

PLANTING OF THE BIRCHES IN THE  
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1 full. This subsection applies to home rule and general law municipal-  
2 ities.

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

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

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

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

24 (b) Compliance with the provisions of this section is a prereq-  
25 uisite to receipt of municipal tax resource equalization assistance  
26 under AS 29.60.010 - 29.60.080 and state aid for miscellaneous municipi-  
27 pal services under AS 29.60.100 - 29.60.180. The department shall  
28 withhold annual allocations under those sections until municipal  
29 officials demonstrate that the requirements of this section have been

1 met.

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

6 ARTICLE 5. CITY SALES AND USE TAXES.

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

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

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

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

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

25 CHAPTER 46. SPECIAL ASSESSMENTS.

26 Sec. 29.46.010. ASSESSMENT AND PROPOSAL. The municipality may  
27 assess against the property of a state or federal governmental unit  
28 and private real property to be benefited by an improvement all or a  
29 portion of the cost of acquiring, installing, or constructing capital

1 improvements. The state shall pay an assessment levied, except as  
2 otherwise provided by law and subject to its right of protest under  
3 AS 29.46.020(a)(8). If a governmental unit other than the state  
4 benefited by an improvement refuses to pay the assessment, it shall be  
5 denied the benefit of the improvement. An improvement proposal may be  
6 initiated by

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

9 (2) the governing body.

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

14 (1) a procedure for filing petitions;

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

18 (3) a public hearing on the necessity for the proposed  
19 local improvement;

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

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

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

27 (7) a resolution or ordinance confirming the special  
28 assessment roll for the proposed local improvement.

29 (b) If protests as to the necessity of a proposed local improve-

1 ment are made by owners of property that will bear 50 percent or more  
2 of the estimated cost of the improvement, the governing body may not  
3 proceed with the improvement until the objections have been reduced to  
4 less than 50 percent, except on approval of not fewer than three-  
5 fourths of the governing body.

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

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

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

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

28 Sec. 29.46.040. RECORD OWNER. The person in whose name property  
29 is listed on the municipal property tax roll as owner is conclusively

1 presumed to be the legal owner of record. If the owner is unknown,  
2 the assessment roll may designate "unknown owner".

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

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

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

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

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

25 Sec. 29.46.070. HEARING AND SETTLEMENT. After the public hear-  
26 ing, the governing body shall correct errors and inequalities in the  
27 roll. If an assessment is increased, a new hearing shall be set and  
28 notice published, except that a new hearing and notice is not required  
29 if all record owners of property subject to the increased assessment

1 consent in writing to the increase. Objections to the increased  
2 assessment shall be limited to record owners of property on which the  
3 assessment was increased. When the roll is corrected, it shall be  
4 confirmed by resolution or ordinance.

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

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

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

25 Sec. 29.46.090. EXEMPTION. (a) The real property owned and  
26 occupied by a resident 65 years of age or over, or the spouse, widow,  
27 widower, or minor heir of the original applicant, on which is located  
28 only the permanent abode of the applicant that is a single-family  
29 residence, is exempt from (1) special sewer assessments levied by a

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

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

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

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

29 (3) If an application is filed within the required time

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

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

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

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

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

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

28 (e) In this section

29 (1) "minor heir" means a person who, at the time of trans-

1 fer of the property, has not attained the age of 19 years or who, if  
2 under 22 years of age, is a full-time student at an educational insti-  
3 tution or a member of the armed forces of the United States;

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

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

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

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

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

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

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

22 (4) interest on interim financing;

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

25 (6) the cost of completing the improvement and financing  
26 the improvement, including the issuance of bonds.

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

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

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

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

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

22           (c) The municipal treasurer may accept notes against special  
23 assessments on conditions prescribed by the governing body in payment  
24 of

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

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

29                   (3) certificates of purchase when property has been sold

1 under execution or at tax sale for failure to pay the assessments.

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

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

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

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

26 CHAPTER 47. MUNICIPAL DEBT.

27 ARTICLE 1. REVENUE ANTICIPATION NOTES.

28 Sec. 29.47.010. BORROWING IN ANTICIPATION OF REVENUE. A  
29 municipality that is authorized to incur indebtedness may borrow money

1 to meet appropriations for any fiscal year in anticipation of the  
2 collection of the revenues for that year, but all debt so contracted  
3 shall be paid before the end of the next fiscal year. Negotiable or  
4 nonnegotiable revenue anticipation notes may be issued as evidence of  
5 the borrowing.

6 Sec. 29.47.020. ISSUANCE OF NOTES. A municipality may by ordi-  
7 nance or resolution authorize the issuance of revenue anticipation  
8 notes. The governing body may delegate to its chief fiscal officer  
9 the power to issue the notes from time to time under the terms and  
10 conditions of the ordinance or resolution that provides for the manner  
11 of their sale.

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

21 (b) If the state or federal grants for capital improvement pro-  
22 jects have not been paid to the municipality before maturity of the  
23 notes issued in anticipation of the receipt of the revenue, the gov-  
24 erning body may issue new notes in order to meet payment of the notes  
25 then maturing or may renew the outstanding revenue anticipation notes.  
26 New notes issued or renewals of outstanding revenue anticipation notes  
27 mature not later than the end of the next fiscal year.

28 Sec. 29.47.040. PRIORITY OF REPAYMENT. The payment of the  
29 principal and interest on revenue anticipation notes is payable from

1 revenues, and their payment additionally shall be secured by a pledge  
2 of the full faith and credit of the municipality issuing them.

3 ARTICLE 2. BOND ANTICIPATION NOTES.

4 Sec. 29.47.080. BOND ANTICIPATION BORROWING. A municipality may  
5 borrow money in anticipation of the sale of general obligation and  
6 revenue bonds if

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

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

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

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

28 Sec. 29.47.110. REPAYMENT OF NOTES. Every note is payable from  
29 the proceeds of the sale of bonds that the notes anticipated or from

1 the proceeds of the sale of new bond anticipation notes.

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

8 Notes issued in anticipation of the sale of revenue bonds  
9 and the interest on them are secured in the same manner as are the  
10 revenue bonds in anticipation of which the notes are issued.

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

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

18 ARTICLE 3. GENERAL OBLIGATION BONDS.

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

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

28 (b) Before a general obligation bond issue election, the  
29 governing body shall have published a notice of the total existing

1 bond indebtedness at least once a week for three consecutive weeks.  
2 The first notice shall be published at least 20 days before the date  
3 of the election. A notice shall include

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

6 (2) the cost of the debt service on the current indebted-  
7 ness;

8 (3) the total assessed value of property in the municipal-  
9 ity.

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

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

#### 22 ARTICLE 4. REVENUE BONDS.

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

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

1 est of the mortgage loans and from other amounts pledged by the muni-  
2 cipality, except the pledge of revenues derived from taxes. Revenue  
3 bonds issued under this subsection do not constitute a general obli-  
4 gation of the municipality.

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

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

11 ARTICLE 5. REFUNDING BONDS.

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

- 17 (1) general obligation refunding bonds; or  
18 (2) revenue refunding bonds.

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

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

1           Sec. 29.47.330. PAYMENT OF REFUNDING BONDS. General obligation  
2 refunding bonds are payable according to AS 29.47.200. Revenue re-  
3 funding bonds are payable according to AS 29.47.240.

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

9                           ARTICLE 6. MISCELLANEOUS PROVISIONS.

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

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

24           (c) A municipality may

25                           (1) loan the proceeds of the bonds issued under this sec-  
26 tion;

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

29                           (3) enter into covenants and agreements concerning bonds

1 issued under this section that the municipality determines to be de-  
2 sirable;

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

5 (d) In this section

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

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

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

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

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

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

1           Sec. 29.47.440. BOROUGH INDEBTEDNESS. (a) A borough may incur  
2 indebtedness

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

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

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

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

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

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

29           Sec. 29.47.450. SERVICE AREA DEBT. The indebtedness of a ser-

1 vice area acquired under AS 29.47.440 remains the indebtedness of the  
2 area that incurred the debt, notwithstanding a subsequent court deter-  
3 mination that the service area was not validly formed under law or by  
4 virtue of a defect in the proceedings creating the service area. All  
5 property in the service area remains subject to taxation to pay the  
6 bonded indebtedness.

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

8 CHAPTER 55. MUNICIPAL PROGRAMS.

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

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

19 (b) A historical district shall be a reasonably compact area of  
20 historical significance in which two or more structures important in  
21 state or national history, and related by physical proximity or his-  
22 torical association, are located. For purposes of this section,  
23 "structures important in state or national history" means properties  
24 recommended by historical district commissions that are listed in the  
25 National Register of Historic Places or are characteristic of the  
26 Russian American period before October 18, 1867, the early territorial  
27 period before 1930, or early Native heritage, reflecting the indi-  
28 genous characteristics of Native culture in Alaska. On recommendation  
29 of the governing body of a municipality and the Historic Sites Advi-

1 sory Committee, the Department of Natural Resources may by regulation  
2 formulate additional criteria for the establishment of historical  
3 districts not inconsistent with this subsection.

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

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

8 CHAPTER 60. STATE PROGRAMS.

9 ARTICLE 1. MUNICIPAL TAX RESOURCE EQUALIZATION.

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

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

18 Entitlement = P x R

19 where P = population, and

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

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

28 (1) includes

29 (A) the actual revenue derived from the levy and

1 collection of local taxes in the taxing unit for municipal ser-  
2 vices during the preceding fiscal year of the taxing unit;

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

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

11 (D) special assessments received during the preceding  
12 fiscal year; and

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

16 (2) excludes

17 (A) revenue derived from the levy and collection of  
18 municipal taxes and appropriated for the operating expenses and  
19 debt service of utilities;

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

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

23 Sec. 29.60.020. DETERMINATION OF POPULATION. For purposes of  
24 AS 29.60.010 - 29.60.080, the population of a taxing unit shall be  
25 determined annually by the latest figures of the United States Bureau  
26 of the Census or other population data that in the judgment of the  
27 department is reliable.

28 Sec. 29.60.030. DETERMINATION OF MILLAGE RATE EQUIVALENT. (a)  
29 The department may require a municipality to return a certification,

1 signed by the municipal treasurer or manager and the mayor, that pro-  
2 vides an estimate of the locally generated revenue received by the  
3 municipality during the preceding fiscal year.

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

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

24 (d) The full and true assessed property value shall be deter-  
25 mined by the department in the manner provided for the computation of  
26 state aid to education under AS 14.17.140. When the determination of  
27 locally generated revenue includes revenue of a utility received under  
28 AS 29.60.010(c)(1)(E), the full and true assessed property value shall  
29 include the computed assessed value of the utility, determined by

1 dividing the amount of the payment in place of taxes made by the  
2 utility by the millage rate that would apply to the utility if the  
3 utility were subject to levy and collection of taxes under AS 29.45.

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

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

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

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

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

21 Sec. 29.60.040. REPORTS. A payment of an equalization entitle-  
22 ment may not be made to a municipality under AS 29.60.010 - 29.60.080  
23 until the municipality has submitted its certificate of estimated  
24 revenue and its financial report to the department for the fiscal year  
25 preceding the year for which the equalization entitlement is sought,  
26 together with a budget for the municipality's current fiscal year.  
27 The financial report shall include a listing of general revenue col-  
28 lected from taxes levied and assessed and any other revenue that, in  
29 the opinion of the municipal officials, is eligible for inclusion in

1 computations of the locally generated revenue of the taxing unit.

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

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

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

14 Sec. 29.60.060. TAX EQUALIZATION ACCOUNT. The tax equalization  
15 account is established. Money to carry out the provisions of AS 29.-  
16 60.010 - 29.60.080 shall be allocated by the department to the  
17 account. The amount allocated to the account shall be fully distri-  
18 buted by the department as payments to municipalities to fulfill each  
19 share authorized under AS 29.60.010. The amount allocated to the  
20 account shall be distributed by the department pro rata among eligible  
21 municipalities.

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

25 (1) procedures and filing dates for submitting certifica-  
26 tion and financial reports;

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

29 (3) procedures by which the department shall notify a

1 municipality in writing of the reasons for a proposed disallowance or  
2 adjustment of any factor bearing upon the determination of the muni-  
3 cipality's entitlement and by which the municipality will be provided  
4 reasonable time in which to respond or to challenge the department's  
5 determination.

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

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

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

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

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

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

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

21 ARTICLE 2. STATE AID FOR MISCELLANEOUS PURPOSES.

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

25 (1) to a municipality or other eligible recipient that has  
26 the power to provide the services described in AS 29.60.110 - 29.60.-  
27 130 and exercises the power in the manner required by AS 29.60.100 -  
28 29.60.180;

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

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

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

24           Sec. 29.60.120. STATE AID TO MUNICIPALITIES AND OTHER ELIGIBLE  
25 RECIPIENTS FOR HEALTH FACILITIES AND HOSPITALS. (a) The department  
26 shall pay

27           (1) to a municipality that has the power to provide hospi-  
28 tal facilities and services and that exercises that power, \$2,000 per  
29 bed for each bed actually used for patient care, limited to the number

1 of beds provided for in the construction design of the hospital, or  
2 \$250,000 a hospital for those hospitals with 10 or more beds, or  
3 \$50,000 a hospital for those hospitals with less than 10 beds, as the  
4 municipality may elect; money received under this paragraph may be  
5 used only for hospitals and shall be apportioned among qualifying  
6 hospitals as the municipality determines;

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

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

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

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

28 (d) Before money may be distributed under this section, the  
29 commissioner of health and social services shall certify to the com-

1 missioner of community and regional affairs that any accumulation of  
2 assets by nonprofit corporations or other recipients under this sec-  
3 tion is dedicated irrevocably to a public purpose.

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

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

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

18 Sec. 29.60.140. STATE AID TO UNINCORPORATED COMMUNITIES. (a)  
19 The Department of Community and Regional Affairs shall pay to each  
20 unincorporated community an entitlement of \$25,000 each fiscal year to  
21 be used for a public purpose. The Department of Community and Re-  
22 gional Affairs with advice from the Department of Law shall determine  
23 whether there is in each unincorporated community an incorporated  
24 nonprofit entity or a Native village council that will agree to re-  
25 ceive and spend the entitlement. If there is more than one qualified  
26 entity in an unincorporated community, the Department of Community and  
27 Regional Affairs shall pay the money under the entitlement to the  
28 entity that the department finds most qualified to receive and spend  
29 the money. The Department of Community and Regional Affairs may not

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

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

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

18 Sec. 29.60.160. AREA COST-OF-LIVING DIFFERENTIAL. (a) Payments  
19 to a municipality or other eligible recipient under AS 29.60.110 -  
20 29.60.120 shall reflect area cost-of-living differentials. Payments  
21 shall be based on the sum of per capita, per mile and per bed or  
22 facility grants due each municipality or other recipient multiplied by  
23 the appropriate area cost-of-living differential. The area cost-of-  
24 living differential for each recipient shall be determined annually by  
25 election district under the provisions of AS 39.27.030. Application  
26 of the area cost-of-living differential may not result in distribution  
27 of an amount less than the amount of the payment determined without  
28 reference to application of this section.

29 (b) The election districts used to establish area cost-of-living

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1 differentials under (a) of this section are those designated by the  
2 proclamation of reapportionment and redistricting of December 7, 1961,  
3 and retained for the house of representatives by proclamation of the  
4 governor September 3, 1965.

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

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

22 ARTICLE 3. STATE AID FOR HOSPITAL AND  
23 HEALTH FACILITY CONSTRUCTION.

24 Sec. 29.60.230. STATE AID FOR HOSPITAL AND HEALTH FACILITY CON-  
25 STRUCTION. (a) If construction of a hospital began after January 1,  
26 1968, or if construction of a health facility began after January 1,  
27 1968, and before July 1, 1980, and state matching aid for construction  
28 approved for payment to a municipality or other hospital or health  
29 facility sponsor constitutes less than 25 percent of the total project

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

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

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

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

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

21 (B) an allocable portion of the administrative and  
22 operating expenses of the municipality or other hospital or  
23 health facility sponsor;

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

26 (D) the cost of other items, including any indemnity  
27 and surety bonds and premiums on insurance, legal fees, fees and  
28 expenses of trustees, depositaries, financial advisors, and  
29 paying agents for the bonds issued as the issuer considers neces-

1 sary.

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

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

12 ARTICLE 4. ADMINISTRATION OF STATE AID PROGRAMS.

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

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

22 (c) Money in the hospital and health facility construction  
23 assistance account established in AS 29.60.240 that exceeds the amount  
24 required to fully fund distributions authorized by AS 29.60.230 -  
25 29.60.240 shall be reallocated to the tax equalization account estab-  
26 lished in AS 29.60.060 and distributed according to the provisions of  
27 AS 29.60.010 - 29.60.080.

28 Sec. 29.60.290. QUALIFICATION FOR MINIMUM PAYMENT. (a) A  
29 municipality qualifying for an entitlement under AS 29.60.010 - 29.60.080.

1 60.080 or 29.60.100 - 29.60.180 shall receive a minimum payment of  
2 \$25,000 plus an area cost-of-living differential for each fiscal year  
3 if

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

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

13 (3) a municipal budget has been adopted for the fiscal year  
14 during which payment of an entitlement is authorized by AS 29.60.010 -  
15 29.60.080 or 29.60.100 - 29.60.180 and an audit or financial statement  
16 for the preceding fiscal year has been prepared and furnished to the  
17 department in accordance with AS 29.20.640(a); and

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

20 (b) The area cost-of-living differential payable to each munici-  
21 pality under this section shall be determined annually by election  
22 district under the provisions of AS 39.27.030. Except as provided in  
23 AS 29.60.300, application of the area cost-of-living differential may  
24 not result in a payment that is less than the minimum payment deter-  
25 mined under (a) of this section. For purposes of this subsection, the  
26 election districts used are those designated by the proclamation of  
27 reapportionment and redistricting of December 7, 1961, and retained  
28 for the house of representatives by proclamation of the governor  
29 September 3, 1965.

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

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

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

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

14 (b) Adjustments of payments shall be determined by prorating  
15 amounts payable under AS 29.60.290 and amounts payable under AS 29.-  
16 60.010 - 29.60.180 by a factor that, when applied, reduces all pay-  
17 ments in equal proportion so that payment under AS 29.60.290 and  
18 payments under AS 29.60.010 - 29.60.180 equal the amount allocated to  
19 the tax equalization account established in AS 29.60.060.

20 ARTICLE 5. MUNICIPAL ASSISTANCE.

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

27 (b) The department shall distribute money from the municipal  
28 assistance fund to each municipality on an annual basis as provided in  
29 AS 29.60.360 and 29.60.370. A municipality may not receive payment

1 until it submits to the department a resolution approved by the gov-  
2 erning body of the municipality that requests the money. Distribution  
3 of money from the municipal assistance fund to a municipality with a  
4 fiscal year beginning on January 1 shall be made on February 1 of the  
5 state fiscal year for which the appropriation to the fund is made.  
6 Distribution of money from the municipal assistance fund to all other  
7 municipalities shall be made on June 1 of the state fiscal year for  
8 which the appropriation to the fund is made. A municipality that  
9 incorporates after December 31 of a state fiscal year is not eligible  
10 for a distribution under this section until the following state fiscal  
11 year.

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

26 (b) If the amount appropriated to the municipal assistance fund  
27 by the legislature during a fiscal year is insufficient for distri-  
28 bution of the full base amount to each municipality, the department  
29 shall prorate the amount available for distribution on the basis of

1 amounts received during the fiscal year 1978 under AS 43.70.080.

2 Sec. 29.60.370. INCREASED ASSISTANCE. (a) If the amount in the  
3 municipal assistance fund at the time of distribution exceeds the base  
4 amount to be distributed under AS 29.60.360, the excess amount shall  
5 be distributed to each municipality on the basis of population.

6 Population for the purpose of this section shall be as certified by  
7 the commissioner of community and regional affairs. In determining  
8 the population of a borough, the population of all cities in the  
9 borough shall be deducted from the total population of the borough.

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

16 ARTICLE 15. GENERAL PROVISIONS.

17 Sec. 29.60.800. DEFINITIONS. In this chapter

18 (1) "health facility"

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

23 (B) includes a public health center, maternity home,  
24 community mental health center, facility for the mentally or  
25 physically handicapped, nursing home, or convalescent center;

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

28 (2) "hospital" means a licensed hospital determined by the  
29 Department of Health and Social Services to be a general hospital; the

1 term excludes a facility operated or wholly supported by the state or  
2 the federal government.

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

4 CHAPTER 65. GENERAL GRANT LAND.

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

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

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

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

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

11           Sec. 29.65.040. STATUS OF ENTITLEMENTS. (a) After July 1,  
12 1978, general grant land entitlements provided in AS 29.65.010 and  
13 29.65.020 are vested property rights that must be fulfilled as pro-  
14 vided in AS 29.65.050 or 29.65.080.

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

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

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

29           (e) The time limitations imposed by (c) and (d) of this section

1 for exercising a vested general grant land entitlement do not apply to

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

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

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

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

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

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

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

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

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

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

29 (c) Land conveyed under this section will be credited against a

1 municipality's remaining land entitlement under this chapter.

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

14 (e) The notice and review provisions of AS 38.05.305 and 38.05.-  
15 345 apply to the designation of other general grant land as school,  
16 university, or mental health land in replacement of land selected  
17 under this section. The provisions of AS 38.50 and AS 38.05.032 do  
18 not apply to such designations under this section. The provisions of  
19 AS 38.05.030(a), 38.05.030(e), and 38.05.035(a)(13) that require the  
20 approval of the respective trust board before disposal of land by the  
21 director do not apply to selections of school, university, or mental  
22 health land by a local government under this section.

23 (f) For purposes of determining the per capita entitlement under  
24 (a) of this section, the population of a municipality shall be the  
25 population determined by the commissioner under former AS 43.18.010  
26 for the program year beginning July 1, 1978, for a municipality whose  
27 entitlement is determined under AS 29.65.010.

28 Sec. 29.65.070. SELECTION AND CONVEYANCE PROCEDURE. (a) If  
29 land selected by a municipality is unusu at the time of approval,

1 the director shall survey, or may approve the municipality's survey  
2 of, the exterior boundaries of an approved selection without interior  
3 subdivision, and shall issue patent in terms of the exterior boundary  
4 survey. The cost of the survey shall be borne by the municipality.  
5 If land selected by a municipality has been surveyed at the time of  
6 its selection, the boundaries shall conform to the public land subdivi-  
7 sions established by the approved survey.

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

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

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

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

29 (2) providing payment to the boroughs and unified muni-

1       cipalities designated in AS 29.65.010 for certain general grant lands  
2       selected by the state and conveyed to a Native corporation under the  
3       provisions of the Alaska Native Claims Settlement Act.

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

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

1 tion, request payment for land deficiency from the municipal land  
2 account. The acceptance of payment under this subsection by a muni-  
3 cipality constitutes a relinquishment of any other right, title, or  
4 claim to the land by that municipality. The total payment to a muni-  
5 cipality under this subsection may not exceed \$1,000 per acre to a  
6 maximum of 8,000 acres.

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

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

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

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

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

1 was received. An appropriation made under this section is in addition  
2 to other grants and entitlements authorized to eligible municipali-  
3 ties.

4 (g) Payments authorized by this section may not be made to a  
5 municipality eligible for an entitlement under AS 29.65.020 or 29.65.-  
6 030.

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

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

23 Sec. 29.65.100. PUBLIC PURPOSE AND EXPANSION NEEDS. (a) Con-  
24 sistent with the best interests of the state, if a municipality does  
25 not contain and cannot reasonably acquire sufficient nonfederal land  
26 within its boundaries to meet its legitimate needs for public or  
27 private settlement or development, it shall be the policy of the state  
28 to select federal land reasonably necessary to meet the needs of the  
29 municipality and to make the land selected available to the municipal-

1           ity under AS 38.05.315 or (b) of this section.

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

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

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

1       cate of entitlement provided by the director under AS 29.65.020.  
2       Failure of the municipality to file a motion for dismissal during the  
3       time period provided in this subsection is considered a waiver of  
4       entitlement under this chapter.

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

12              (c) The provisions of this chapter do not affect the rights of a  
13       party to litigation regarding the former AS 29.18.190, 29.18.200 or  
14       29.18.420 maintained by a municipality that has elected not to obtain  
15       the benefits provided by this chapter.

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

20              Sec. 29.65.130. DEFINITIONS. In this chapter, unless the con-  
21       text otherwise requires,

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

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

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

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

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

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

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

16           (8) "school land" means those rectangular sections 16 and  
17 36 within each township surveyed on or before January 5, 1959, and  
18 confirmed and transferred to the State of Alaska upon its admission  
19 under sec. 6(k), Alaska Statehood Act, 72 Stat. 339, and any other  
20 land designated solely for school revenues;

21           (9) "university land" means all sections 33 reserved to the  
22 university under 38 Stat. 1214, as amended (46 U.S.C. 353) and all  
23 land granted to or reserved for the benefit of the university;

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

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

29                   (B) has not been approved for patent to a municipality

1 under this chapter or former AS 29.18.190 and 29.18.200; or  
2 (C) is unclassified or, if classified under AS 38.05.-  
3 300, is classified for agricultural, grazing, commercial, indus-  
4 trial, private recreational, residential, utility, or open-to-  
5 entry purposes, or is classified in accordance with an agreement  
6 between a municipality and the state providing for state manage-  
7 ment of land of the municipality.

8 Sec. 29.65.140. APPLICATION. This chapter applies to home rule  
9 and general law municipalities.

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

11 CHAPTER 71. GENERAL PROVISIONS.

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

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

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

25 Sec. 29.71.800. DEFINITIONS. In this title, unless otherwise  
26 provided or the context otherwise requires,

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

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

- 1           (3) "borough" means a general law first or second class  
2 borough or a home rule borough;
- 3           (4) "city" means a general law first or second class city  
4 or a home rule city;
- 5           (5) "commissioner" means the commissioner of community and  
6 regional affairs;
- 7           (6) "consolidation" means dissolution of two or more muni-  
8 cipalities and their incorporation as a new municipality;
- 9           (7) "council" means the governing body of a city;
- 10          (8) "department" means the Department of Community and  
11 Regional Affairs;
- 12          (9) "election" means a regular or special municipal elec-  
13 tion and does not include a state election;
- 14          (10) "governing body" means the legislative body of a muni-  
15 cipality that is the assembly of a borough or the council of a city;
- 16          (11) "majority" means a simple majority;
- 17          (12) "merger" means dissolution of a municipality and its  
18 absorption by another municipality;
- 19          (13) "municipality" means a political subdivision incor-  
20 porated under the laws of the state that is a home rule or general law  
21 city, a home rule or general law borough, or a unified municipality;
- 22          (14) "nonareawide" means throughout the area of a borough  
23 outside all cities in the borough;
- 24          (15) "owner" or "record owner" means the owner of record or  
25 purchaser of record as shown in the records of the district recorder;
- 26          (16) "personal property" means tangible property other than  
27 real property, such as merchandise, stock in trade, machinery, equip-  
28 ment, furniture, fixtures, vehicles, boats, and aircraft;
- 29          (17) "property" means real and personal property;

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

5           (19) "real property" means land and improvements, all  
6 possessory rights and privileges appurtenant to the property, and  
7 includes personal property affixed to the land or improvements;

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

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

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

15           (23) "subdivision"

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

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

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

26           (25) "voter" means a United States citizen who is qualified  
27 to vote in state elections, has been a resident of the municipality  
28 for 30 days immediately preceding the election, is registered to vote  
29 in state elections, and is not disqualified under art. V of the state

1 constitution.

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

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

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

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

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

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

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

28 (b) Except for the first election of regional school members  
29 under (a) of this section, elections [ELECTION] shall be held annually

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

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

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

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

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

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

28 Sec. 14.12.110. SINGLE BODY AS ASSEMBLY AND SCHOOL BOARD.

29 Notwithstanding the provisions of this chapter or other law, a single

1 body may serve as both the [BOROUGH] assembly and [BOROUGH] school  
2 board in the manner provided for third class boroughs under AS 29.20.-  
3 300(b) [AS 07.17.030], if

4 (1) an [A BOROUGH] ordinance for that purpose is approved  
5 by the assembly and ratified by a referendum of a majority of the  
6 qualified borough voters voting on the question at a regular or  
7 special election; [,] and

8 (2) [IF] the public school population within the borough is  
9 500 pupils or less.

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

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

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

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

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

28 (a) To determine the equalized percentage to be applied to basic  
29 need under AS 14.17.021, and the matching ratio for required local

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

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

23 (a) This chapter applies in every election for governor, lieu-  
24 tenant governor, a member of the state legislature, a delegate to a  
25 constitutional convention, or judge seeking electoral confirmation.  
26 It also applies to every candidate for election to a municipal office  
27 in a municipality [CITY OR BOROUGH] with a population of more than  
28 1,000 inhabitants according to the latest United States census figures  
29 or estimates of population certified as correct for administrative

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

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

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

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

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

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

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

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

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

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

26 (2) a member of the borough assembly [ASSEMBLYMAN] under  
27 AS 29.20.170(6) [AS 29.23.060(c)];

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

29 (3) a borough mayor under AS 29.20.280(6) [AS 29.23.130-

1 (f)];

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

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

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

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

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

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

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

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

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

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

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

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

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

27 (2) "home rule city" means a city as defined in AS 29.04.-  
28 010 [AS 29.08.010];

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

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

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

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

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

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

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

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

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

27           (4) for preliminary feasibility studies, engineering design  
28 work, and construction of access roads and capital improvements  
29 required by municipal subdivision ordinance or regulation of the plat-

1       ting authority [BOARD UNDER AS 29.33.150]; if an accurate determina-  
2       tion of the amounts necessary for access roads or capital improvements  
3       cannot be made at the time the estimate is submitted, a schedule for  
4       obtaining the estimates, constructing the access roads or capital  
5       improvements, and disposing of the land shall be submitted;

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

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

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

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

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

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

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

27               (b) A municipality has standing to petition the commissioner for  
28       the adoption of a regulation, or for the amendment or repeal of an  
29       existing regulation, or to appeal a decision of the commissioner with

1 respect to classification, management, or disposal of land made under  
2 authority of a regulation adopted under (a) of this section with  
3 respect to state land outside the corporate boundaries of the muni-  
4 cipality to protect any interest which the municipality is authorized  
5 to regulate outside its boundaries under AS 29.35.020 [AS 29.48.037].

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

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

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

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

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

20 (b) State land classified as agricultural land that [WHICH] has  
21 been selected by a municipality under former AS 29.18.190 - 29.18.200  
22 or former AS 29.18.205(e) may be approved by the director for patent  
23 under AS 29.65.050(c) or former AS 29.18.205(f); however, only rights  
24 in the land for agricultural purposes may be transferred and all other  
25 interests in the land will remain with the state. Agricultural land  
26 approved for patent to a municipality [UNDER AS 29.18.205(f)] shall be  
27 credited, acre for acre, toward fulfillment of that municipality's  
28 entitlement under AS 29.65.010 - 29.65.030 or former AS 29.18.201 -  
29 29.18.203. If the director later determines it to be in the best

1 interests of the state to transfer some or all of the additional  
2 rights in that approved or patented agricultural land, those rights  
3 shall pass without consideration to the municipality in which the land  
4 is located. The notice and review provisions of [AS 38.05.305 AND]  
5 AS 38.05.345 are applicable to conveyance of rights under this sec-  
6 tion.

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

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

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

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

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

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

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

29 (6) "municipal officer" includes a borough or city mayor,

1 borough assemblyman, city councilman, school board member, elected  
2 utility board member, city or borough manager, members of a city or  
3 borough planning or zoning commission within a home rule or general  
4 law city or borough or [INCLUDING BUT NOT LIMITED TO] a unified muni-  
5 cipality [UNDER AS 29.68];

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

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

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

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

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

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

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

9 (5) consult with local historical district commissions re-  
10 garding the establishment of historical districts under AS 29.55.010 -  
11 29.55.020 [AS 29.48.108 - 29.48.110] and the approval of project  
12 alterations under AS 45.98.040; recommend, if appropriate, the formu-  
13 lation of additional criteria for the designation of historical dis-  
14 tricts under AS 29.55.020(b) [AS 29.48.110(b)]; approve plans for and  
15 evaluate the suitability of specific structures for purposes of loan  
16 eligibility and continuance under the historical district revolving  
17 loan fund (AS 45.98); and consult with the Department of Commerce and  
18 Economic Development relative to the adoption of regulations for  
19 historical district loans under AS 45.98.

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

21 Sec. 43.18.430. POWER OF MUNICIPALITY. A municipality may own,  
22 maintain and employ a facility constructed under AS 43.18.400 - 43.-  
23 18.460. The exercise of this power on an areawide basis is at the  
24 option of the borough and is not subject to the restrictions on ac-  
25 quiring additional areawide powers in AS 29.35.300 - 29.35.330  
26 [AS 29.33.250 - 29.33.290].

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

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

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

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

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

11 (c) If the total value of assessed property of a municipality  
12 taxing under AS 29.45.080(c) [AS 29.53.045(c)] exceeds the product of  
13 225 percent of the average per capita assessed full and true value of  
14 property in the state (to be determined by the department and reported  
15 to each municipality by January 15 of each year) multiplied by the  
16 number of residents of the taxing municipality, the department shall  
17 designate the portion of the tax base against which the local tax may  
18 be applied. For purposes of this subsection the average per capita  
19 assessed full and true value of property in the state shall be calcu-  
20 lated without regard to the assessed value of taxable property under  
21 AS 43.58.

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

23 (d) A tax paid to a municipality under AS 29.45.080 [AS 29.53.-  
24 045] on or before June 30 of the tax year shall be credited against  
25 the tax levied under (a) of this section for that tax year. If,  
26 however, a tax is not paid to a municipality until after June 30 of  
27 the taxable year, the department upon application shall refund to the  
28 taxpayer the amount of tax paid to the municipality under AS 29.45.080  
29 [AS 29.53.045]. The credit or refund of taxes paid to a municipality

1 may not exceed the total amount of tax levied by the department upon  
2 the taxpayer for the tax year, under (a) of this section.

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

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

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

11 (1) to each unified municipality [UNIFIED UNDER AS 29.68.-  
12 240 - 29.68.440,] and to each city located in the unorganized borough,  
13 50 percent of the amount of tax revenue collected in the municipality  
14 from taxes levied by AS 43.75;

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

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

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

20 ARTICLE 12. BOROUGH FEASIBILITY STUDIES.

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

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

26 (2) the study is requested by a person residing in the area  
27 to be studied or by a city located in the area to be studied.

28 Sec. 44.47.710. REQUESTS FOR STUDIES. A request for a study of  
29 the feasibility of establishing a borough in the unorganized borough

1 shall be submitted to the commissioner in writing and shall include

2 (1) a description of the boundaries of the area of the pro-  
3 posed study; and

4 (2) an indication of local interest in the proposed study  
5 consisting of either

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

10 (B) resolutions requesting the study adopted by the  
11 governing bodies of at least five percent of the cities within  
12 the area of the proposed study.

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

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

21 (2) boundaries of regional corporations established under  
22 43 U.S.C. 1606;

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

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

26 (5) boundaries of coastal resource service areas organized  
27 under AS 46.40.110 - 46.40.210.

28 Sec. 44.47.730. CONTRACTS. (a) The commissioner shall contract  
29 for a study of the feasibility of establishing a borough in the unor-

1 ganized borough by following the procedures set out in AS 36.98. The  
2 commissioner shall include terms in the contract that provide for

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

6 (b) A study under this section shall include

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

9 (2) an evaluation of the economic development potential of  
10 the area studied;

11 (3) an evaluation of capital facility needs of the area  
12 studied;

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

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

19 (6) an evaluation of the relationships between the existing  
20 cities within the area studied and regional entities responsible for  
21 providing services in the area; and

22 (7) specific recommendations for

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

25 (B) changes in organization of cities in the area  
26 studied; or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

28                   (1) provide by ordinance for requirements compatible with  
29 those imposed by the provisions of AS 46.03.140 and 46.03.170 and

1 applicable regulations;

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

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

7 (4) be approved by the department as being satisfactory to  
8 meet the requirements of AS 46.03.140 - 46.03.170 and the applicable  
9 regulations.

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

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

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

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

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

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

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

25 (h) Members of coastal resource service area boards are subject  
26 to recall on the same grounds and in the same manner as provided for  
27 recall of municipal officials in AS 29.26.240 - 29.26.350 [AS 29.28.-  
28 130 - 29.28.250]. The lieutenant governor functions in place of the  
29 assembly or council and municipal clerk for receipt and review of

1 recall petitions and the conduct of recall elections.

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

3 (A) unified municipalities [ESTABLISHED UNDER AS 29.-  
4 68.240 - 29.68.440];

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

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

17 \* Sec. 83. The following laws are repealed: AS 04.11.400(c); AS 04.-  
18 21.080(11); AS 14.56.065(b), 14.56.180(3); AS 15.13.130(6); AS 18.55.950-  
19 (10); AS 19.20.015(f); AS 24.55.330(3); AS 28.35.260(a)(10); AS 29.08;  
20 AS 29.13; AS 29.18; AS 29.23; AS 29.28; AS 29.33; AS 29.38; AS 29.41; AS  
21 29.43; AS 29.48; AS 29.53; AS 29.58; AS 29.63; AS 29.68; AS 29.73; AS 29.-  
22 78; AS 29.88; AS 29.89; AS 29.90; AS 29.95; AS 30.15.070(3); AS 30.30.170-  
23 (2); AS 35.15.120(3); AS 42.06.630(6); AS 43.18.500(j)(6); AS 43.20.016;  
24 AS 43.56.210(8); AS 44.47.310(5); and AS 44.85.410(4).

25 \* Sec. 84. A right or liability of a municipality existing on July 1,  
26 1983, is not affected by the enactment of this Act. Ordinances and regula-  
27 tions in effect on July 1, 1983, remain in effect unless they conflict with  
28 provisions of this Act. Ordinances and regulations in effect on July 1,  
29 1983, that conflict with provisions of this Act remain in effect for 180

1 days after July 1, 1983. The terms of elected or appointed municipal  
2 officials in office on July 1, 1983, are not affected by this Act, and  
3 their terms expire as provided before July 1, 1983.

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

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

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

ALASKA'S INVENTORY TAX**Donald R. Magnusson**

The inventory tax is the most unfair and inequitable business tax in Alaska today. This tax has been condemned repeatedly by the Federal Advisory Commission on Intergovernmental Relations and by innumerable state level legislative and administrative studies. Many of their conclusions are well known and we think it is unnecessary to dwell on them at length, but we do think they should be stated briefly for the record. The inventory tax is unfair in that it bears no relation to profit or loss, placing a heavy burden on one segment of the business community which is not shared, either by private citizens or by other segments of the business and professional community. The business or profession that does not hold merchandise for resale, but who may deal with services, professional or otherwise, pays no similar tax. In fact, the merchant who attempts to compete efficiently by stocking more sizes to serve the hard-to-fit, who has more inventory and less turnover, ends up paying more inventory tax -- even if there is no profit with which to pay it.

Taxes on the same amount of inventory vary widely because of different local tax rates and different methods used by taxpayers in determining "fair market value", with some taxpayers paying a tax on maximum value while others pay on a much lower amount. Inventory taxes are, by universal admission, almost impossible to administer fairly, even by the most conscientious tax assessor.

Inventory taxes discourage the warehousing of goods within the State and can cause serious disruptions in the flow of goods, higher prices (such as freight) and more inconvenience to the consumer. In Alaska, this is a matter of critical concern.

When seeking to attract new industry, nontax states openly advertise that they have no inventory tax.

Attached is a list of the forty (40) states, plus the District of Columbia, that have acted to repeal or substantially reduce the inventory tax. Note that twenty-seven (27) states, plus the District, have completely repealed it or are in process of completely phasing it out. (Note also, in this connection, that on March 14, 1979 the Illinois Supreme Court declared the personal property tax abolished as of January 1, 1979 irrespective of whether or not the legislature acts to implement its prior constitutional mandate.)

Most of these actions have occurred during the past dozen years and there is every indication that the trend will continue. No state that has repealed its inventory tax has ever reimposed it. The evidence shows just the opposite. States that have abolished the tax are reporting increased business activity and more jobs created from improvement in the state's business climate. State and local tax revenues have increased due to improved sales tax and income tax collections. Increases in the number of jobs lowers welfare and unemployment insurance costs. The repealed inventory

tax increases the efficiency of city and town administration by permitting greater attention to appraisal of real property and other items of personal property that remain subject to tax.

And, most importantly, a repealed inventory tax removes the pyramiding of inventory tax costs through the various trade levels which are reflected in the price of consumer goods.

In summary, the inventory tax is unfair, unwieldy and unworkable, and has been recognized as such by most states which seek to attract and retain a wide variety of business and industry. If a tax falls unfairly upon a limited few, and if its enforcement is irregular and compliance strained, then the tax should be abolished and a better system substituted in its place. The tax on inventories should be repealed.

## TAXATION OF BUSINESS INVENTORIES

Alabama	Inventory tax repealed by constitutional amendment effective 10/1/78.
Arizona	State constitution exempts all inventories effective 1964.
California	Inventories taxed at .5% of value effective 7/1/78.
Colorado	95% exemption on inventories effective 1973.
Connecticut	Inventory tax phases out by 1982.
Delaware	Exempts all personal property, including inventories, effective 1953.
District of Columbia	Inventories exempt effective 1974.
Florida	90% exemption for inventories of finished goods, 99% exemption for goods in process and raw materials, effective 1978.
Hawaii	Exempts all personal property, including inventories, effective 1947.
Idaho	Inventories exempt effective 1971.
Illinois	An approved constitutional amendment to exempt all personal property, including inventories, effective 1/1/79, has yet to be implemented by the legislature.
Indiana	35% exemption on inventories plus 20% property tax credit.
Iowa	Annually increases personal property credits until total exemption is reached, probably in 1986.
Maine	Inventories exempt effective 1977.
Maryland	Local option phase-out of inventory tax is in progress, each county having different effective date.
Massachusetts	All personal property, including inventories, is exempt unless taxpayer is subject to the corporate excise tax.
Michigan	Inventories exempt effective 1976.
Minnesota	Inventories exempt effective 1967.
Mississippi	Exempts manufactured products in hands of manufacturer, effective 1942.
Montana	93% exemption on inventories effective 1975.

Nebraska	Inventories exempt effective 1979..
Nevada .	1978 constitutional amendment phases out the inventory tax over four years and authorizes the legislature to exempt all other personal property.
New Hampshire	Exempts all personal property, including inventories, effective 1970.
New Jersey	Inventories exempt effective 1966.
New Mexico	Inventories exempt effective 1974.
New York	Exempts all personal property, including inventories, effective 1917.
North Carolina	Partially exempts manufacturers' inventories effective 1/1/80.
North Dakota	Exempts all personal property, including inventories, effective 1970.
Ohio	Phasing in an inventory tax exemption of 65%.
Oregon . . .	Inventories exempt effective 1980.
Pennsylvania	Exempts all personal property, including inventories, effective 1939.
Rhode Island	Exempts manufacturers' inventories effective 1966.
South Carolina	Exempts manufacturers' inventories effective 1962.
South Dakota,	Inventories exempt effective 1979.
Tennessee	Inventories exempt effective 1972.
Utah	Inventories exempt effective 1973.
Vermont	Inventories exempt on local option basis.
Virginia	Inventories exempt in all counties that impose license tax.
Washington	Inventory tax phase-out, with full exemption in 1983.
Wisconsin	Inventory tax phase-out, with full exemption in 1981.
Wyoming	Inventories exempt effective 1972.

STB 1

# FILE CONTENTS

STB 1 + Table of Contents

STB 1 Sectional

Title 29

Amendments:

Amendments 1 through 10  
have been previously  
discussed.

PASS #1 Utilities

PASS #2 Utilities + TAM's Memo

PASS #3 Wordy change to conform to  
Gov's Bill (OK to cities that upgrade only  
in the unorganized borough)

PASS #4 Wordy change to conform to  
Gov's Bill (list of minor wordy changes)

PASS #5 Change to conform to Gov's bill  
(would give Cola to UFD's)

~~with drawn~~ #6 Withdrawn by Senator Sachett  
(In unincorporated communities  
where residents can not agree  
on a Rev. Sharing recipient - would  
have had Dept hold election)

PASS #7 Change to conform to Gov's bill (clarifying that runoff elections are between two top candidates)

PASS #8 Change suggested by Lee Sharp (eliminating superfluous and confusing language)

PASS #9 Change suggested by Lee Sharp (would mandate 30 day prior registration - making standards for municipal votes consistent with state)

PASS #10 SENATOR FORCUMSON'S SCHOOL POWER AMENDMENT.  
(LEGAL SERVICES would incorporate actual language in committee substitute.)

? #11 By Senator HARFORD  
(Would make detachment and annexation standards equal)

? #12 By Senator HARFORD  
(Would require LRC to make decisions on annexation of petition within 90 days from receipt of petition)

Position Paper by DC+RA  
In <sup>four</sup> years

DC+RA Fiscal Note

FY83 FY84 FY85 FY.86  
0 100.0 150.0 625

TAM Coak's Eminent Domain Memo

Gov's. 11B172 Transmittal Letter

# STATE OF ALASKA

## DEPT. OF COMMUNITY & REGIONAL AFFAIRS

### DIVISION OF LOCAL GOVERNMENT ASSISTANCE

February 17, 1983

The Honorable Frank Ferguson  
Alaska State Senate  
Pouch V  
Juneau, Alaska 99811

Dear Senator Ferguson:

As you are aware from the Local Boundary Commission's report to the First Session of the Thirteenth Legislature, the Commission has made several decisions which require either legislative approval or legislative action.

The Commission is particularly concerned that every opportunity is taken at the joint Senate and House Community and Regional Affairs Committee's meeting to explore several of the Commission's recommendations which will require direct legislative action.

The petition to detach 432 square miles of territory in the Lake Louise area from the Matanuska-Susitna Borough was denied by the Commission, and, therefore, is not subject to legislative review. However, as a part of the report to the Legislature on this decision, the Commission has recommended to the Legislature that it investigate the mandating of boroughs in those areas of the unorganized borough which have the economic potential necessary for such government. Specifically, the Commission suggests that the following approach might be taken in addressing this issue:

1. Establish a committee to develop recommendations on mandatory Borough formation. The suggested composition of this committee would include a representative from each of the following:
  - a. Local Boundary Commission;
  - b. Legislative (rural);
  - c. Municipal League; and
  - d. REAA.
2. With the use of a consultant(s) develop for the Committee's review the following:
  - a. a map identifying areas with the potential tax base required for borough formation;
  - b. develop demographics on state wide per capita income; and
  - c. develop a compendium and summary of the borough formation studies conducted or being completed throughout the unorganized borough.

Bill Sheffield, Governor

REPLY TO:

- POUCH BH  
JUNEAU, ALASKA 99811  
(907) 465-4707
- 225 CORDOVA STREET, BLDG. B  
ANCHORAGE, ALASKA 99501  
(907) 264-2201
- P.O. BOX 348  
BETHEL, ALASKA 99559  
(907) 543-3475
- P.O. BOX 41  
NOME, ALASKA 99762  
(907) 443-5457
- P.O. BOX 280  
KOTZEBUE, ALASKA 99752  
(907) 442-3675
- 1514 CUSHMAN RM. 211  
FAIRBANKS, ALASKA 99701  
(907) 452-7126

The Honorable Frank Ferguson  
February 17, 1983  
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The Commission is aware of the following borough formation and annexation studies either recently completed or in progress:

1. Yukon Flats
2. Prince of Wales Island
3. The AVCP study of the Yukon-Kuskokwim Delta area
4. AHTNA
5. NANA Borough feasibility study
6. The Ketchikan Gateway Borough Quartz Hill annexation
7. Kodiak Island Borough annexation of Shelikof Straits and SE side of AK Peninsula.

The other item of special concern to the Commission is the petition of the City of Togiak.


The City of Togiak submitted a Legislative review Petition to annex approximately 51.7 square miles. The Commission has rejected the annexation as it failed to meet any of the standards for annexation. However, the Commission does recognize that there exists a seasonal need for police services in the territory east of the City which contains the Togiak Fisheries Cannery and the unincorporated community of Twin Hills. To provide this police protection the Commission is recommending to the Legislature that it create a police service area under authority in AS 29.03.020 to include the City of Togiak and the territory originally proposed for annexation. The service area could be administered in the following manner:

1. Create a Togiak Bay Service Area Board of Governors with representation from the City of Togiak and the community of Twin Hills.
2. Authorize the funding of the police service area through the distribution of raw fish tax currently being collected from the Togiak Fisheries Cannery and adjacent floating fish processors.
3. Direct the Police Service Area Board of Governors to contract with the City of Togiak for provision of police services within the service area.
4. Direct the Department of Community & Regional Affairs to assist the Togiak Bay Police Service Area Board of Governors in the development of a code of ordinances for police services within the service area.

The Honorable Frank Ferguson  
February 17, 1983  
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It is not the intent of the Commission to neglect any discussion on the other recommendations presented to the Legislature. However, the commission feels that the previously discussed issues warrant your special attention.

Sincerely,

A handwritten signature in cursive script that reads "Sheila Gallagher". The signature is fluid and elegant, with the first name "Sheila" written in a larger, more prominent hand than the last name "Gallagher".

Sheila Gallagher



Official Business

# Alaska State Legislature

Senate

Office of the Secretary

January 27, 1983

Pouch V  
State Capitol  
Juneau, Alaska 99811

MEMORANDUM TO: Senator Ferguson, Chairman  
Community and Regional Affairs

From: Peggy Mulligan, <sup>Am</sup> Secretary of the Senate

Subject: Recommendations of the Local Boundary  
Commission - January 26, 1983

Attached is State of Alaska Local Boundary Commission Report of 1982 Activities of the Local Boundary Commission and

Recommendations to the First Session of the Thirteenth Legislature for Certain Municipal Boundary Changes. This report was signed for by the Secretary of the Senate on the tenth legislative day as required by law.

These recommended boundary changes become effective forty-five days after presentation (Saturday March 12) or at the end of the session, whichever is earlier, unless disapproved by a resolution concurred in by a majority of the members of each house. Twelve recommendations are enclosed in the report.