, and renewals of  
29 notes may not be outstanding for a total elapsed time of more than

1 three years.

2 Sec. 29.47.110. REPAYMENT OF NOTES. Every note is payable from  
3 the proceeds of the sale of bonds that the notes anticipated or from  
4 the proceeds of the sale of new bond anticipation notes.

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

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

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

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

21 ARTICLE 3. GENERAL OBLIGATION BONDS.

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

26 Sec. 29.47.190. VOTE AND NOTICE OF EXISTING INDEBTEDNESS RE-  
27 QUIRED. (a) A municipality may incur general obligation bond debt  
28 only after a bond authorization ordinance is approved by a majority  
29 vote at an election. Any municipal voter may vote in the bond

1 election, except as otherwise provided by law.

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

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

9 (2) the cost of the debt service on the current indebted-  
10 ness;

11 (3) the total assessed value of property in the municipal-  
12 ity.

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

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

25 ARTICLE 4. REVENUE BONDS.

26 Sec. 29.47.240. REVENUE BONDS. (a) A municipality may issue  
27 negotiable or nonnegotiable revenue bonds for a public enterprise or  
28 public corporation of the municipality where the only security is the  
29 revenue of the public enterprise or corporation.

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

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

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

14 ARTICLE 5. REFUNDING BONDS.

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

20 (1) general obligation refunding bonds; or

21 (2) revenue refunding bonds.

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

27 Sec. 29.47.320. NO ELECTION REQUIRED. An election is not re-  
28 quired to authorize the issuance and sale of refunding bonds. Their  
29 issuance may be authorized and all proceedings with reference to them

1 prescribed by ordinance. However, when it is desirable to use general  
2 obligation bonds to refund a revenue bond issue, the governing body  
3 shall call an election on the question.

4 Sec. 29.47.330. PAYMENT OF REFUNDING BONDS. General obligation  
5 refunding bonds are payable according to AS 29.47.200. Revenue re-  
6 funding bonds are payable according to AS 29.47.240.

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

12 ARTICLE 6. MISCELLANEOUS PROVISIONS.

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

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

27 (c) A municipality may

28 (1) loan the proceeds of the bonds issued under this sec-  
29 tion;

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

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

6                   (4) provide for any matter that affects the security of the  
7 bonds.

8           (d) In this section

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

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

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

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

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

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

4           Sec. 29.47.440. BOROUGH INDEBTEDNESS. (a) A borough may incur  
5 indebtedness

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

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

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

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

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

27           (d) The indebtedness of a municipality reclassified under  
28 AS 29.04.040 - 29.04.060 is not affected by reclassification. All  
29 property in a municipality that is reclassified remains subject to

1 taxation to amortize bonded or other indebtedness affecting the muni-  
2 cipality and authorized on the effective date of reclassification.

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

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

11 CHAPTER 55. MUNICIPAL PROGRAMS.

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

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

22 (b) A historical district shall be a reasonably compact area of  
23 historical significance in which two or more structures important in  
24 state or national history, and related by physical proximity or his-  
25 torical association, are located. For purposes of this section,  
26 "structures important in state or national history" means properties  
27 recommended by historical district commissions that are listed in the  
28 National Register of Historic Places or are characteristic of the  
29 Russian-American period before October 18, 1867, the early territorial

1 period before 1930, or early Native heritage, reflecting the indige-  
2 nous characteristics of Native culture in Alaska. On recommendation  
3 of the governing body of a municipality and the Historic Sites Advi-  
4 sory Committee, the Department of Natural Resources may by regulation  
5 formulate additional criteria for the establishment of historical  
6 districts not inconsistent with this subsection.

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

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

11 CHAPTER 60. STATE PROGRAMS.

12 ARTICLE 1. MUNICIPAL TAX RESOURCE EQUALIZATION.

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

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

21 Entitlement = P x R

22 where P = population, and

23 R = millage rate equivalent, determined by dividing the sum  
24 of the locally generated revenue of the taxing unit by one-tenth of  
25 one percent of the full and true value of assessed property of the  
26 taxing unit determined under AS 29.60.030(d); however, the per capita  
27 property value used under this subsection may not be less than 15  
28 percent of the statewide average per capita full and true assessed  
29 property value.

1 (c) For purposes of this section, locally generated revenue  
2 (1) includes  
3 (A) the actual revenue derived from the levy and  
4 collection of local taxes in the taxing unit for municipal ser-  
5 vices during the preceding fiscal year of the taxing unit;  
6 (B) motor vehicle payments received by the municipal-  
7 ity during the preceding fiscal year under AS 28.10.431;  
8 (C) revenue from fees, rentals, leases, penalties,  
9 licenses or permits received during the preceding fiscal year by  
10 the municipality for a function or service over which it has con-  
11 trol, including revenues derived from parks and recreation ser-  
12 vices, mass transit, offstreet parking, and garbage and solid  
13 waste disposal services;  
14 (D) special assessments received during the preceding  
15 fiscal year; and  
16 (E) payments received by a municipality from a utility  
17 that are in place of taxes levied and collected by the municipal-  
18 ity;  
19 (2) excludes  
20 (A) revenue derived from the levy and collection of  
21 municipal taxes and appropriated for the operating expenses and  
22 debt service of utilities;  
23 (B) revenue from interest earned on investments and  
24 from the sale and lease of land or equipment; and  
25 (C) all other revenue from whatever service derived.  
26 Sec. 29.60.020. DETERMINATION OF POPULATION. For purposes of  
27 AS 29.60.010 - 29.60.080, the population of a taxing unit shall be  
28 determined annually by the latest figures of the United States Bureau  
29 of the Census or other population data that in the judgment of the

1 department is reliable.

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

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

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

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

27 (d) The full and true assessed property value shall be deter-  
28 mined by the department in the manner provided for the computation of  
29 state aid to education under AS 14.17.140. When the determination of

1 locally generated revenue includes revenue of a utility received under  
2 AS 29.60.010(c)(1)(E), the full and true assessed property value shall  
3 include the computed assessed value of the utility, determined by  
4 dividing the amount of the payment in place of taxes made by the  
5 utility by the millage rate that would apply to the utility if the  
6 utility were subject to levy and collection of taxes under AS 29.45.

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

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

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

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

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

24 Sec. 29.60.040. REPORTS. A payment of an equalization entitle-  
25 ment may not be made to a municipality under AS 29.60.010 - 29.60.080  
26 until the municipality has submitted its certificate of estimated  
27 revenue and its financial report to the department for the fiscal year  
28 preceding the year for which the equalization entitlement is sought,  
29 together with a budget for the municipality's current fiscal year.

1 The financial report shall include a listing of general revenue col-  
2 lected from taxes levied and assessed and any other revenue that, in  
3 the opinion of the municipal officials, is eligible for inclusion in  
4 computations of the locally generated revenue of the taxing unit.

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

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

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

17 Sec. 29.60.060. TAX EQUALIZATION ACCOUNT. The tax equalization  
18 account is established. Money to carry out the provisions of AS 29.-  
19 60.010 - 29.60.080 shall be allocated by the department to the ac-  
20 count. The amount allocated to the account shall be fully distributed  
21 by the department as payments to municipalities to fulfill each share  
22 authorized under AS 29.60.010. The amount allocated to the account  
23 shall be distributed by the department pro rata among eligible munici-  
24 palities.

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

28 (1) procedures and filing dates for submitting certifica-  
29 tion and financial reports;

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

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

9 (b) The department shall make reasonable efforts to advise and  
10 assist municipalities in collecting information and completing reports  
11 necessary for the determination of entitlements under AS 29.60.010 -  
12 29.60.080.

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

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

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

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

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

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

24 ARTICLE 2. STATE AID FOR MISCELLANEOUS PURPOSES.

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

28 (1) to a municipality or other eligible recipient that has  
29 the power to provide the services described in AS 29.60.110 -

1 29.60.130 and exercises the power in the manner required by  
2 AS 29.60.100 - 29.60.180;

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

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

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

27 Sec. 29.60.120. STATE AID TO MUNICIPALITIES AND OTHER ELIGIBLE  
28 RECIPIENTS FOR HEALTH FACILITIES AND HOSPITALS. (a) The department  
29 shall pay

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

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

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

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

28           (c) Money received by a municipality under (a)(3) of this sec-  
29 tion shall be used for expenses of health services or operation and

1 maintenance of health facilities as the municipality determines.

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

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

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

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

21 Sec. 29.60.140. STATE AID TO UNINCORPORATED COMMUNITIES. (a)  
22 The Department of Community and Regional Affairs shall pay to each  
23 unincorporated community an entitlement of \$25,000 each fiscal year to  
24 be used for a public purpose. The Department of Community and Re-  
25 gional Affairs with advice from the Department of Law shall determine  
26 whether there is in each unincorporated community an incorporated  
27 nonprofit entity or a Native village council that will agree to re-  
28 ceive and spend the entitlement. If there is more than one qualified  
29 entity in an unincorporated community, the Department of Community and

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

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

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

21 Sec. 29.60.160. AREA COST-OF-LIVING DIFFERENTIAL. (a) Payments  
22 to a municipality or other eligible recipient under AS 29.60.110 -  
23 29.60.130 shall reflect area cost-of-living differentials. Payments  
24 shall be based on the sum of per capita, per mile and per bed or  
25 facility grants due each municipality or other recipient multiplied by  
26 the appropriate area cost-of-living differential. The area cost-of-  
27 living differential for each recipient shall be determined annually by  
28 election district under the provisions of AS 39.27.030. Application  
29 of the area cost-of-living differential may not result in distribution

1 of an amount less than the amount of the payment determined without  
2 reference to application of this section.

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

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

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

25 ARTICLE 3. STATE AID FOR HOSPITAL AND  
26 HEALTH FACILITY CONSTRUCTION.

27 Sec. 29.60.230. STATE AID FOR HOSPITAL AND HEALTH FACILITY CON-  
28 STRUCTION. (a) If construction of a hospital began after January 1,  
29 1968, or if construction of a health facility began after January 1,

1 1968, and before July 1, 1980, and state matching aid for construction  
2 approved for payment to a municipality or other hospital or health  
3 facility sponsor constitutes less than 25 percent of the total project  
4 cost, the department shall pay to the municipality or other hospital  
5 or health facility sponsor each fiscal year \$2,500 a bed for the  
6 maximum number of beds provided for in the construction design of the  
7 hospital or health facility or five percent of the total project cost,  
8 whichever is greater. State aid provided for in this section shall  
9 continue until the municipality or other hospital or health facility  
10 sponsor has received an amount that, combined with state matching  
11 money for construction of the hospital or health facility, equals 25  
12 percent of the total project cost. Money received for construction  
13 may not be used for any other purpose.

14 (b) In this section "total project cost" means

15 (1) costs directly related to the project; and

16 (2) the total of all costs of financing and carrying out  
17 the project, including but not limited to,

18 (A) the costs of all necessary studies, surveys, plans  
19 and specifications, architectural, engineering or other special  
20 services, acquisition of real property, site preparation and  
21 development, purchase, construction, reconstruction and improve-  
22 ment of real property, and the acquisition of machinery and  
23 equipment as may be necessary in connection with the project;

24 (B) an allocable portion of the administrative and  
25 operating expenses of the municipality or other hospital or  
26 health facility sponsor;

27 (C) the cost of financing the project, including  
28 interest on bonds issued to finance the project; and

29 (D) the cost of other items, including any indemnity

1 and surety bonds and premiums on insurance. legal fees, fees and  
2 expenses of trustees, depositaries, financial advisors, and  
3 paying agents for the bonds issued as the issuer considers neces-  
4 sary.

5 (c) This section applies to home rule and general law municipal-  
6 ities.

7 Sec. 29.60.240. HOSPITAL AND HEALTH FACILITY CONSTRUCTION ASSIS-  
8 TANCE ACCOUNT. The hospital and health facility construction assis-  
9 tance account is established. Money to carry out the provisions of  
10 AS 29.60.230 - 29.60.240 shall be allocated by the department to the  
11 account in accordance with AS 29.60.280. If amounts in the account  
12 are insufficient to pay each recipient's share authorized under  
13 AS 29.60.230 - 29.60.240, the amounts that are available shall be  
14 distributed pro rata among eligible recipients.

15 ARTICLE 4. ADMINISTRATION OF STATE AID PROGRAMS.

16 Sec. 29.60.280. ALLOCATION AND DISTRIBUTION. (a) Each year,  
17 the department shall allocate money appropriated to the accounts  
18 established in AS 29.60.060, 29.60.170, and 29.60.240 in the amounts  
19 determined by the legislature.

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

25 (c) Money in the hospital and health facility construction  
26 assistance account established in AS 29.60.240 that exceeds the amount  
27 required to fully fund distributions authorized by AS 29.60.230 -  
28 29.60.240 shall be reallocated to the tax equalization account estab-  
29 lished in AS 29.60.060 and distributed according to the provisions of

1 AS 29.60.010 - 29.60.080.

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

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

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

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

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

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

1 reapportionment and redistricting of December 7, 1961, and retained  
2 for the house of representatives by proclamation of the governor  
3 September 3, 1965.

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

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

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

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

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

23 ARTICLE 5. MUNICIPAL ASSISTANCE.

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

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

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

29           (b) If the amount appropriated to the municipal assistance fund

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

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

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

19 ARTICLE 15. GENERAL PROVISIONS.

20 Sec. 29.60.800. DEFINITIONS. In this chapter

21 (1) "health facility"

22 (A) means a facility that is licensed, when required,  
23 by the state under AS 18.20.010 - 18.20.130 and that is owned or  
24 operated or both by a municipality or by a nonprofit corporation  
25 or other nonprofit sponsor;

26 (B) includes a public health center, maternity home,  
27 community mental health center, facility for the mentally or  
28 physically handicapped, nursing home, or convalescent center;

29 (C) excludes a facility operated or wholly supported

1 by the state or the federal government;

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

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

7 CHAPTER 65. GENERAL GRANT LAND.

8 Sec. 29.65.010. DETERMINATION OF ENTITLEMENT OF BOROUGH AND  
9 UNIFIED MUNICIPALITIES. The general grant land entitlement of each of  
10 the municipalities in this section is the amount set out opposite  
11 each:

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

23 Sec. 29.65.020. DETERMINATION OF ENTITLEMENT FOR CITIES. The  
24 general grant land entitlement of a city formerly eligible to receive  
25 general grant land under the provisions of AS 29.18.190 and 29.18.200  
26 is 10 percent of the maximum total acreage of vacant, unappropriated,  
27 unreserved land in the boundaries of each city at any time between the  
28 initial date of eligibility under former AS 29.18.190 and 29.18.200  
29 and July 1, 1978. Within six months after July 1, 1978, the director

1 shall determine the entitlement for each city eligible to receive  
2 general grant land under this section and certify that entitlement to  
3 the city.

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

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

14 Sec. 29.65.040. STATUS OF ENTITLEMENTS. (a) After July 1,  
15 1978, general grant land entitlements provided in AS 29.65.010 and  
16 29.65.020 are vested property rights that must be fulfilled as pro-  
17 vided in AS 29.65.050 or 29.65.080.

18 (b) General grant land entitlements provided by AS 29.65.030 are  
19 property rights that vest on the date of incorporation of the muni-  
20 cipality. The entitlement must be fulfilled as provided in AS 29.65.-  
21 050.

22 (c) Land may be selected or nominated for selection by a muni-  
23 cipality to satisfy a general grant land entitlement under AS 29.65.010  
24 and 29.65.020 at any time before October 1, 1980. However, if a muni-  
25 cipal selection or nomination or a part of a municipal selection or  
26 nomination is rejected by the director, the municipality may, not  
27 later than 90 days after receipt of the director's rejection, select  
28 additional state land as necessary to satisfy its entitlement.

29 (d) Land may be selected by a municipality to satisfy a general

1 grant land entitlement under AS 29.65.030 at any time within one year  
2 after the director certifies the entitlement to the municipality.

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

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

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

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

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

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

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

1 municipality is not entitled to receive patent under this chapter to  
2 more than its entitlement determined under AS 29.65.010 - 29.65.030.  
3 Any prior approval by the director of municipal selections for land  
4 that was not vacant, unappropriated, or unreserved on the date of  
5 selection shall be rescinded, and patent may not be issued except when  
6 disposal to a third party by sale or lease has occurred. Transfers of  
7 land to municipalities under this chapter are subject to AS 38.05.321.  
8 Classification actions as reflected on the land status records of the  
9 Department of Natural Resources are determinative of land classifica-  
10 tion status for purposes of this chapter.

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

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

29 (b) The acreage of school, university, or mental health land, if

1 any, in a municipality may not be included in the determination of  
2 entitlement under AS 29.65.010 or 29.65.020.

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

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

17 (e) The notice and review provisions of AS 38.05.305 and 38.05.-  
18 345 apply to the designation of other general grant land as school,  
19 university, or mental health land in replacement of land selected  
20 under this section. The provisions of AS 38.50 and AS 38.05.032 do  
21 not apply to such designations under this section. The provisions of  
22 AS 38.05.030(a), 38.05.030(e), and 38.05.035(a)(13) that require the  
23 approval of the respective trust board before disposal of land by the  
24 director do not apply to selections of school, university, or mental  
25 health land by a local government under this section.

26 (f) For purposes of determining the per capita entitlement under  
27 (a) of this section, the population of a municipality shall be the  
28 population determined by the commissioner under former AS 43.18.010  
29 for the program year beginning July 1, 1978, for a municipality whose

1 entitlement is determined under AS 29.65.010.

2 Sec. 29.65.070. SELECTION AND CONVEYANCE PROCEDURE. (a) If  
3 land selected by a municipality is unsurveyed at the time of approval,  
4 the director shall survey, or may approve the municipality's survey  
5 of, the exterior boundaries of an approved selection without interior  
6 subdivision, and shall issue patent in terms of the exterior boundary  
7 survey. The cost of the survey shall be borne by the municipality.  
8 If land selected by a municipality has been surveyed at the time of  
9 its selection, the boundaries shall conform to the public land subdi-  
10 visions established by the approved survey.

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

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

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

28 (1) providing payment to the boroughs and unified muni-  
29 cipalities designated in AS 29.65.010 for a deficiency of land

1 physically suitable for residential, commercial, or industrial  
2 purposes; or

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

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

27 (c) If a municipality selected vacant, unappropriated, unre-  
28 served land on or before December 18, 1971, to which the state had  
29 received tentative approval or patent, and that land was also selected

1 by a Native corporation organized under the Alaska Native Claims  
2 Settlement Act (P.L. 92-203), and title to that land is ultimately  
3 vested in that Native corporation, the municipality may, at its op-  
4 tion, request payment for land deficiency from the municipal land  
5 account. The acceptance of payment under this subsection by a muni-  
6 cipality constitutes a relinquishment of any other right, title, or  
7 claim to the land by that municipality. The total payment to a muni-  
8 cipality under this subsection may not exceed \$1,000 per acre to a  
9 maximum of 8,000 acres.

10 (d) The governor shall annually submit to the legislature a  
11 request for an appropriation to the municipal land account for the  
12 municipalities that have elected to receive payments under (b) or (c)  
13 of this section. The request for appropriation shall distinguish  
14 between amounts necessary to make payments for land deficiency under  
15 (b) of this section and those required to make payments for land  
16 deficiency under (c) of this section.

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

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

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

25 (f) If an annual appropriation is not sufficient to meet the  
26 amount due to all municipalities that have elected to accept payment  
27 for land deficiency under (b) or (c) of this section, the governor  
28 shall apportion the appropriation among the municipalities in propor-  
29 tion to the payment calculated for each municipality for that year.

1 When a distribution of payments is made under (c) of this section, the  
2 remaining entitlement of a municipality to which payment is made shall  
3 be reduced in an amount equal to the number of acres for which payment  
4 was received. An appropriation made under this section is in addition  
5 to other grants and entitlements authorized to eligible municipali-  
6 ties.

7 (g) Payments authorized by this section may not be made to a  
8 municipality eligible for an entitlement under AS 29.65.020 or 29.65.-  
9 030.

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

16 Sec. 29.65.090. AUTHORIZATION FOR LAND EXCHANGES. The director,  
17 with the concurrence of the commissioner, and a municipality are  
18 authorized to exchange land or interests in land when it is in the  
19 public interest. Land or interests in land exchanged under this  
20 section must be of approximately equal value, including the nonmone-  
21 tary value of public benefits. Exchange procedures shall comply with  
22 applicable law and municipal ordinances. The notice and review pro-  
23 visions of AS 38.05.305 and 38.05.345 apply to exchanges of land under  
24 this section. The provisions of AS 38.50 do not apply to exchanges of  
25 land under this section.

26 Sec. 29.65.100. PUBLIC PURPOSE AND EXPANSION NEEDS. (a) Con-  
27 sistent with the best interests of the state, if a municipality  
28 not contain and cannot reasonably acquire sufficient nonfederal land  
29 within its boundaries to meet its legitimate needs for public or

1 private settlement or development, it shall be the policy of the state  
2 to select federal land reasonably necessary to meet the needs of the  
3 municipality and to make the land selected available to the municipal-  
4 ity under AS 38.05.315 or (b) of this section.

5 (b) Where state land is the most logical location for demon-  
6 strated municipal expansion for nonpublic settlement and development  
7 purposes, and when an exchange of land under AS 29.65.090 is not  
8 possible or is not in the public interest, it is the policy of the  
9 state to sell or lease the land at public auction. The state may  
10 contract with a municipality to act as its agent in an auction of  
11 state land under applicable statutes. When a municipality acts as the  
12 agent of the state in an auction, the municipality may retain from the  
13 proceeds of the auction the expenses that the director determines to  
14 be necessary and reasonable.

15 (c) Nothing in this chapter limits or impairs the authority of  
16 the director to transfer land to municipalities, without limit or  
17 consideration, for public purposes in accordance with AS 38.05.315.  
18 If there is a remaining entitlement of the municipality, land trans-  
19 ferred under AS 38.05.315 shall be credited toward fulfillment of the  
20 entitlement.

21 Sec. 29.65.110. ELECTION OF BENEFITS. (a) A municipality that  
22 on July 1, 1978, is engaged in litigation, or that becomes engaged in  
23 litigation, regarding a claim to state land under former AS 29.18.190  
24 and 29.18.200 shall elect either to obtain the benefits provided in  
25 this chapter or to pursue the litigation and waive any claim to en-  
26 titlement under this chapter. An election shall be made by filing a  
27 motion for dismissal with prejudice in the court in which the litiga-  
28 tion is pending. If the claim involves a municipality identified in  
29 AS 29.65.010, the municipality shall file its motion for dismissal

1 within 60 days after July 1, 1978. If a claim involves a city eligi-  
2 ble to receive an entitlement under AS 29.65.020 the city shall file  
3 its motion for dismissal within 60 days after receiving the certifi-  
4 cate of entitlement provided by the director under AS 29.65.020.  
5 Failure of the municipality to file a motion for dismissal during the  
6 time period provided in this subsection is considered a waiver of  
7 entitlement under this chapter.

8 (b) A municipality that was eligible to file land selections  
9 under former AS 29.18.190 and 29.18.200 and that does not enter into  
10 litigation over a claim to rights under those sections before the  
11 expiration of the time period within which it could make an election  
12 under (a) of this section is considered to have elected to receive  
13 benefits under this chapter and to have waived any claim that might  
14 have been raised under former AS 29.18.190 and 29.18.200.

15 (c) The provisions of this chapter do not affect the rights of a  
16 party to litigation regarding the former AS 29.18.190, 29.18.200 or  
17 29.18.420 maintained by a municipality that has elected not to obtain  
18 the benefits provided by this chapter.

19 Sec. 29.65.120. ADMINISTRATION. The commissioner of natural  
20 resources may adopt regulations in accordance with the Administrative  
21 Procedure Act (AS 44.62) necessary to carry out the purposes of this  
22 chapter.

23 Sec. 29.65.130. DEFINITIONS. In this chapter, unless the con-  
24 text otherwise requires,

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

28 (2) "director" means the director of the division of lands,  
29 Department of Natural Resources, or the director's designee;

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

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

6           (5) "municipal land selection" means a request by a munici-  
7 pality, filed in writing with the director under authority of former  
8 AS 29.18.190 and 29.18.200 or under this chapter for vacant, unappro-  
9 priated, unreserved general grant land within its municipal boundaries  
10 in partial fulfillment of its municipal entitlement;

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

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

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

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

27           (10) "vacant, unappropriated, unreserved land" means general  
28 grant land as defined in (4) of this section, excluding minerals as  
29 required by sec. 6(i) of the Alaska Statehood Act, that

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

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

5 (C) is unclassified or, if classified under AS 38.05.-  
6 300, is classified for agricultural, grazing, commercial, indus-  
7 trial, private recreational, residential, utility, or open-to-  
8 entry purposes, or is classified in accordance with an agreement  
9 between a municipality and the state providing for state manage-  
10 ment of land of the municipality.

11 Sec. 29.65.140. APPLICATION. This chapter applies to home rule  
12 and general law municipalities.

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

14 CHAPTER 71. GENERAL PROVISIONS.

15 Sec. 29.71.010. ADVERSE POSSESSION. A municipality may not be  
16 divested of title to real property by adverse possession.

17 Sec. 29.71.020. DEDICATION OF MUNICIPAL PROPERTY. Dedication of  
18 streets, rights-of-way, easements or other areas for public use may  
19 not be construed to require the municipality to maintain, improve or  
20 provide for municipal services in the area dedicated and the dedica-  
21 tion does not impose any liability on the municipality for the condi-  
22 tion of the area dedicated.

23 Sec. 29.71.030. TAXATION OF MUNICIPALITIES. No state law or  
24 regulation may assess or tax, or be construed to assess or tax, a  
25 municipality unless the law or regulation expressly provides that the  
26 municipality is to be assessed or taxed by the particular law or  
27 regulation.

28 Sec. 29.71.800. DEFINITIONS. In this title, unless otherwise  
29 provided or the context otherwise requires,

1           (1) "areawide" means throughout a borough, both inside and  
2 outside all cities in the borough;

3           (2) "assembly" means the governing body of a borough;

4           (3) "borough" means a general law borough or a home rule  
5 borough;

6           (4) "city" means a general law first or second class city  
7 or a home rule city;

8           (5) "commissioner" means the commissioner of community and  
9 regional affairs;

10          (6) "consolidation" means dissolution of two or more muni-  
11 cipalities and their incorporation as a new municipality;

12          (7) "council" means the governing body of a city;

13          (8) "department" means the Department of Community and  
14 Regional Affairs;

15          (9) "election" means a regular or special municipal elec-  
16 tion and does not include a state election;

17          (10) "governing body" means the legislative body of a muni-  
18 cipality that is the assembly of a borough or the council of a city;

19          (11) "majority" means a simple majority;

20          (12) "merger" means dissolution of a municipality and its  
21 absorption by another municipality;

22          (13) "municipality" means a political subdivision incor-  
23 porated under the laws of the state that is a home rule or general law  
24 city, a home rule or general law borough, or a unified municipality;

25          (14) "nonareawide" means throughout the area of a borough  
26 outside all cities in the borough;

27          (15) "owner" or "record owner" means the owner of record or  
28 purchaser of record as shown in the records of the district recorder;

29          (16) "personal property" means tangible property other than

1 real property, such as merchandise, stock in trade, machinery, equip-  
2 ment, furniture, fixtures, vehicles, boats, and aircraft;

3 (17) "property" means real and personal property;

4 (18) "published" means appearing at least once in a news-  
5 paper of general circulation distributed in the municipality or, if  
6 there is no newspaper of general circulation distributed in the muni-  
7 cipality, posting in three public places for at least five days;

8 (19) "real property" means land and improvements, all pos-  
9 sessory rights and privileges appurtenant to the property, and in-  
10 cludes personal property affixed to the land or improvements;

11 (20) "regular election" means the municipal election held on  
12 the first Tuesday of October annually, or on a different date or  
13 interval of years provided by ordinance or charter;

14 (21) "special election" means a municipal election and does  
15 not include a regular election or a state election;

16 (22) "street" includes streets, avenues, boulevards, roads,  
17 lanes, alleys, and other ways;

18 (23) "subdivision"

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

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

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

29 (25) "voter" means a United States citizen who is qualified

1 to vote in state elections, has been a resident of the municipality  
2 for 30 days immediately preceding the election, is registered to vote  
3 in state elections, and is not disqualified under art. V of the state  
4 constitution.

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

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

9 \* Sec. 19. AS 09.55.275 is amended to read:

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

24 \* Sec. 20. AS 09.65.070(e)(1) is amended to read:

25 (1) "municipality" means a home rule borough or city, a  
26 general law borough or city of any class, or a unified municipality  
27 [ESTABLISHED UNDER AS 29.68.240 - 29.68.440, OR A MUNICIPALITY ESTAB-  
28 LISHED BY MERGER OR CONSOLIDATION UNDER AS 29.68.030 - 29.68.110]; the  
29 term includes a public corporation established by a municipality;

1 \* Sec. 21. AS 14.08.071(b) is amended to read:

2 (b) Except for the first election of regional school members  
3 under (a) of this section, elections [ELECTION] shall be held annually  
4 on the first Tuesday in October. Elections shall be supervised by the  
5 director of elections in the office of the lieutenant governor, but  
6 shall be administered within second class cities as part of the regular  
7 municipal election. The lieutenant governor shall adopt [PROMULGATE]  
8 regulations for the conduct of the election of regional school board  
9 members comparable, as far as practicable, to those prescribed for  
10 election of school board members under AS 14.12 and AS 29.20.300  
11 [AS 29.28] except that the majority election requirements of AS 29.-  
12 26.060 [AS 29.28.040] do not apply to, nor may the regulations require  
13 runoff elections for, the first election of regional school board  
14 members under (a) of this section or, if a school board by resolution  
15 so requests, to subsequent elections in the regional educational  
16 attendance area served by that school board.

17 \* Sec. 22. AS 14.08.081 is amended to read:

18 Sec. 14.08.081. RECALL. The members of a regional school board  
19 are subject to recall in accordance with AS 29.26.240 - 29.26.360  
20 [AS 29.28.130 - 29.28.250], except that the director of the division  
21 of elections shall perform the functions of a municipal clerk, and the  
22 lieutenant governor shall perform the functions of the assembly or  
23 council under those sections.

24 \* Sec. 23. AS 14.12.030(c) is amended to read:

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

1 \* Sec. 24. AS 14.12.110 is amended to read:

2 Sec. 14.12.110. SINGLE BODY AS ASSEMBLY AND SCHOOL BOARD. Not-  
3 withstanding the provisions of this chapter or other law, a single  
4 body may serve as both the [BOROUGH] assembly and [BOROUGH] school  
5 board in the manner provided for third class boroughs under AS 29.20.-  
6 300(b) [AS 07.17.030], if

7 (1) an [A BOROUGH] ordinance for that purpose is approved  
8 by the assembly and ratified by a referendum of a majority of the  
9 qualified borough voters voting on the question at a regular or spe-  
10 cial election; [,] and

11 (2) [IF] the public school population within the borough is  
12 500 pupils or less.

13 \* Sec. 25. AS 14.14.020 is amended to read:

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

25 \* Sec. 26. AS 14.14.050(d) is amended to read:

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

1 \* Sec. 27. AS 14.17.140(a) is amended to read:

2 (a) To determine the equalized percentage to be applied to basic  
3 need under AS 14.17.021, and the matching ratio for required local  
4 effort under AS 14.17.071, the Department of Community and Regional  
5 Affairs, in consultation with the assessor for each district, shall  
6 determine the full value of the taxable real and personal property in  
7 each district. Exemptions granted under ch. 129, SLA 1957, known as  
8 the Alaska Industrial Incentive Act (AS 43.25), shall be honored. If  
9 there is no local assessor or current local assessment for a district,  
10 then the Department of Community and Regional Affairs shall make the  
11 determination of full value from information available. In making the  
12 determination, the Department of Community and Regional Affairs shall  
13 be guided by AS 29.45.110 [AS 29.53.060]. The determination of full  
14 value shall be made before October 1 and sent by certified mail,  
15 return receipt requested, before that date to the president of the  
16 school board in each district. Duplicate copies shall be sent to the  
17 commissioner. The governing body of the municipality that [BOROUGH OR  
18 CITY WHICH] is the district may obtain judicial review of the deter-  
19 mination by filing a motion in the superior court of the judicial  
20 district in which the district is located within 30 days after receipt  
21 of the determination. The superior court may modify the determination  
22 of the Department of Community and Regional Affairs only upon a find-  
23 ing of abuse of discretion or upon a finding that there is no substan-  
24 tial evidence to support the determination.

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

26 (a) This chapter applies in every election for governor, lieu-  
27 tenant governor, a member of the state legislature, a delegate to a  
28 constitutional convention, or judge seeking electoral confirmation.  
29 It also applies to every candidate for election to a municipal office

1 in a municipality [CITY OR BOROUGH] with a population of more than  
2 1,000 inhabitants according to the latest United States census figures  
3 or estimates of population certified as correct for administrative  
4 purposes by the Department of Community and Regional Affairs. A  
5 municipality may exempt its elected municipal officers from the re-  
6 quirements of this chapter if a majority of the voters voting on the  
7 question at a [ANY] regular election, as defined by AS 29.71.800(20)  
8 [AS 29.78.010(14)], or a special municipality-wide election called for  
9 that purpose, vote to exempt its elected municipal officers from the  
10 requirements of this chapter. The question of exemption from the  
11 requirements of this chapter may be submitted by the governing body  
12 [CITY COUNCIL OR BOROUGH ASSEMBLY] by ordinance or by initiative  
13 election [ORDINANCE]. Nothing in this chapter prohibits a municipal-  
14 ity from regulating by ordinance campaign contributions and expendi-  
15 tures.

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

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

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

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

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

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

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

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

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

29 (2) a member of the borough assembly [ASSEMBLYMAN] under

1        AS 29.20.170(6) [AS 29.23.060(c)];

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

3                (3) a borough mayor under AS 29.20.280(6) [AS 29.23.130-  
4                (f)];

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

6                (4) a member of the city council [COUNCILMAN] under AS 29.-  
7                20.170(6) [AS 29.23.210(b)];

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

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

10       \* Sec. 37. AS 16.20.036(g) is amended to read:

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

15       \* Sec. 38. AS 16.20.038(g) is amended to read:

16                (g) The establishment of a refuge under this section does not  
17                impair or alter existing rights of a municipality [BOROUGH OR CITY] to  
18                state land selected [SELECT STATE LAND] under former AS 29.18.190 -  
19                29.18.200.

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

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

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

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

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

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

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

4 (3) "local government" means an organized borough of any  
5 class, a unified municipality [ORGANIZED UNDER AS 29.68.240 - 29.68.-  
6 440], a home rule city, or a first class city [OF THE FIRST CLASS];

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10 (d) Upon application by a municipality or an affected owner of  
11 land, the department may vacate, release, modify, or relocate an ease-  
12 ment and right-of-way for public access to or along navigable or  
13 public waters reserved by the department in a patent issued under  
14 AS 29.18.510 - 29.18.610, AS 29.05, AS 29.65, or former AS 29.18.011 -  
15 29.18.460, [AS 29.18] if the commissioner determines the action is  
16 consistent with the public interest.

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

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

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

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

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

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

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

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

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

21 \* Sec. 56. AS 39.50.145 is amended to read:

22 Sec. 39.50.145. PARTICIPATION BY MUNICIPALITIES. A municipality  
23 may exempt its municipal officers from the requirements of this chap-  
24 ter if a majority of the voters voting on the question at a [ANY]  
25 regular election, as defined by AS 29.71.800(20) [AS 29.78.010(14)],  
26 or a special municipality-wide election, vote to exempt its municipal  
27 officers from the requirements of this chapter. The question of  
28 exemption from the requirements of this chapter may be submitted by  
29 the city council or borough assembly by ordinance or by initiative

1 election [ORDINANCE].

2 \* Sec. 57. AS 39.50.200(a)(6) is amended to read:

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

9 \* Sec. 58. AS 40.15.075 is amended to read:

10 Sec. 40.15.075. AUTHORITY IN THE UNORGANIZED BOROUGH AND THIRD  
11 CLASS BOROUGH. The division of lands is the platting authority in  
12 the area outside organized boroughs and outside cities in the unor-  
13 ganized borough and in the third class borough for only the purposes  
14 of hearing and acting on petitions for the change or vacation of plats  
15 and shall execute this function substantially in conformity with the  
16 provisions of AS 29.40.130 - 29.40.160 [AS 29.33.210 - 29.33.240].  
17 Costs of publication and mailing [AS WELL AS OTHER COSTS] authorized  
18 in AS 29.40.130 [AS 29.33.210] shall be paid to the division by the  
19 petitioner. The Department of Natural Resources shall adopt reason-  
20 able regulations governing the exercise of the authority conferred by  
21 this section upon the division of lands.

22 \* Sec. 59. AS 40.15.200 is amended to read:

23 Sec. 40.15.200. APPLICATION TO STATE AND POLITICAL SUBDIVI-  
24 SIONS. All subdivisions of land made by the state, its agencies,  
25 instrumentalities and political subdivisions are subject to the provi-  
26 sions of this chapter and AS 29.40.070 - 29.40.160 [AS 29.33.150 -  
27 29.33.240], or home rule ordinances or regulations governing subdivi-  
28 sions, and shall comply with ordinances and other local regulations  
29 adopted under this chapter and AS 29.40.070 - 29.40.160 or former

1 AS 29.33.150 - 29.33.240, or under home rule authority, in the same  
2 manner and to the same extent as subdivisions made by other land-  
3 owners.

4 \* Sec. 60. AS 41.22.020(d) is amended to read:

5 (d) In (a) of this section "municipalities" includes cities or  
6 organized boroughs of any class and unified municipalities exercising  
7 powers to initiate projects described in AS 41.22.020 and acquire  
8 parks and open space land, as otherwise authorized by law [, AND  
9 INCLUDES BUT IS NOT LIMITED TO UNIFIED MUNICIPALITIES ORGANIZED UNDER  
10 AS 29.68.240 - 29.68.440].

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

12 (5) consult with local historical district commissions re-  
13 garding the establishment of historical districts under AS 29.55.010 -  
14 29.55.020 [AS 29.48.108 - 29.48.110] and the approval of project  
15 alterations under AS 45.98.040; recommend, if appropriate, the formu-  
16 lation of additional criteria for the designation of historical dis-  
17 tricts under AS 29.55.020(b) [AS 29.48.110(b)]; approve plans for and  
18 evaluate the suitability of specific structures for purposes of loan  
19 eligibility and continuance under the historical district revolving  
20 loan fund (AS 45.98); and consult with the Department of Commerce and  
21 Economic Development relative to the adoption of regulations for  
22 historical district loans under AS 45.98.

23 \* Sec. 62. AS 43.18.430 is amended to read:

24 Sec. 43.18.430. POWER OF MUNICIPALITY. A municipality may own,  
25 maintain and employ a facility constructed under AS 43.18.400 - 43.-  
26 18.460. The exercise of this power on an areawide basis is at the  
27 option of the borough and is not subject to the restrictions on ac-  
28 quiring additional areawide powers in AS 29.35.300 - 29.35.330  
29 [AS 29.33.250 - 29.33.290].

1 \* Sec. 63. AS 43.18.500(d)(2)(A) is amended to read:

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

4 \* Sec. 64. AS 43.56.010(b) is amended to read:

5 (b) A municipality may levy and collect a tax under AS 29.45.080  
6 [AS 29.53.045] at the rate of taxation that applies to other property  
7 taxed by the municipality. The tax shall be levied at a rate no  
8 higher than the rate applicable to other property taxable by the  
9 municipality. No municipality may exempt from taxation property  
10 authorized to be taxed under this chapter. Exemptions shall be lim-  
11 ited to those in AS 29.45.030, 29.45.050, [AS 29.53.020 AND AS 29.53.-  
12 025] and AS 43.56.020.

13 \* Sec. 65. AS 43.56.010(c) is amended to read:

14 (c) If the total value of assessed property of a municipality  
15 taxing under AS 29.45.080(c) [AS 29.53.045(c)] exceeds the product of  
16 225 percent of the average per capita assessed full and true value of  
17 property in the state (to be determined by the department and reported  
18 to each municipality by January 15 of each year) multiplied by the  
19 number of residents of the taxing municipality, the department shall  
20 designate the portion of the tax base against which the local tax may  
21 be applied. For purposes of this subsection the average per capita  
22 assessed full and true value of property in the state shall be calcu-  
23 lated without regard to the assessed value of taxable property under  
24 AS 43.58.

25 \* Sec. 66. AS 43.56.010(d) is amended to read:

26 (d) A tax paid to a municipality under AS 29.45.080 [AS 29.53.-  
27 045] on or before June 30 of the tax year shall be credited against  
28 the tax levied under (a) of this section for that tax year. If,  
29 however, a tax is not paid to a municipality until after June 30 of

1 the taxable year, the department upon application shall refund to the  
2 taxpayer the amount of tax paid to the municipality under AS 29.45.080  
3 [AS 29.53.045]. The credit or refund of taxes paid to a municipality  
4 may not exceed the total amount of tax levied by the department upon  
5 the taxpayer for the tax year, under (a) of this section.

6 \* Sec. 67. AS 43.56.060(a) is amended to read:

7 (a) The department shall assess property for the tax levied  
8 under AS 43.56.010(b) and AS 29.45.080 [AS 29.53.045] on property used  
9 or committed by contract or other agreement for use for the pipeline  
10 transportation of gas or unrefined oil or for the production of gas or  
11 unrefined oil at its full and true value as of January 1 of the as-  
12 sessment year.

13 \* Sec. 68. AS 43.75.130(1) is amended to read:

14 (1) to each unified municipality [UNIFIED UNDER AS 29.68.-  
15 240 - 29.68.440,] and to each city located in the unorganized borough,  
16 50 percent of the amount of tax revenue collected in the municipality  
17 from taxes levied by AS 43.75;

18 \* Sec. 69. AS 44.07.360(8) is amended to read:

19 (8) "municipality" means a home rule or general law city or  
20 borough including but not limited to the capital city and a unified  
21 municipality [ORGANIZED UNDER AS 29.68.240 - 29.68.440];

22 \* Sec. 70. AS 44.47 is amended by adding new sections to read:

23 ARTICLE 12. BOROUGH FEASIBILITY STUDIES.

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

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

29 (2) the study is requested by a person residing in the area

1 to be studied or by a city located in the area to be studied.

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

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

7 (2) an indication of local interest in the proposed study  
8 consisting of either

9 (A) a petition requesting the study containing the  
10 signatures and addresses of five percent of the voters residing  
11 in the area of the proposed study based on the number of voters  
12 who voted in the area in the last statewide election; or

13 (B) resolutions requesting the study adopted by the  
14 governing bodies of at least five percent of the cities within  
15 the area of the proposed study.

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

22 (1) the standards applicable to the incorporation of bor-  
23 oughs under AS 29.18.030;

24 (2) boundaries of regional corporations established under  
25 43 U.S.C. 1606;

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

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

29 (5) boundaries of coastal resource service areas organized

1 under AS 46.40.110 - 46.40.210.

2 Sec. 44.47.730. CONTRACTS. (a) The commissioner shall contract  
3 for a study of the feasibility of establishing a borough in the unor-  
4 ganized borough by following the procedures set out in AS 36.98. The  
5 commissioner shall include terms in the contract that provide for

- 6 (1) public participation in the preparation of the study;  
7 (2) completion of the study not later than June 30 of the  
8 third year after the year the contract is executed.

9 (b) A study under this section shall include

10 (1) a recommendation for or against incorporation of a bor-  
11 ough containing all or part of the area studied;

12 (2) an evaluation of the economic development potential of  
13 the area studied;

14 (3) an evaluation of capital facility needs of the area  
15 studied;

16 (4) an evaluation of demographic, social, and environmental  
17 factors affecting the area studied;

18 (5) an evaluation of the relationships among regional  
19 educational attendance areas, coastal resource service areas, and  
20 other regional entities responsible for providing services in the area  
21 studied;

22 (6) an evaluation of the relationships between the existing  
23 cities within the area studied and regional entities responsible for  
24 providing services in the area; and

25 (7) specific recommendations for

26 (A) organization of a home rule or general law borough  
27 government if one is recommended;

28 (B) changes in organization of cities in the area  
29 studied; or

1 (C) the improvement of the delivery of services to the  
2 public by the state in the area studied.

3 \* Sec. 71. AS 44.83.162(m) is amended to read:

4 (m) For purposes of (c) of this section, the number of residents  
5 of the community equals the number of residents of the community  
6 determined by the Department of Community and Regional Affairs in  
7 accordance with AS 29.60.020 [AS 29.88.015].

8 \* Sec. 72. AS 44.85.270(i) is amended to read:

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

22 \* Sec. 73. AS 44.85.410(3)(A) is amended to read:

23 (A) a general obligation bond that [WHICH] is a direct  
24 and general obligation of a political subdivision of the state,  
25 all the taxable property within which is subject to taxation to  
26 pay the bond, note or evidence of debt, and the interest without  
27 limitation, as to rate or amount generally to the extent permit-  
28 ted by law or to avoid a default as provided for second class  
29 cities under AS 29.45.590 [AS 29.53.410]; or

1 \* Sec. 74. AS 44.85.410(3)(D) is amended to read:

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

4 \* Sec. 75. AS 45.98.020 is amended to read:

5 Sec. 45.98.020. HISTORICAL DISTRICT LOANS. Upon endorsement and  
6 plan approval by a local historical district commission established  
7 under AS 29.55.010 or former AS 29.48.108 and the recommendation of a  
8 majority of the members of the Historic Sites Advisory Committee, the  
9 Department of Commerce and Economic Development may make loans to a  
10 person, firm, business or municipality subject to applicable laws for  
11 the restoration, improvement, rehabilitation, or maintenance of a  
12 structure that [WHICH] is

13 (1) within the boundaries of a historical district estab-  
14 lished under AS 29.55.020 or former AS 29.48.110;

15 (2) identified as important in state or national history as  
16 provided for in AS 29.55.020(b) or former AS 29.48.110(b); and

17 (3) another building or structure within a historical dis-  
18 trict, and suitable for superficial modification so that it can con-  
19 form to the period or motif of the surrounding buildings or structures  
20 that are the reason for the area's designation as a historical dis-  
21 trict.

22 \* Sec. 76. AS 46.03.210(a) is amended to read:

23 (a) A municipality with a population in excess of 1,000 may,  
24 within five years from August 5, 1969, establish and administer within  
25 its jurisdiction an air pollution control program. Organized boroughs  
26 may establish an air pollution control program on an areawide basis,  
27 and the exercise of powers with respect to the program is not subject  
28 to the restrictions on acquiring additional areawide powers specified  
29 in AS 29.35.300 - 29.35.330 [AS 29.33.250 - 29.33.290]. Local

1 programs shall

2 (1) provide by ordinance for requirements compatible with  
3 those imposed by the provisions of AS 46.03.140 and 46.03.170 and  
4 applicable regulations;

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

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

10 (4) be approved by the department as being satisfactory to  
11 meet the requirements of AS 46.03.140 - 46.03.170 and the applicable  
12 regulations.

13 \* Sec. 77. AS 46.11.040(3)(A) is amended to read:

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

17 \* Sec. 78. AS 46.11.900(8) is amended to read:

18 (8) "state financial assistance" means a loan, grant,  
19 guarantee, insurance, payment, rebate, subsidy, or other form of state  
20 assistance (other than aid under AS 29.60 [AS 29.88, AS 29.89, AS 29.-  
21 90, AS 29.95] and AS 43.18) including the purchase by a state agency  
22 of a loan to finance the construction of a new residential, commer-  
23 cial, or industrial building;

24 \* Sec. 79. AS 46.35.200(3) is amended to read:

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

27 \* Sec. 80. AS 46.40.140(h) is amended to read:

28 (h) Members of coastal resource service area boards are subject  
29 to recall on the same grounds and in the same manner as provided for

1 recall of municipal officials in AS 29.26.240 - 29.26.350 [AS 29.28.-  
2 130 - 29.28.250]. The lieutenant governor functions in place of the  
3 assembly or council and municipal clerk for receipt and review of  
4 recall petitions and the conduct of recall elections.

5 \* Sec. 81. AS 46.40.210(2)(A) is amended to read:

6 (A) unified municipalities [ESTABLISHED UNDER AS 29.-  
7 68.240 - 29.68.440];

8 \* Sec. 82. AS 47.35.010(b) is amended to read:

9 (b) The department shall, within 90 days after receiving a  
10 written request that it do so, delegate its powers relating to nur-  
11 series under this section and under AS 47.35.040, 47.35.050 and 47.-  
12 35.060 to a municipality which has adopted an ordinance providing for  
13 day care licensing under home rule powers or as authorized under  
14 AS 29.35.200 - 29.35.210 [AS 29.48.035(a)(20)]. A municipality to  
15 which these powers have been delegated may waive or modify any regu-  
16 lation or standard established by the department under the authority  
17 of AS 47.35.010 - 47.35.080 as it applies to nurseries or the applica-  
18 tion of any such regulation or standard as it applies to a particular  
19 day care licensee but must notify the department of any waiver.

20 \* Sec. 83. The following laws are repealed: AS 04.11.400(c); AS 04.-  
21 21.080(11); AS 14.56.065(b), 14.56.180(3); AS 15.13.130(6); AS 18.55.950-  
22 (10); AS 19.20.015(f); AS 24.55.330(3); AS 28.35.260(a)(10); AS 29.08;  
23 AS 29.13; AS 29.18; AS 29.23; AS 29.28; AS 29.33; AS 29.38; AS 29.41; AS  
24 29.43; AS 29.48; AS 29.53; AS 29.58; AS 29.63; AS 29.68; AS 29.73; AS 29.-  
25 78; AS 29.88; AS 29.89; AS 29.90; AS 29.95; AS 30.15.070(3); AS 30.30.170-  
26 (2); AS 35.15.120(3); AS 42.06.630(6); AS 43.18.500(j)(6); AS 43.20.016;  
27 AS 43.56.210(8); AS 44.47.310(5); and AS 44.85.410(4).

28 \* Sec. 84. A right or liability of a municipality existing on July 1,  
29 1983, is not affected by the enactment of this Act. Ordinances and

1 regulations in effect on July 1, 1983, remain in effect unless they  
2 conflict with provisions of this Act. Ordinances and regulations in effect  
3 on July 1, 1983, that conflict with provisions of this Act remain in effect  
4 for 180 days after July 1, 1983. The terms of elected or appointed  
5 municipal officials in office on July 1, 1983, are not affected by this  
6 Act, and their terms expire as provided before July 1, 1983.

7 \* Sec. 85. AS 29.45 as enacted in sec. 11 of this Act is retroactive to  
8 January 1, 1983.

9 \* Sec. 86. AS 29.45 as enacted in sec. 11 of this Act and sec. 85 of  
10 this Act take effect immediately in accordance with AS 01.10.070(c).

11 \* Sec. 87. Except for AS 29.45 as enacted in sec. 11 of this Act and  
12 except for sec. 85 of this Act, this Act takes effect July 1, 1983.



Section-by-Section Analysis  
CSSB 1 (C&RA)

Sec. 29.03.030. This is added to the chapter dealing with the unorganized borough in order to cross-reference the section authorizing the division of lands to act as the platting authority in the unorganized borough.

CHAPTER 04. CLASSIFICATION OF MUNICIPALITIES.

Sec. 29.04.010. This section is altered to allow a city of any class to adopt a home rule charter, whereas existing law allows only a first class city to adopt a charter. Unified municipalities are included within the definition of home rule municipality. (AS 29.-08.010)

Sec. 29.04.020. No change. (AS 29.08.020)

Sec. 29.04.030. No change. (AS 29.08.030)

Sec. 29.04.040. (a) The phrase "as provided in this subsection" is deleted as unnecessary. To reclassify as a first class city, a second class city must have 600 residents, whereas existing law requires only 400 residents for reclassification. (AS 29.08.040(a))

(b) No change. (AS 29.08.040(b))

(c) No change. (AS 29.08.040(c))

(d) Minor rewording, but no substantive change. (AS 29.-08.040(d) and (e))

(e) "Department of Community and Regional Affairs" is altered to read "department". This bill adds "department" to the definitions section and uses that term throughout the title in place of "Department of Community and Regional Affairs". (AS 29.08.040(f))

Sec. 29.04.050. This deletes the provision for reclassification of a second class borough to a third class borough. (AS 29.08.040(g))

The material currently dealing with reclassification to third class status is deleted. (AS 29.08.040(h), and (j))

Sec. 29.04.060. (a) Minor rewording, but no substantive change. (AS 29.08.040(g) and (h))

(b) Minor rewording, but no substantive change. (AS 29.-08.040(i))

#### CHAPTER 05. INCORPORATION.

Sec. 29.05.010. (a) A community that meets certain standards may incorporate as a home rule or first class city, whereas existing law provides for incorporation of a first class city only. (AS 29.18.011)

(1) A community must have 600 residents to incorporate as a home rule or first class city, whereas existing law requires 400 residents for incorporation as a first class city. (AS 29.18.011(a)(1))

(2) No change. (AS 29.18.011(a)(2))

(3) The term "local services" is altered to "municipal services". (AS 29.18.011(a)(3))

(4) The term "local government" is altered to "city government". (AS 29.18.011(a)(4))

(5) The term "local government" is altered to "city government". (AS 29.18.011(a)(5))

(b) No change. (AS 29.18.011(b))

Sec. 29.05.020. (a) No change. (AS 29.18.021(a))

(b) The term "organized borough" is altered to "borough", which is defined for the title. (AS 29.18.020(b))

Sec. 29.05.030. (a) This provides for incorporation of a home rule, first class, or second class borough, but not for incorporation of a third class borough. This section contains several technical changes. The term "organized borough" is replaced with "borough" since that is defined. The term "local services" is replaced by "municipal services". The term "local government" is replaced by "borough government" as being more precise since this section deals with the incorporation of boroughs and not cities. (AS 29.18.030)

(b) This is new and provides that an area may not incorporate as a third class borough.

Sec. 29.05.060. "Department of Community and Regional Affairs" is replaced by the word "department" which is defined for the title. The paragraphs are reorganized so that the most general requirements precede the most specific requirements for incorporation. (AS 29.18.050)

(7) Signature requirements apply to home rule and first class cities as a unit and then to the rest of the voters in the area of the proposed borough as another unit. Under existing law only first class cities are treated as a special unit for the purpose of gathering signatures. (AS 29.18.050(10))

(11) Signature requirements for incorporation of a first class city must also be complied with for incorporation of a home rule city. (AS 29.05.060(8))

(13) A new provision for incorporation of a home rule municipality requiring that a proposed home rule charter be filed with the incorporation petition.

Sec. 29.05.070. Minor rewording, but no substantive change. (AS 29.18.060)

Sec. 29.05.080. (a) Combines material currently found in two subsections. Adds requirement that notice of the meeting be published. "Published" is defined for the title. (AS 29.18.070(a) and (c))

(b) No change. (AS 29.18.070(b))

(c) No substantive change. (AS 29.18.080(a))

Sec. 29.05.090. "Department of Community and Regional Affairs" is altered to "department". (AS 29.18.080(b))

Sec. 29.05.100. No substantive change. (AS 29.18.090)

Sec. 29.05.110. This section contains a few minor changes, so that the use of language is consistent throughout the bill. The word "officer" is changed to "official" and that is the term used throughout. Currently, Title 29 uses the terms municipal "officer" and "official" interchangeably. Effective January 1, 1981, the director of elections became responsible for conducting state elections rather than the lieutenant governor and here the responsibility for the election is conferred on the director of elections. (AS 29.18.110)

Sec. 29.05.120. This section is reorganized. Current references to the lieutenant governor are changed to the director of elections. (AS 29.18.120)

(a) Contains material currently found in AS 29.18.120(b).

(b) Contains material currently found in AS 29.18.120(b).

(c) Contains material currently found in AS 29.18.120(b).

(d) Contains material currently found in AS 29.18.120(c).

(e) Contains material currently found in AS 29.18.120(d).

(f) Contains material currently found in AS 29.18.120(e).

Sec. 29.05.130. The phrase "borough assembly or city council" is replaced by the phrase "governing body" which is defined for the title. The last line of the current section is dropped as no longer necessary. The provisions of this section apply to all organized boroughs whether incorporated or organized before or after September 10, 1972. (AS 29.18.130)

Sec. 29.05.140. Minor wording changes are made to improve readability and to insure that terms are used consistently throughout the title. (AS 29.18.140)

(d) Added to indicate that the section applies to home rule and general law municipalities, however, this is not a substantive change because the section currently applies to home rule municipalities under AS 29.13.100.

Sec. 29.05.150. No substantive change. (AS 29.18.150)

Sec. 29.05.180. This section now applies only to organization grants for cities. A new section has been added to the bill to deal with organization grants for boroughs. A newly incorporated city or a second class city in the unorganized borough that reclassifies shall be entitled to a first year organization grant of \$50,000 and to a second organization grant of \$25,000. Under existing law, a municipality is entitled to receive \$10 for every voter or \$25,000 minimum, and the municipality receives no grant the second year. (AS 29.18.180)

Sec. 29.05.190. This section deals with organization grants to boroughs only and applies to boroughs incorporated after July 1, 1983. A borough shall be entitled to a first year organization grant of \$300,000; a second year grant of \$200,000; and a third year grant of \$100,000. Under existing law a borough receives \$10 for every voter or a minimum \$25,000 grant. (AS 29.18.180)

Sec. 29.05.200. This is new material establishing an organization grant fund. The Department of Community and Regional Affairs is required to prepare a yearly report on the fund to be presented to the Department of Administration.

Sec. 29.05.210. This is new material which requires the Department of Community and Regional Affairs to determine the population of a newly incorporated borough, help the borough establish an initial assessment and collection department if it has adopted a

sales or use tax; and help the borough to determine the initial assessment roll if the borough has adopted a property tax.

#### CHAPTER 06. ALTERATION OF MUNICIPALITIES.

Sec. 29.06.010. The phrase "qualified voters voting on the question at a regular or special election" is replaced by "voters after an election". Both "voters" and "election" are defined for the title. References to the lieutenant governor are changed to the director of elections. (AS 29.73.050)

(d) This is added and applies the section to home rule municipalities. This is not a substantive change since the section is a home rule limitation under AS 29.13.100.

Sec. 29.06.040. (a) Authorizes an appeal of a decision of the Local Boundary Commission regarding a proposed municipal boundary change. (AS 29.68.010(a))

(b) Minor rewording. (AS 29.68.010(a))

(c) Adds a new provision that standards and procedures that apply to detachment shall be the same as standards and procedures that apply to annexation, except that provisions for equitable prorated payment of debts must be included in the case of detachment. Requires the Local Boundary Commission to make a decision on a petition for annexation or detachment within 90 days. (AS 29.68.010(b))

(d) Minor reorganizing but no substantive change. (AS 29.68.-010(c))

Sec. 29.06.050. No substantive change. (AS 29.68.020)

Sec. 29.06.060. This is new material specifically applying all sections dealing with annexation as home rule limitations. The material contained in sec. 29.06.040 of this bill is currently a limitation on home rule municipalities.

Sec. 29.06.090. Adds a provision that a third class borough may not be formed through merger or consolidation. (AS 29.68.030)

Sec. 29.06.100. The word "existing" is added to make it clear that some requirements refer to an existing municipality and some to a proposed municipality. (AS 29.68.040)

Sec. 29.06.110. "Department of Community and Regional Affairs" is changed to "department". (AS 29.68.050, 29.68.060, 29.-68.070(a))

Sec. 29.06.120. No substantive change. (AS 29.68.070(b))