

ALPHABETICALLY LISTED FOR 7/99

2210 SCRA / HB 172 / SB 333

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hear and decide cases under [IN] this chapter [IN A MANNER AUTHORIZED BY THE ORDINANCE], including, but not limited to, delegations to

(1) one or more members of the planning commission or platting authority; [BOARD,]

(2) [TO] other boards or commissions;[,]

(3) [OR TO] a hearing officer designated by the planning commission or platting authority [BOARD]. [THE ASSEMBLY SHALL PRESCRIBE PROCEDURES FOR HEARINGS AND APPEALS. THE COMMISSION OR BOARD SHALL HEAR AND DECIDE APPEALS DE NOVO.]

EDITOR NOTE: A person who violates a land use regulation condition, imposed by a platting authority, or a section of law under the chapter dealing with land use regulation is guilty of a class B misdemeanor.

Sec. 29.40.180 [29.33.190]. VIOLATIONS [PENALTIES]. It is unlawful for the owner of land located in a subdivision to transfer, sell, offer to sell, or enter into a contract to sell land in a subdivision before a plat of the subdivision has been prepared, approved, and filed in accordance with this chapter. It is unlawful for a person to file a plat or other document depicting subdivided land in a public recorder's office unless the plat or document has been approved by the platting authority. A person convicted of violating a provision of this chapter, a subdivision regulation adopted under this chapter, or a term, condition, or limitation imposed by a platting authority in the exercise of its powers under this chapter is guilty of a class B misdemeanor. [(A) THE OWNER OR AGENT OF THE OWNER OF LAND LOCATED WITHIN A SUBDIVISION WHO TRANSFERS, SELLS, OR ENTERS INTO A CONTRACT TO SELL LAND IN A SUBDIVISION BEFORE A PLAT OF THE SUBDIVISION HAS BEEN PREPARED, APPROVED, AND RECORDED, IS GUILTY OF A MISDEMEANOR AND UPON CONVICTION IS PUNISHABLE BY A FINE OF NOT MORE THAN \$500 FOR EACH LOT OR PARCEL TRANSFERRED, SOLD, OR INCLUDED IN A CONTRACT TO BE SOLD. THE BOROUGH MAY ENJOIN A TRANSFER, SALE, OR CONTRACT TO SELL, AND MAY RECOVER THE PENALTY BY APPROPRIATE LEGAL ACTION.

(B) NO PERSON MAY RECORD A PLAT OR SEEK TO HAVE A PLAT RECORDED UNLESS IT BEARS THE APPROVAL OF THE PLATTING BOARD. A PERSON WHO KNOWINGLY VIOLATES THIS REQUIREMENT IS PUNISHABLE UPON CONVICTION BY A FINE OF NOT MORE THAN \$500.]

EDITOR NOTE: A civil action may be initiated against a person who violates a section of law of the chapter dealing with land use regulation, a subdivision regulation or a term imposed by the platting authority. An action to enjoin may

be brought and the superior court shall grant an injunction upon a finding of violation or threatened violation. In addition, a civil penalty not to exceed \$1,000 may be imposed and each day that an unlawful condition continues constitutes a separate violation. Under existing law, a person who transfers land in a subdivision before a plat has been recorded, and a person who records a plat which has not been approved by the platting board may be punished by a fine of not more than \$500.

Sec. 29.40.190 [29.33.190]. REMEDIES [PENALTIES].

(a) The municipality or an aggrieved person may institute a civil action against a person who violates a provision of this chapter, a subdivision regulation adopted under this chapter, or a term, condition, or limitation imposed by a platting authority. In addition to other relief, a civil penalty not to exceed \$1,000 may be imposed for each violation. An action to enjoin a violation may be brought notwithstanding the availability of any other remedy. Upon application for injunctive relief and a finding of a violation or threatened violation, the superior court shall grant the injunction. [THE OWNER OR AGENT OF THE OWNER OF LAND LOCATED WITHIN A SUBDIVISION WHO TRANSFERS, SELLS, OR ENTERS INTO A CONTRACT TO SELL LAND IN A SUBDIVISION BEFORE A PLAT OF THE SUBDIVISION HAS BEEN PREPARED, APPROVED, AND RECORDED, IS GUILTY OF A MISDEMEANOR AND UPON CONVICTION IS PUNISHABLE BY A FINE OF NOT MORE THAN \$500 FOR EACH LOT OR PARCEL TRANSFERRED, SOLD, OR INCLUDED IN A CONTRACT TO BE SOLD, THE BOROUGH MAY ENJOIN A TRANSFER, SALE, OR CONTRACT TO SELL, AND MAY RECOVER THE PENALTY BY APPROPRIATE LEGAL ACTION.]

(b) Each day that an unlawful act or condition continues constitutes a separate violation. [NO PERSON MAY RECORD A PLAT OR SEEK TO HAVE A PLAT RECORDED UNLESS IT BEARS THE APPROVAL OF THE PLATTING BOARD. A PERSON WHO KNOWINGLY VIOLATES THIS REQUIREMENT IS PUNISHABLE UPON CONVICTION BY A FINE OF NOT MORE THAN \$500.]

EDITOR NOTE: Made applicable to home rule municipalities. Under existing law, only the material contained in (a) of this section is a home rule limitation under AS 29.13.100(19).

Sec. 29.40.200 [29.33.150(b)-(g)]. SUBDIVISIONS OF STATE LAND [PLATTING JURISDICTION AND POWER].

(a) [(B)] The subdivision requirements [REGULATIONS] adopted under [(A) OF] this chapter [SECTION] apply to a subdivision plat[S] of undeveloped state

land for disposal under AS 38.05 or AS 38.08 filed with the platting authority [BOARD]. The platting authority [BOARD] may not disapprove the subdivision plat on the basis of requirements [REGULATIONS] for [WHICH REQUIRE] capital improvements on or to state land included in the subdivision plat. Subdivision ordinances and regulations adopted after the platting authority [BOARD] is notified by the commissioner of natural resources of a proposed sale of subdivided state land under AS 38.05 or AS 38.08 do not apply to the state land in the proposed sale.

(b) [(C)] The platting authority [BOARD] must approve and sign a [THE] subdivision plat of state land within 60 days after [OF] its receipt from the commissioner of natural resources unless the platting authority [BOARD]

(1) determines that the plat does not comply with subdivision requirements [REGULATIONS] other than those requiring capital improvements to state land; and

(2) notifies the commissioner of each determination of noncompliance within the 60-day period established in this subsection.

(c) [(D)] The commissioner of natural resources may withdraw the subdivision plat and amend it in response to the determination of noncompliance by the platting authority [BOARD] under (b) [(C)] of this section. The platting authority [BOARD] shall respond within 30 days to the amendment or response from the commissioner of natural resources.

(d) [(E)] Notwithstanding any other provision of law, the provisions of [(B) - (F) OF] this section apply to all disposals of land under AS 38.05 or [AND] AS 38.08.

(e) [(F)] Nothing in this section relieves the Department of Natural Resources of its obligation to provide legal access to a [THE] subdivision.

(f) [(G)] As used in this section, "capital improvements" includes but is not limited to access roads, other physical improvements, and their design and engineering.

(g) This section applies to home rule and general law municipalities.

\* Sec. 11. AS 29 is amended by adding a new chapter to read:

CHAPTER 45 [53]. MUNICIPAL [ASSESSMENT AND] TAXATION.

ARTICLE 1. MUNICIPAL PROPERTY TAX.

EDITOR NOTE: Authorizes a municipality to levy a property tax on real or on personal property. The distinction between areawide and non-areawide property taxes as applied to a unified municipality is eliminated. A property tax may be levied in a service area for functions in the service area. Cross-references to the provisions dealing with the taxing power of cities are added.

Sec. 29.45.010 [29.53.010]. [GENERAL] PROPERTY TAX.

(a) A unified municipality may levy a property tax. A [HOME RULE AND GENERAL LAW] borough[S] may levy

(1) an areawide property tax for areawide functions; [, AND]

(2) a nonareawide property tax for functions limited to the area outside cities; [.]

(3) a property tax in a service area for functions limited to the service area.

(b) A home rule or first class city may levy a property tax subject to AS 29.45.550 - 29.45.560. A second class city may levy a property tax subject to AS 29.45.590.

(c) [A PROPERTY TAX] If a tax is levied on real property or on personal property, the tax must be assessed, levied, and collected [ON REAL AND PERSONAL PROPERTY] as provided in this chapter.

EDITOR NOTE: No substantive change.

Sec. 29.45.020 [29.73.070(a),(c)]. TAXPAYER NOTICE. (a) If a municipality levies and collects [REAL OR PERSONAL] property taxes, the governing body shall provide the following notice:

"NOTICE TO TAXPAYER

For the current fiscal year the (city)(borough) has been allocated the following amount of state aid for school and municipal purposes under the applicable financial assistance Acts:

PUBLIC SCHOOL FOUNDATION PROGRAM ASSISTANCE

(AS 14.17)

§

STATE AID FOR RETIREMENT OF SCHOOL CONSTRUCTION DEBT <u>(AS 14.11.100)</u> [(AS 43.18.100)]	\$
MUNICIPAL TAX RESOURCE EQUALIZATION ASSISTANCE <u>(AS 29.60.010 - 29.60.080)</u> [(AS 29.880)]	\$
STATE AID FOR MISCELLANEOUS MUNICIPAL SERVICES <u>(AS 29.60.100 - 29.60.180)</u> [(AS 29.890)]	\$
TOTAL AID	\$

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

	MILLAGE EQUIVALENT	
	PREVIOUS YEAR	THIS YEAR
PUBLIC SCHOOL FOUNDATION PROGRAM ASSISTANCE	....MILLS	....MILLS
STATE AID FOR RETIREMENT OF SCHOOL CONSTRUCTION DEBT	....MILLS	....MILLS
MUNICIPAL TAX RESOURCE EQUALIZATION ASSISTANCE	....MILLS	....MILLS
STATE AID FOR MISCELLANEOUS MUNICIPAL SERVICES	....MILLS	....MILLS
TOTAL MILLAGE EQUIVALENT	....MILLS	....MILLS"

Notice shall be provided

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

(2) by publishing in a newspaper of general circulation in [WITHIN] the municipality a copy of the notice once each week for a period of three successive weeks, with publication to occur not later than 45 days after the final adoption of the municipality's budget.

[(B) IF THE MUNICIPALITY LEVIES AND COLLECTS ONLY A SALES TAX, THE GOVERNING BODY SHALL PROVIDE A NOTICE SUBSTANTIALLY IN THE FORM SET OUT IN (A) OF THIS SECTION. IN PROVIDING NOTICE UNDER THIS SUBSECTION, THE COUNCIL OR ASSEMBLY SHALL SUBSTITUTE FOR THE MILLAGE EQUIVALENCY ITS ESTIMATE OF THE EQUIVALENT SALES TAX RATE FOR EACH OF THE CATEGORIES OF FINANCIAL ASSISTANCE SET OUT IN (A) OF THIS SECTION. NOTICE SHALL BE PROVIDED

(1) BY PUBLISHING IN A NEWSPAPER OF GENERAL CIRCULATION WITHIN THE MUNICIPALITY A COPY OF THE NOTICE ONCE EACH WEEK FOR A PERIOD OF THREE SUCCESSIVE WEEKS, WITH PUBLICATION TO OCCUR NOT LATER THAN 45 DAYS AFTER THE FINAL ADOPTION OF THE MUNICIPALITY'S BUDGET; OR

(2) IF THERE IS NO NEWSPAPER OF GENERAL CIRCULATION IN THE MUNICIPALITY, BY POSTING A COPY OF THE NOTICE FOR AT LEAST 20 DAYS IN AT LEAST TWO PUBLIC PLACES WITHIN THE MUNICIPALITY, WITH POSTING TO OCCUR NOT LATER THAN 45 DAYS AFTER THE FINAL ADOPTION OF THE MUNICIPALITY'S BUDGET.]

(b) [(C)] Compliance with the provisions of this section is a prerequisite to receipt of municipal tax resource equalization assistance under AS 29.60.010 - 29.60.080 [AS 29.88] and state aid for miscellaneous municipal services under AS 29.60.100 - 29.60.180 [AS 29.89]. The department [DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS] shall withhold annual allocations under those sections [CHAPTERS] until municipal officials demonstrate that the requirements of this section have been met.

EDITOR NOTE: Household furniture is exempt from taxation without regard to the value of the furniture. Property of an auxiliary of a non-business organization is exempt. Under existing law, lots supporting and adjacent to a structure used for religious purposes are exempt from taxation. That exemption is eliminated. Property from which income is derived is exempt if used by non-profit, educational groups for classroom space, or by non-profit religious, charitable or hospital groups. Under existing law, there is some ambiguity as to whether property, other than property used for classroom space, is exempt. An exemption for real property owned as a permanent place of abode by a resident 65 years of age or over may not be granted except upon written application. Under existing law, there is some ambiguity as to whether any exemption may be granted without a written application. One motor vehicle per household owned by a resident 65 years of age or older is exempt.

Sec. 29.45.030 [29.53.020]. REQUIRED EXEMPTIONS. (a) The following property is exempt from general taxation:

(1) municipal, state, or federally owned property, except that a private leasehold[S], contract[S], or other interest in the property is [SHALL BE] taxable to the extent of the [THOSE] interest[S];

(2) household furniture of the head of a family or household[ER NOT EXCEEDING \$500 DOLLARS IN VALUE];

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

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

than dishonorable [OR THE PROPERTY OF THE AUXILIARY OF SUCH ORGANIZATION];

(5) money on deposit;

(6) the real property of certain residents of the state to the extent and subject to the conditions provided in (e) of this section;

(7) real property or an interest in real property that [WHICH] is exempt from taxation under 43 U.S.C. 1620(d), as amended [TO THE EXTENT AND SUBJECT TO THE CONDITIONS PROVIDED IN (J) OF THIS SECTION.]

[(3) INVENTORIES LOCATED WITHIN A FOREIGN TRADE ZONE ESTABLISHED UNDER AS 45.77.010, BEFORE THOSE INVENTORIES ARE CLEARED BY THE UNITED STATES CUSTOMS SERVICE AND ADMITTED INTO DOMESTIC COMMERCE.]

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

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

(2) a structure, its furniture, and its fixtures used solely for public worship, charitable purposes, religious administrative offices, religious education, or a nonprofit hospital;

[(3) LOTS SUPPORTING AND ADJACENT TO A STRUCTURE OR RESIDENCE MENTIONED IN (1) OR (2) OF THIS SUBSECTION WHICH ARE NECESSARY TO CONVENIENT USE;

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

(c) Property described in (a)(3) or (4) [OR (B)] of this section from which income is derived is exempt only if that income is solely from use of the property by nonprofit religious, charitable, hospital, or educational groups [FOR CLASSROOM SPACE]. If used by nonprofit educational groups, the property is exempt only if used exclusively for classroom space.

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

(e) The real property owned and occupied as a permanent place of abode by a resident 65 years of age or over is exempt from taxation of the assessed value of the real property. [ONLY ONE EXEMPTION MAY BE GRANTED WITH RESPECT TO THE SAME PROPERTY, THE PARTIES SHALL DECIDE BETWEEN OR AMONG THEMSELVES WHICH SHALL RECEIVE THE BENEFIT OF THE EXEMPTION.] [NO] Real property may not be exempted under this subsection that the assessor determines, after notice and hearing to the parties concerned, has been conveyed to the applicant primarily for the purpose of obtaining the exemption. The determination of the assessor is appealable under AS 44.62.560 and 44.62.570.

(f) An [NO] exemption may not be granted under (e) of this section except upon written application for the exemption on a form prescribed by the state assessor for use by local assessors. The claimant must file the application no later than January 15, or a date provided by ordinance that is not later than March 31, of the assessment year for which the exemption is sought, [ ,BUT DURING THE SAME YEAR] The governing body of the municipality for good cause shown may waive during a year the claimant's failure to make timely application for exemption for that year and authorize the assessor to accept the application as if timely filed. The claimant must file a separate application for each assessment year in which the exemption is sought. If an application is filed within the required time and is approved by the assessor, the assessor [HE] shall allow an exemption in accordance with the provisions of this section. If a [CLAIMANT WHOSE] failure to file by January 15, or a date provided by ordinance that is not later than March 31, of the assessment year has been waived as provided in this subsection and the application for exemption is approved, the amount of tax that [WHICH] the claimant has already paid for the assessment year for [WITH RESPECT TO] the property exempted shall be refunded to the claimant [HIM]. The assessor may at any time require proof in the form the assessor [HE] considers necessary of the right and amount of an exemption claimed under (e) of this section.

(g) The state shall reimburse a borough or city, as appropriate, for the real property tax revenues lost to it by the operation of (e) of this section. However, reimbursement will be made to a municipality [BOROUGH OR CITY] for revenue lost to it only to the extent that the loss exceeds an exemption that [WHICH] was granted by the municipality [BOROUGH OR CITY], or that [WHICH] on [UPON] proper application by an individual would have been granted [BY THE BOROUGH OR CITY] under AS 29.45.050(a) [AS 29.53.025(A)].

(h) Except as provided in (g) of this section, nothing in (e) - (j) [(I)] of this section affects similar exemptions from property taxes granted by a municipality [IES] on September 10, 1972, or prevents a municipality [IES] from granting similar exemptions by ordinance as provided in AS 29.45.050 [AS 29.53.025(A)].

(i) In (e) - (i) of this section [THE TERM] "real property" includes but is not limited to mobile homes, whether classified as real or personal property for municipal tax purposes.

(j) One motor vehicle per household owned by a resident 65 years of age or older on January 1 of the assessment year is exempt either from taxation on its assessed value or from the registration tax under AS 28.10.431. An

exemption may be granted under this subsection only upon written application on a form prescribed by the Department of Public Safety. The state shall reimburse a municipality for tax revenues lost to it because of the exemption required by this subsection. Reimbursement to a municipality equals the amount of registration tax authorized under AS 28.10.431(b) for each vehicle exempted under this subsection.

(k) The department shall adopt regulations to implement the provisions of (g) and (j) of this section.

(1) [(J)] Two percent of the assessed value of a structure is exempt from taxation if the structure contains a fire protection system approved under AS 19.70.081 [AS 18.70.081], in operating condition, and incorporated as a fixture or part of the structure. The exemption granted by this subsection is limited to

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

(2) an amount equal to two percent of the value of the structure based on the assessment as of January 1 of the year immediately following the installation of the fire protection system if the fire protection system becomes a fixture of the structure after January 1, 1981.

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

(1) "developed" means a purposeful modification of the property from its original state that [WHICH] effectuates a condition of gainful and productive present use without further substantial modification; surveying, construction of roads, providing utilities or other similar actions normally considered to be component parts of the development process, but that [WHICH] do not create the condition described in this paragraph, do not constitute a developed state within the meaning of this paragraph; developed property, in order to remove the exemption, must be developed for purposes other than exploration, and be limited to the smallest practicable tract of the property actually used in the developed state;

(2) "exploration" means the examination and investigation of undeveloped land to determine the existence of subsurface nonrenewable resources;

(3) "lease" means a grant of primary possession entered into for gainful purposes with a determinable fee remaining in the hands of the grantor; with respect to a lease that [WHICH] conveys rights of exploration and development, this exemption shall continue with respect to that [WHICH] portion of the

leased tract that [WHICH] is used solely for the purpose of exploration.

(n)[1] If property or an interest in property that [WHICH] is determined not to be exempt under (a)(7) of this section reverts to an undeveloped state, or if the lease is terminated, the exemption shall be granted, subject to the provisions of (a)(7) and (m) of this section.

EDITOR NOTE: No change, except that "Department of Community and Regional Affairs" is replaced by "department".

Sec. 29.45.040 [29.73.060]. PROPERTY TAX EQUIVALENCY PAYMENTS.

(a) A resident of the state 65 years of age or older who rents a permanent place of abode is eligible for tax equivalency payments from the state through the department [DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS].

(b) For purposes of determining payments to eligible persons, the department shall calculate at the rate of one percent per mill a property tax equivalent percentage for each [HOME RULE OR GENERAL LAW] municipality that [WHICH] levies a [GENERAL] property tax [AT THE RATE OF ONE PERCENT PER MIL]. The property tax equivalent percentage applied to the annual rent charged to the applicant equals the property tax equivalency payment payable under this section.

(c) To obtain tax equivalency payments the eligible resident must apply to the department for payment for the preceding year by January 15 of each year on forms and in the manner prescribed by the department. Each applicant shall submit with the application rental receipts or, if rental receipts are not available, other evidence satisfactory to the department for determination of the fact of payment of rent and the amount paid.

(d) If two or more persons occupy a residence as tenants, not all of whom are eligible for tax equivalency payments under this section, the assessor shall determine equitable partial payments to be made to the eligible tenants. However, tax equivalency payments to an eligible applicant may not be reduced because the spouse is less than 65 years of age. If all occupants in a residence are eligible for tax equivalency payments under this section, the occupants shall decide between and among themselves which shall receive payment.

EDITOR NOTE: (a) No change, except "regular or special" is deleted since "election" is defined.

(b) Eliminates the requirement that a tax based upon tonnage not exceed five dollars a year for a boat of less than five net tons, and not exceed fifteen dollars a year for a boat of more than five tons. The optional exemption

of household furniture over five hundred dollars in value has been eliminated since all household furniture is exempted under this bill.

- (c) The reference to "weighted" voting is eliminated.
- (d) "Act" has been changed to "chapter".
- (e) No substantive change.
- (f) Minor rewording.
- (g) No change.

Sec. 29.45.050 [29.53.025]. OPTIONAL EXEMPTIONS AND EXCLUSIONS.

(a) A municipality[IES] may exclude or exempt or partially exempt residential property from taxation by ordinance ratified by the voters at an [A REGULAR OR SPECIAL] election. An exclusion or exemption authorized by this section may not exceed the assessed value of \$10,000 for any one residence.

(b) A municipality[IES] may by ordinance

(1) classify boats and vessels for the purposes of taxation and may establish the assessed valuation of boats and vessels on the basis of their registered or certificated net tonnage; [A TAX BASED UPON A TONNAGE VALUATION SHALL NOT EXCEED \$5 A YEAR FOR A BOAT OR VESSEL FOR MORE THAN FIVE NET TONS;]

(2) classify and exempt from taxation

[(A) THE HOUSEHOLD FURNITURE OVER \$500 IN VALUE AND THE EFFECTS OF THE HEAD OF A FAMILY OR A HOUSEHOLDER; AND]

(A) [(B)] the property of an organization not organized for business or profit-making purposes and used exclusively for community purposes if the [, PROVIDED THAT] income derived from rental of that [SUCH] property does not exceed the actual cost to the owner of the use by the renter; [AND]

(B) [(C)] historic sites, buildings, and monuments;

(C) [(D)] land of a nonprofit organization used for agricultural purposes if rights to subdivide the land are conveyed to the state and the conveyance includes a covenant restricting use of the land to agricultural purposes only; rights conveyed to the state under this subparagraph may be conveyed by the state only in accordance with AS 38.05.069(c);

(3) exempt personal property from taxation;

(4)[3] exempt business inventories from taxation.

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

(1) a [HOME RULE OR FIRST OR SECOND CLASS] borough may, by ordinance, adjust its property tax structure in whole or in part to the property tax structure of a city in the borough [WITHIN IT], including but not limited to, excluding personal property from taxation, establishing exemptions, and extending the redemption period;

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

(A) [, PROVIDED THAT] the exemptions or exclusions have been adopted as to city taxes; and

(B) [FURTHER PROVIDED THAT] the city appropriates to the borough sufficient money to equal revenues lost by the borough because of the exemptions or exclusions, the amount to be determined annually by the assembly [WITHOUT WEIGHTED VOTING];

(3) a [HOME RULE OR GENERAL LAW] city in a [WITHIN AN ORGANIZED] borough may, by ordinance, adjust its property tax structure in whole or in part to the property tax structure of the borough, including but not limited to exempting or partially exempting property from taxation.

(d) Exemptions or exclusions from property tax that [WHICH] have been granted by a home rule municipality[IES] in addition to exemptions authorized or required by law, and that [WHICH] are in effect on September 10, 1972, and not later withdrawn, are not affected by this chapter [ACT].

(e) A municipality[IES] may by ordinance classify and exempt or partially exempt from taxation privately owned land, wet land and water areas for which a scenic, conservation, or public recreation use easement is granted to a governmental body. To be eligible for a tax exemption, or partial exemption, the easement must be in perpetuity. However, the easement is automatically terminated before an eminent domain taking of fee simple title or less than fee simple title to the property, so that the property owner is compensated at a rate that [WHICH] does not reflect the easement grant.

(f) A municipality may by ordinance exempt from taxation all or [ANY] part of the increase in assessed value of improvements to real property if an increase in assessed value is directly attributable to alteration of the natural features of the land, or new maintenance, repair, or renovation of an existing structure, and if the alteration, maintenance, repair, or renovation, when completed, enhances the exterior appearance or aesthetic quality of the land or structure. An [NO] exemption may not be allowed under this subsection for the construction of an improvement to a structure if the principal purpose of the improvement is to increase the amount of space for occupancy or nonresidential use in [WITHIN] the structure or for the alteration of land as a consequence of construction activity. An exemption provided in this subsection may continue for up to four years from the date the improvement is completed, or from the date of approval for the exemption by the local assessor, whichever is later.

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

EDITOR NOTE: Provides that a farm use greenhouse be assessed on the basis of value for farm use. "Farm use" includes the use of property for raising ornamental plants.

Sec. 29.45.060 [29.53.035]. FARM OR AGRICULTURAL LAND[S].

(a) Farm use land included in a farm unit and not dedicated or being used for nonfarm purposes shall be assessed on the basis of full and true value for farm use and may [SHALL] not be assessed as if subdivided or used for some other nonfarm purpose. The assessor shall maintain records valuing the [FARM USE] land for both full and true value and farm use value. If [SHOULD] the [FARM USE] land is [BE] sold, leased, or otherwise disposed of for uses incompatible with farm use or [BE] converted to a use incompatible with farm use by the owner, the owner is liable to pay an amount equal to the additional tax at the current mill levy together with eight percent interest for the preceding seven years, as though the land had not been assessed for farm use purposes. Payment by the owner shall be made to the state to the extent of its reimbursement for revenue loss under (e) of this section for the preceding seven years. The balance of the payment shall be made to the municipality [CITY OR BOROUGH].

(b) An owner of farm use land must, to secure the assessment under this section, apply [MAKE APPLICATION] to the assessor before May 15 of each year in which the assessment is desired. The application shall be made upon forms prescribed by the state assessor for the use of the local assessor, and shall include information that [WHICH] may reasonably be required to determine the entitlement of the applicant. If the [FARM USE] land is leased for farm use purposes, the applicant shall furnish to the assessor a copy of the lease bearing the signatures of both lessee and lessor along with the completed application. The applicant shall furnish the assessor a copy of the lease covering the period for which the exemption is requested.

(c) In this section "farm use" means the use of land for profit for raising and harvesting crops, [OR] for the feeding, breeding, and management of

livestock, [OR] for dairying, or another agricultural use, [FOR PROFIT] or any combination of these [THEREOF]. To be farm use land, the owner or lessee must be actively engaged in farming the land, and derive at least 10 percent of [HIS] yearly gross income from the [FARM USE] land. [THE PROVISIONS OF] This section does [DO] not apply to land for [RESPECTING] which the owner has granted, and has outstanding, a lease or option to buy the surface rights. A property owner wishing to file for farm use classification having no history of farm-related income may submit a declaration of intent at the time of filing the application with the assessor setting out the intended use of the land and the anticipated percentage of income. An applicant using this procedure shall file with the assessor before February 1 of the following year a notarized statement of the percentage of gross income attributable to the [FARM USE] land. Failure to make the filing required in this subsection forfeits the exemption.

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

(e) Subject to legislative appropriations for the purpose, the state shall reimburse a borough or city, as appropriate, for the [REAL] property tax revenues lost to it by the operation of this section.

EDITOR NOTE: No substantive change.

Sec. 29.45.070 [29.58.040]. MOBILE HOMES. Mobile homes, trailers, house trailers, trailer coaches and similar property used or intended to be used for residential, office, or commercial purposes and attached to the land or connected to water, gas, electric, or sewage facilities are classified as real property for tax purposes unless [EXCEPT WHERE] expressly classified as personal property by ordinance. This section does not apply to house trailers and mobile homes that [WHICH] are unoccupied and held for sale by persons engaged in the business of selling mobile homes.

EDITOR NOTE: No substantive change.

Sec. 29.45.080 [29.53.045]. TAX ON OIL AND GAS PRODUCTION AND PIPELINE PROPERTY.

(a) A municipality may levy and collect taxes on [TAXABLE] property taxable under AS 43.56 only by using one of the methods set out in (b) or (c) of this section.

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

(c) A municipality may levy and collect a tax on the full and true value of that portion of [TAXABLE] property taxable under this chapter and under AS 43.56 as assessed by the Department of Revenue which value, when combined with the value of property otherwise taxable by the municipality, does not exceed the product of 225 percent of the average per capita assessed full and true value of property in the state multiplied by the number of residents of the taxing municipality. For purposes of this subsection, the average per capita assessed full and true value of property in the state shall be calculated without regard to the assessed value of taxable property under AS 43.58.

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

(e) For purposes of this section, population shall be determined by the commissioner of community and regional affairs based on the latest statistics of the United States Bureau of the Census or on other reliable population data, and the commissioner shall advise each municipality of its population [AS SO DETERMINED] by January 15 of each year.

EDITOR NOTE: Requires all property upon which a tax is levied to be taxed at the same rate during the year. Reorganized and slightly reworded for clarity.

Sec. 29.45.090 [29.53.050]. TAX LIMITATION.

(a) A [NO] municipality may not, during a year, levy and tax for any purpose in excess of three percent of the assessed value [VALUATION] of property in [WITHIN] the municipality [IN ANY ONE YEAR]. All property on which a tax is levied shall be taxed at the same rate during the year.

(b) A [NO] municipality, or combination of municipalities occupying the same geographical area, in whole or in part, may not levy taxes

(1) that [WHICH] will result in tax revenues from all sources exceeding \$1,500 [\$1,000] a year for each person residing within the municipal [THEIR] boundaries; or

(2) upon value that [WHICH], when combined with the value of property otherwise taxable by the municipality, exceeds the product of 225 percent of

the average per capita assessed full and true value of property in the state multiplied by the number of residents of the taxing municipality.

(c) [.]The commissioner [OF COMMUNITY AND REGIONAL AFFAIRS] shall apportion the lawful levy and equitably divide the tax [THESE] revenues on the basis of need, services performed, and other considerations in the public interest if two or more municipalities occupying the same geographical area, in whole or in part, attempt to levy a tax

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

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

(d) For the purpose of (b) and (c) of this section [SUBSECTION], population shall be determined by the commissioner [OF COMMUNITY AND REGIONAL AFFAIRS] based on the latest statistics of the United States Bureau of the Census or on other reliable population data. For purposes of (b) and (c) of this section [SUBSECTION], the average per capita assessed full and true value of property in the state shall be calculated without regard to the assessed value of taxable property under AS 43.58.

EDITOR NOTE: Statutory references are altered to reflect new numbering.

Sec. 29.45.100 [29.53.055]. NO LIMITATIONS ON TAXES TO PAY BONDS. The limitations provided for in AS 29.45.080 - 29.45.090 [AS 29.53.045. OR 29.53.050] do not apply to taxes levied or pledged to pay or secure the payment of the principal and interest on bonds. Taxes to pay or secure the payment of principal and interest on bonds may be levied without limitation as to rate or amount, regardless of whether the bonds are in default or in danger of default.

EDITOR NOTE: Statutory references are altered to reflect new numbering.

Sec. 29.45.110 [29.53.060]. FULL AND TRUE VALUE.

(a) The assessor shall assess property at its full and true value as of January 1 of the assessment year, except as provided in this section, [AND] AS 29.45.060, and 29.45.230 [AS 29.53.030, 29.53.035 AND 29.53.160]. The full and true value is the estimated price that [WHICH] the property would bring in an

open market and under the then prevailing market conditions in a sale between a willing seller and a willing buyer both conversant with the property and with prevailing general price levels.

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

(c) In the case of cessation of business during the tax year, the municipality [ASSEMBLY] may provide for reassessment of business inventories using the average monthly method of assessment for the tax year rather than the value existing on January 1 of the tax year, and for reduction and refund of taxes. In enacting an ordinance authorized by this section, the municipality [ASSEMBLY] may prescribe procedures, restrictions, and conditions of assessing or reassessing business inventories and of remitting or refunding taxes.

EDITOR NOTE: "Assembly" is replaced by "governing body".

Sec. 29.45.120 [29.53.070]. RETURNS.

(a) The municipality may require each [EVERY] person having ownership or control of or an interest in property to submit a return in the form prescribed by the assessor, based on property values existing on January 1, except as otherwise provided in this chapter.

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

EDITOR NOTE: Allows the assessor to seek a court order to compel production of records, as well as to compel entry.

Sec. 29.45.130 [29.53.080]. INDEPENDENT INVESTIGATION.

(a) The assessor is not bound to accept a return as correct. The assessor [HE] may make an independent investigation of property returned or of taxable property on [UPON] which no return has been filed. In either case, the assessor may make the assessor's [HIS] own valuation of the taxable property and this valuation [WHICH] is prima facie evidence of the value of the property.

(b) For investigation, the assessor or the assessor's [HIS] agent may enter a [ANY] premise during reasonable hours and may examine property on the premise[S]. The assessor or the assessor's agent [HE] may examine all property records involved. A person shall, on [UPON] request, furnish to the assessor or

the assessor's [HIS] agent every facility and assistance for the [PURPOSE OF THE] investigation. [IF REFUSED ENTRY] The assessor may seek a court order to compel entry and production of records needed for assessment purposes.

(c) An assessor may examine a person on oath. On [UPON] request, the person shall submit to [PRESENT HIMSELF FOR] examination at a reasonable time and place selected by the assessor.

EDITOR NOTE: A person who fails to file a tax statement or makes a false tax statement is guilty of a class B misdemeanor. Under existing law, he is guilty of a misdemeanor punishable by a fine of \$500 or by imprisonment for up to 30 days or both.

Sec. 29.45.140 [29.53.790]. VIOLATIONS [STATEMENT]. A person who knowingly fails to file a statement required by ordinance or who knowingly makes a false affidavit to a statement required by a tax ordinance relative to the amount, location, kind or value of property subject to taxation with intent to evade the taxation, is guilty of a class B misdemeanor. [UPON CONVICTION HE IS PUNISHABLE BY A FINE OF NOT MORE THAN \$500, OR BY IMPRISONMENT FOR NOT MORE THAN 30 DAYS, OR BY BOTH TOGETHER WITH COSTS OF PROSECUTION.]

EDITOR NOTE: "Assembly" is replaced by "governing body" and "borough" is replaced by "municipality".

Sec. 29.45.150 [29.53.095]. REEVALUATION. A systematic reevaluation of taxable real and personal property undertaken by the assessor, whether of specific areas in which real property is located or of specific classes of real or personal property to be assessed, shall be made only in accordance with a resolution or other act of the municipality [ASSEMBLY] directing a systematic reevaluation of all taxable property in [WITHIN] the municipality [BOROUGH] over the shortest period of time practicable, as [DETERMINED BY THE ASSEMBLY AND] fixed in the resolution or [OTHER] act [OF THE ASSEMBLY].

EDITOR NOTE: Minor rewording.

Sec. 29.45.160 [29.53.100]. ASSESSMENT ROLL.

(a) The assessor shall prepare an annual assessment roll. The roll shall contain[S]

- (1) a description of all taxable property;
- (2) the assessed value of all taxable property;
- (3) the names and addresses of persons with property subject to assessment and taxation.

(b) The assessor may list real property by any description that may be made certain. Real property is assessed to the [OWNER OF] record owner. [AS SHOWN IN THE RECORDS OF] The district recorder[, WHO] shall at least monthly provide the assessor a copy of each recorded change of ownership showing the name and mailing address of the owner and the name and mailing address of the person [PARTY] recording the change of ownership. Other persons having an interest in the property may be listed on the assessment records with the owner. The person in whose name property is listed as owner is conclusively presumed to be the legal [OWNER OF] record owner. If the property owner is unknown, the property may be assessed to "unknown owner". An [NO] assessment is not invalidated by a mistake, omission, or error in the name of the owner, if the property is correctly described.

EDITOR NOTE: Minor rewording.

Sec. 29.45.170 [29.53.110]. ASSESSMENT NOTICE.

(a) The assessor shall give each [EVERY] person named in the assessment roll a notice of assessment, showing the assessed value of the person's [HIS] property. On each notice is printed a brief summary of the dates when taxes are payable, delinquent, and subject to penalty and interest, and the dates when the board of equalization will sit.

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

EDITOR NOTE: Minor rewording for clarity.

Sec. 29.45.180 [29.53.120]. CORRECTIONS.

(a) A person receiving an assessment notice shall advise the assessor of errors or omissions in the assessment of the person's [HIS] property. The

assessor may correct errors or omissions in the roll before the board of equalization hearing.

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

EDITOR NOTE: Minor rewording for clarity.

Sec. 29.45.190 [29.53.130]. APPEAL.

(a) A person whose name appears on the assessment roll or the [HIS] agent or assigns of that person may appeal to the board of equalization for relief from an alleged error in valuation not adjusted by the assessor to the taxpayer's satisfaction.

(b) The appellant shall, within 30 days after [FROM] the date of mailing of notice of assessment, submit to the assessor a written appeal specifying grounds in the form that [WHICH] the board of equalization may require. Otherwise, the right of appeal ceases unless the board of equalization finds that the taxpayer was unable to comply.

(c) The assessor shall notify an appellant[S] by mail of the time and place of [THEIR] hearing.

(d) The assessor shall prepare for use by the board of equalization a summary of assessment data relating to each assessment that [WHICH] is appealed.

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

EDITOR NOTE: (a) Requires an appointed board to be composed of no less than three persons, and eliminates the requirement that the board consist of the number of members of the assembly above the number required for a quorum. Requires the governing body to establish by ordinance the qualifications for board membership.

(b) Allows the board to alter an assessment only if an appeal is filed as to that particular lot.

(c) This subsection is new, allowing an appeal directly to the superior court on the issue of whether property is taxable.

Sec. 29.45.200 [29.53.135]. BOARD OF EQUALIZATION.

(a) The governing body [ASSEMBLY] sits as a board of equalization for the purpose of hearing an [ANY] appeal from a determination[S] of the [BOROUGH] assessor, or it may delegate this authority to one or more [A] boards appointed by it [FOR THAT PURPOSE]. An appointed board may be composed of not less than three persons, who may be members of the governing body, municipal residents, or a combination of members of the governing body and residents. The governing body shall by ordinance establish the qualifications for membership. [THE BOARD OF EQUALIZATION SHALL CONSIST OF AT LEAST THAT NUMBER OF MEMBERS OF THE ASSEMBLY OVER AND ABOVE THE NUMBER REQUIRED FOR A QUORUM TO TRANSACT BUSINESS.]

(b) The board of equalization is governed in its proceedings by rules adopted by ordinance that [WHICH] are [SUCH PROCEDURES] consistent with general rules of administrative procedure [LAW AND THE LAWS GOVERNING EQUALIZATION PROCEEDINGS AS MAY BE ADOPTED BY ORDINANCE, INCLUDING BUT NOT LIMITED TO QUORUM AND VOTING REQUIREMENTS]. The board may alter an assessment of a lot only pursuant to an appeal filed as to the particular lot.

(c) Notwithstanding other provisions in this section, a determination of the assessor as to whether property is taxable under law may be appealed directly to the superior court. [THE ASSEMBLY SHALL ADOPT RULES FOR THE MEMBERSHIP AND CONDUCT OF THE BOARD.]

EDITOR NOTE: Provides that if, upon appeal, a valuation is found to be too low, the board may raise the assessment. An appeal to the superior court shall be tried as an administrative appeal, while under existing law an appellant may demand a jury trial.

Sec. 29.45.210 [29.53.140]. HEARING.

(a) If an appellant fails to appear, the board of equalization may proceed with the hearing in the [HIS] absence of the appellant.

(b) The appellant bears the burden of proof. [(C)] The only grounds for adjustment of assessment are [IS] proof of unequal, excessive, [OR] improper, or under valuation based on facts that [WHICH] are stated in a valid written appeal [TIMELY FILED] or proven[D] at the appeal hearing. If a valuation is found to be too low, the board of equalization may raise the assessment.

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

(d) [(F)] An appellant or the assessor may appeal a determination of the board of equalization to the superior court as provided by rules of court applicable to appeals from the decisions of administrative agencies [AND IS ENTITLED TO, TRIAL DE NOVO OF THE BOARD'S ACTION]. Appeals are heard on the record established at the hearing before the board of equalization. [EITHER PARTY TO THE APPEAL MAY DEMAND A JURY TRIAL.]

EDITOR NOTE: No change.

Sec. 29.45.220 [29.53.150]. SUPPLEMENTARY ASSESSMENT ROLLS. The assessor shall include property omitted from the assessment roll on a supplementary roll, using the procedures set out in this chapter for the original roll.

EDITOR NOTE: Reassessment is permitted when property is affected by a disaster declared by the President or by the Governor. Under existing law, this section applies only when property is affected by a disaster declared by the President.

Sec. 29.45.230 [29.53.160]. TAX ADJUSTMENTS ON PROPERTY AFFECTED BY A NATURAL DISASTER.

(a) The municipality [ASSEMBLY] may provide for assessment or reassessment and reduction of taxes for property destroyed, damaged, or otherwise reduced in value as a result of a natural disaster.

(b) An assessment or [A] reassessment under this section may be made by the assessor only upon the receipt of a sworn statement of the taxpayer that [HIS] losses exceed \$1,000. A reduction of taxes may be made only on losses in excess of \$1,000 for the remainder of the year following the disaster. On [UPON] reassessment, the municipality [BOROUGH] shall recompute this tax and refund taxes that [WHICH] have already been paid.

(c) The municipality [BOROUGH] shall give [MAKE] notice of assessment or reassessment under this section and shall hold an equalization hearing as provided in this chapter, except that a notice of appeal must be [IS] filed with the board of equalization within 10 days after notice of assessment or reassessment is given to the person appealing. Otherwise, the right of appeal ceases unless the board finds that the taxpayer is unable to comply.

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

(e) In this section "disaster" means a major disaster declared by the President of the United States under the provisions of the Federal Disaster Act of 1950, Title 42, United States Code, sec. 1855-1855g, or other federal law, or a disaster declared by the governor under AS 26.23.010 - 26.23.110.

EDITOR NOTE: Minor rewording.

Sec. 29.45.240 [29.53.170]. TAX LEVY AND RATE.

(a) The power granted to a municipality [THE ASSEMBLY] to assess, levy, and collect a [GENERAL] property tax shall be exercised by means of an [GENERAL] ordinance[S]. [BUT] The rate of levy, the date of equalization, and the date when taxes become delinquent shall be fixed by resolution.

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

EDITOR NOTE: Allows a penalty not to exceed 20 percent of the tax due to be added to delinquent taxes and interest at the rate of 15 percent a year to accrue upon unpaid taxes. Under existing law, a penalty not to exceed 10 percent may be added, and interest at the rate of eight percent shall accrue. A penalty not to exceed 20 percent of the tax due may be imposed upon the late return of personal property assessment forms. Under existing law, only 10 percent of the tax due may be imposed. If a taxpayer may pay a tax in two installments, penalty and interest on the unpaid installment accrues from the date the installment becomes due. Under existing law, if the taxpayer does not pay the first half when due, the entire tax becomes delinquent. A penalty of eight percent is added on delinquent taxes until the due date fixed for payment of the second half, and after the due date of the payment of the second half, the penalty may be increased to 10 percent.

Sec. 29.45.250 [29.53.180]. RATES OF PENALTY AND INTEREST.

(a) [IF THE TAXPAYER IS REQUIRED TO PAY THE ENTIRE TAX ON THE DUE DATE SET BY THE ASSEMBLY,] A penalty not to exceed 20 [10] percent of the tax due may be added to all delinquent taxes, and interest not to exceed 15 [AT THE RATE OF EIGHT] percent a year shall accrue upon all unpaid taxes, not including penalty, from the due date until paid in full. A municipality may impose a penalty not to exceed 20 percent of the tax due upon the late return of personal property

assessment forms. A penalty under this section may be imposed according to a formula that increases the amount of the penalty as the length of time increases during which payment is delinquent or assessment forms are not returned.

(b) If a taxpayer is given the right to pay the tax in two installments, penalty and interest on an unpaid installment accrues from the date the installment becomes due [AND THE FIRST HALF IS NOT PAID WHEN DUE, THE ENTIRE TAX BECOMES DELINQUENT AND PENALTY AND INTEREST ACCRUE AS FOLLOWS:].

(1) IF THE FIRST HALF IS PAID WHEN DUE, THE SECOND HALF IS PAYABLE ON THE DUE DATE FIXED BY THE ASSEMBLY FOR THE SECOND HALF AND IF NOT PAID IS DELINQUENT AFTER THAT DATE;

(2) A PENALTY NOT TO EXCEED EIGHT PER CENT SHALL BE ADDED TO ALL TAXES DELINQUENT UNTIL THE DUE DATE FIXED FOR PAYMENT OF THE SECOND HALF, AND INTEREST AT THE RATE OF EIGHT PER CENT A YEAR SHALL BE CHARGED ON THE WHOLE OF THE UNPAID TAXES, NOT INCLUDING PENALTY, FROM DUE DATE UNTIL PAID IN FULL;

(3) AFTER THE DUE DATE FOR THE PAYMENT OF THE SECOND HALF, A TOTAL PENALTY OF NOT MORE THAN 10 PER CENT MAY BE ADDED TO ALL DELINQUENT TAXES, AND INTEREST AT THE RATE OF EIGHT PER CENT A YEAR SHALL ACCRUE UPON ALL UNPAID TAXES, NOT INCLUDING PENALTIES, FROM DUE DATE UNTIL DATE PAID IN FULL.

(B) IF THE ASSEMBLY IMPOSES A PENALTY FOR THE NONPAYMENT OF PROPERTY TAXES WHEN DUE, OR THE LATE RETURN OF PERSONAL PROPERTY ASSESSMENT FORMS, THE RATE OF PENALTY OR COMBINED RATES OF PENALTY MAY NOT EXCEED 10 PER CENT OF THE TAX DUE ON THE PROPERTY CONCERNED.

(C) IF THE ASSEMBLY CHARGES INTEREST ON PROPERTY TAXES NOT PAID WHEN DUE, THE RATE OF INTEREST MAY NOT EXCEED EIGHT PER CENT A YEAR UPON THE DELINQUENT TAXES AND SHALL BE CHARGED FROM THE DUE DATE UNTIL PAID IN FULL.

## ARTICLE 2. ENFORCEMENT OF TAX LIENS.

EDITOR NOTE: No substantive change.

Sec. 29.45.290 [29.53.200]. VALIDITY. Certified assessment and tax rolls are valid and binding on all persons, notwithstanding a [ANY] defect, error, omission, or invalidity in the assessment rolls or proceedings pertaining to the assessment roll.

EDITOR NOTE: Property taxes, together with penalty and interest are a lien upon the property assessed, while under this section of existing law, only real property taxes are mentioned as a lien upon the property assessed. However,

under AS 29.53.220, it is clear that unpaid personal property taxes are also a lien.

Sec. 29.45.300 [29.53.210]. TAX LIABILITY.

(a) The owner of assessed personal property [ASSESSED] is personally liable for the amount of taxes assessed against the [HIS] property. The tax, together with penalty and interest, may be collected in a personal action brought in the name of the municipality [BOROUGH].

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

EDITOR NOTE: If property is sold for more money than needed to satisfy the tax, the municipality is required to remit the excess to the former record owner. A claim for the excess filed after six months is barred. Under existing law, there is no provision for remitting the excess to the former record owner.

Sec. 29.45.310 [29.53.220]. ENFORCEMENT OF PERSONAL PROPERTY TAX LIENS BY DISTRAINT AND SALE.

(a) A [THE] lien for [OF] personal property taxes may be enforced by distraint and sale of the property. The municipality [ASSEMBLY] shall provide the procedure for distraint and sale by ordinance. A [NO] seizure, levy, or distraint is not legal unless demand is first made of the person assessed for the amount of the tax, penalty, and interest, and a [NO] sale is not valid unless made at public auction no sooner than [AFTER] 15 days after notice is published [GIVEN BY POSTING OR PUBLICATION]. The seizure is made by virtue of a warrant issued by the municipal [BOROUGH] clerk to a peace officer.

(b) If the personal property sold is not sufficient to satisfy the tax, penalty, and interest, and costs of sale, the warrant may authorize the seizure of other personal property sufficient to satisfy the tax, penalty, interest, and costs of sale. If the property is sold for more money than is needed to satisfy the tax, the municipality shall remit the excess to the former record owner upon presentation of a proper claim. A claim for the excess filed after six months of the date of sale is forever barred.

EDITOR NOTE: Reworded slightly, and the statutory reference is altered to reflect new numbering.

Sec. 29.45.320 [29.53.230]. REAL PROPERTY TAX COLLECTION.

(a) The municipality [BOROUGH] shall enforce delinquent real property tax liens by annual foreclosure, unless otherwise provided by ordinance.

(b) If the tax on property described in AS 29.45.070 [§ 40 OF THIS CHAPTER] or on a taxable [LEASEHOLD] interest in tax-exempt property is not paid when due, a municipality [BOROUGH] may enforce the tax by a personal action against the delinquent taxpayer brought in the district or superior court, in addition to other remedies available to enforce the lien.

EDITOR NOTE: Minor rewording.

Sec. 29.45.330 [29.53.240]. FORECLOSURE LIST.

(a) A municipality [THE BOROUGH] shall

(1) annually present a petition for judgment and a certified copy of the foreclosure list for the previous year's delinquent taxes in the superior court for judgment;

(2) publish the foreclosure list for four consecutive weeks in a newspaper of general circulation distributed in [WITHIN] the municipality [BOROUGH] or, if there is no newspaper of general circulation distributed in [WITHIN] the municipality [BOROUGH], post the list at three public places for at least 30 days;

(3) within 10 days after the first publication or posting, mail to the last known owner of each property as the owner's [HIS] name and address appear on the list a notice advising of the foreclosure proceeding in which a petition for judgment of foreclosure has been filed and describing the property and the amount due as stated on the list.

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

(1) the last known owner;

(2) the property description as stated on the assessment roll;

(3) years and amounts of delinquency;

(4) penalty and interest due;

(5) a statement that the list is available for public inspection at the clerk's office;

(6) a statement that the list has been presented to the superior court with a petition for judgment and decree.

(c) Completion of the requirements of (a) of this section constitutes and has the same force and effect as the filing of an individual and separate

complaint and service of summons to foreclose a lien against each property described on the foreclosure list.

EDITOR NOTE: "Borough" is altered to "municipality".

Sec. 29.45.340 [29.53.250]. CLEARING DELINQUENCIES. During the publication or posting of the foreclosure list and up to the time of transfer to the municipality [BOROUGH] a person may pay the taxes, together with the penalty, interest, and costs. The collector shall note payment on the foreclosure list.

EDITOR NOTE: "Such" is altered to "the".

Sec. 29.45.350 [29.53.260]. LIST TO LIENHOLDER. A holder of a mortgage or other lien on real property may request the clerk to send by certified mail notice of a foreclosure list that [WHICH] includes the [SUCH] real property.

EDITOR NOTE: Minor rewording, and the statutory reference is altered to reflect new numbering.

Sec. 29.45.360 [29.53.270]. GENERAL FORECLOSURE. A municipality [THE BOROUGH] shall bring one general foreclosure proceeding in rem against the properties included in the foreclosure list. If the owner is unknown, the property is proceeded against as belonging to "unknown owner." [TAX FORECLOSURE PROCEEDINGS HAVE PRIORITY OVER ALL OTHER CIVIL PROCEEDINGS EXCEPT BOARD OF ADJUSTMENT APPEALS AS PROVIDED IN AS 29.33.130(E).]

EDITOR NOTE: "Tract" is altered to "lot".

Sec. 29.45.370 [29.53.280]. ANSWER AND OBJECTION. A person having an interest in a lot [TRACT] on the foreclosure list may file an answer within 30 days of the date of last publication, specifying the person's [HIS] objection. The court shall make its decision in summary proceedings. The foreclosure list is prima facie evidence that the assessment and levy of the tax is valid and that the tax is unpaid.

EDITOR NOTE: Minor rewording.

Sec. 29.45.380 [29.53.290]. JUDGMENT. The court shall in a proper case give judgment and decree that the tax liens be foreclosed. It is a several judgment against each lot and a lien on each lot [PARCEL].

EDITOR NOTE: Minor rewording and reorganization.

Sec. 29.45.390 [29.53.300]. TRANSFER AND APPEAL.

(a) Foreclosed properties are transferred to the municipality [BOROUGH] for the lien amount. When answers are filed the court may enter judgment against and order the transfer to the municipality [BOROUGH] of all other properties on the list pending determination of the matters in controversy. The court shall hear and determine the issues raised by the complaint and answers in the same manner and under the same rules as it hears and determines other actions.

(b) The court clerk shall deliver a certified copy of the judgment and decree to the municipal [BOROUGH] clerk. The certified judgment and decree constitutes a transfer to the municipality [BOROUGH].

(c) The judgment and decree stops objections to it that [WHICH] could have been presented before judgment and decree. [(D)] Appeal from a judgment and decree of foreclosure, or from a final order in the proceeding, may be taken in the manner provided for appeals in civil actions.

EDITOR NOTE: The material currently contained in AS 29.53.310(b), allowing a person holding a lien against part of real property included in a judgment and decree of foreclosure to redeem only that part, has been eliminated.

Sec. 29.45.400 [29.53.310]. REDEMPTION PERIOD. [(A)] Properties transferred to the municipality [BOROUGH] are held by the municipality [BOROUGH] for at least one year. During the redemption period a party having an interest in the property may redeem it by paying the lien amount plus penalties, interest, and costs, including all costs incurred under AS 29.45.440(a) [AS 29.53.350(A)]. Property redeemed is subject to all accrued taxes, assessments, liens, and claims as though it had continued in private ownership. Only the amount applicable under the judgment and decree must be paid in order to redeem the property.

[(B) A PERSON HOLDING A MORTGAGE OR OTHER LIEN OF RECORD COVERING A PART ONLY OF A PARCEL OF REAL PROPERTY INCLUDED IN THE JUDGMENT AND AMOUNT APPLICABLE UNDER THE JUDGMENT AND DECREE.]

EDITOR NOTE: Receipt of redemption money by the municipality releases the judgement obtained through foreclosure. Under existing law, receipt of redemption by the clerk releases all claims of the municipality to the property.

Sec. 29.45.410 [29.53.320]. EFFECT. Receipt of redemption money by the municipality [CLERK] releases the judgment obtained under AS 29.45.380 [ALL CLAIMS OF THE BOROUGH TO THE PROPERTY]. The clerk or the clerk's designee shall record the redemption and issue a certificate containing a property description, the redemption amount, and the dates of judgment and decree of foreclosure. The clerk or the clerk's designee shall collect the recording fee at the time of redemption and shall file the certificate with the record[ER AND COLLECT THE RECORDING FEE FORM THE PERSON REDEEMING AT THE TIME OF REDEMPTION. THE COURT CLERK SHALL FILE THE CERTIFICATE] as part of the judgment roll.

EDITOR NOTE: No change.

Sec. 29.45.420 [29.53.330]. ADDITIONAL LIENS. If a property included in a foreclosure list is removed after payment of delinquencies or redemption by another lienholder, the payment represented by receipt for payment constitutes an additional lien on the property, collectible by the lienholder in the same manner as the original lien.

EDITOR NOTE: No substantive change.

Sec. 29.45.430 [29.53.340]. POSSESSION DURING REDEMPTION PERIOD. Foreclosure does not affect the former owner's right to possession during the redemption period. If [IN THE EVENT THAT] waste is committed by the former owner[, ] or by anyone acting under the [HIS] permission or control of the former owner, the municipality [BOROUGH] may declare an immediate forfeiture of the right to possession.

EDITOR NOTE: Allows the clerk's designee to publish a redemption period expiration notice. Requires the clerk to send a copy of the notice to holders of liens if the assessed value of property being foreclosed is over \$100,000. Under existing law, notice must be sent if the assessed value is over \$10,000.

Sec. 29.45.440 [29.53.350]. EXPIRATION.

(a) At least 30 days before the expiration of the redemption period the clerk or the clerk's designee shall publish a redemption period expiration notice. The notice shall contain the date of judgment, the date of expiration of the period of redemption, and a warning [TO THE EFFECT] that all properties ordered sold under the judgment, unless redeemed, shall be deeded to the municipality [BOROUGH OR CITY] immediately on expiration of the period of redemption and that every right or interest of a [ANY] person in the properties will be forfeited forever to the municipality [BOROUGH OR CITY]. The notice appears [IS PUBLISHED] once a week for four consecutive weeks in a newspaper of general circulation distributed in [WITHIN] the municipality [BOROUGH]. If there is no newspaper of general circulation distributed in [WITHIN] the municipality [BOROUGH], the notice is posted in three public places for at least four consecutive weeks. The clerk shall send a copy of the [PUBLISHED] notice by certified mail to each record owner of property against which a judgment of foreclosure has been taken and, if the assessed value of the property is more than \$20,000 [\$10,000], to all holders of mortgages or other liens of record on the property. The notice shall be mailed within five days after [OF] the first publication. The mailing shall be sufficient if mailed to the property owner and to the holder of a mortgage or recorded lien at the last address of record.

(b) The right of redemption [SHALL] expires 30 days after the date of the first notice publication [NOTICE].

(c) [(B)] Costs incurred in the determination of holders of mortgages and other liens of record and costs of notice publication [OF NOTICE] incurred by a municipality under (a) of this section are a lien on the property and may be recovered by the municipality.

EDITOR NOTE: Minor rewording.

Sec. 29.45.450 [29.53.360]. DEED TO BOROUGH OR CITY.

(a) Unredeemed property[IES] in the area of the borough outside all cities is [ARE] deeded to the borough by the clerk of the court. Unredeemed property[IES] in [WITHIN] a city is [ARE] deeded to the city subject to the payment by the city of unpaid borough taxes and costs of foreclosure levied against the property before foreclosure. The deed[S] shall be recorded in the recording district in which the property is located.

(b) Conveyance gives the municipality [BOROUGH OR CITY] clear title, except for prior recorded tax liens of the United States and the state.

(c) If unredeemed property lies in [WITHIN] a city and if the city has no immediate public use for the property but the borough does have an immediate public use, the city shall deed the property to the borough. If unredeemed property lies in [WITHIN] the borough outside all [A] cities[Y] and if the borough does not have an immediate public use for the property but a [THE] city does have an immediate public use, the borough shall deed the property to the city.

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

EDITOR NOTE: Allows the designee of the clerk to send a copy of the published notice, while under existing law, the clerk is required to send the copy.

Sec. 29.45.460 [29.53.370]. DISPOSITION AND SALE OF FORECLOSED PROPERTY[IES].

(a) The municipality [ASSEMBLY OF A BOROUGH OR COUNCIL OF A CITY] shall determine by ordinance whether foreclosed property deeded to the municipality [UNDER AS 29.53.360] shall be retained [BY THE MUNICIPALITY] for a public purpose. The ordinance shall contain the legal description of the property, the address or a general description of the property sufficient to provide the public with notice of its location, and the name of the last record owner of the property as the [HIS] name appears on the assessment rolls [OF THE MUNICIPALITY].

(b) Tax-foreclosed property[IES] conveyed to a municipality [BOROUGH OR CITY] by tax foreclosure and not required for a public purpose may be sold. Before the sale of tax-foreclosed property held for a public purpose, the municipality [ASSEMBLY OR COUNCIL], by ordinance, shall determine that a public need does not ex'st. The ordinance shall contain the information required under [IN] (a) of this section.

(c) The clerk or the clerk's designee shall send a copy of the published notice of hearing of an ordinance to consider a determination required under [BY] (a) or (b) of this section by certified mail to the former record owner of the [PARCEL OF] property that [WHICH] is the subject of the ordinance. The notice shall be mailed within five days after [OF] its first publication and shall be sufficient if mailed to the last record owner of the property [OWNER] as the name appears on the assessment rolls of the municipality [AT THE LAST ADDRESS OF RECORD].

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

EDITOR NOTE: Minor rewording.

Sec. 29.45.470 [29.53.375]. REPURCHASE BY RECORD OWNER.

(a) The record owner at the time of tax foreclosure of property acquired by a municipality [BOROUGH OR CITY], or the [HIS] assigns of that record owner, may, within 10 years and [AT ANY TIME] before the sale or contract of sale of the tax-foreclosed property by the municipality [BOROUGH OR CITY], repurchase the property. The municipality [BOROUGH OR CITY] shall sell the property for the full amount applicable to the property under the judgment and decree, with interest not to exceed 15 [AT THE RATE OF EIGHT] percent a year from the date of entry of the judgment of foreclosure to the date of repurchase, delinquent taxes assessed and levied as though it had continued in private ownership, and costs of foreclosure and sale[, INCLUDING BUT NOT LIMITED TO, COSTS OF PUBLICATION OF NOTICE AND ANY COSTS ASSOCIATED WITH THE DETERMINATION OF HOLDERS OF MORTGAGES AND OTHER LIENS OF RECORD UNDER AS 29.53.350(A)].

(b) After adoption of an ordinance providing for the retention of [A PARCEL OF] tax-foreclosed property by the municipality for a public purpose, the right of the former record owner to repurchase the property ceases.

EDITOR NOTE: No substantive change.

Sec. 29.45.480 [29.53.380]. PROCEEDS OF TAX SALE.

(a) On [UPON] sale of foreclosed real or personal property the municipality [BOROUGH OR CITY] shall divide the proceeds less cost of collection, between the borough and the city having unpaid taxes against the property. The division is in proportion to the respective municipal taxes against the property at the time of foreclosure.

(b) If [THE FORMER RECORD OWNER OF] tax-foreclosed real property that [WHICH] has been held by a municipality for less than 10 years after the close of the redemption period and never designated for a public purpose [WHICH] is sold at a tax- foreclosure sale, the former record owner is entitled to the portion of the proceeds of the sale that [WHICH] exceeds the amount of [SUFFICIENT TO SATISFY] unpaid taxes, the amount equal to [DELINQUENT] taxes that would have been assessed and levied after foreclosure [AS] if the property had continued in

private ownership, penalty, interest, and costs to the municipality of foreclosing and selling the property [OF PROPERTY SOLD, INCLUDING COSTS INCURRED UNDER AS 29.53.350(A)]. If the proceeds of the sale of tax-foreclosed property exceed the total of unpaid and delinquent taxes, penalty, interest, and costs, the municipality [BOROUGH OR CITY] shall provide the former owner of the property written notice advising of the amount of the excess and the manner in which a claim for the balance of the proceeds may be submitted. Notice is sufficient under this subsection if mailed to the former record owner at the [HIS] last address of record of the former record owner. On [UPON] presentation of a proper claim, the municipality shall remit the excess to the former record owner. A claim for the excess filed after six months of the date of sale is forever barred.

EDITOR NOTE: "City or borough" is changed to "municipality".

Sec. 29.45.490 [29.53.385]. PAYMENT OF TAXES UPON PUBLIC UTILIZATION. If a municipality [CITY OR BOROUGH] [HOLDS OR] takes title to tax-foreclosed property for a public purpose, the municipality [CITY OR BOROUGH] shall satisfy unpaid taxes and assessments against the property held by other municipalities, with accrued interest but without penalty. If the amount required to satisfy the unpaid taxes and assessments exceeds the assessed value [VALUATION] of the property, the municipality [BOROUGH] shall pay the other municipalities the assessed value [VALUATION], which shall be divided between the other municipalities in proportion to their respective taxes and assessments against the property at the time of foreclosure.

EDITOR NOTE: New material is added to this section so that if, in the absence of suit, it becomes obvious to the governing body that judgment for recovery of taxes would be obtained, the municipality shall refund the amount of taxes plus interest. The governing body is permitted to correct manifest clerical errors at any time.

Sec. 29.45.500 [29.53.390]. REFUND OF TAXES.

(a) If a taxpayer pays taxes under protest, the taxpayer [HE] may bring suit in the superior court against the municipality [BOROUGH] for recovery of the taxes. If judgment for recovery is given against the municipality [BOROUGH], or, if in the absence of suit, it becomes obvious to the governing body that judgment for recovery of the taxes would be obtained if legal

proceedings were brought, the municipality [BOROUGH] shall refund the amount of the taxes to the taxpayer with interest at eight percent from the date of payment plus costs.

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

(c) The governing body may correct manifest clerical errors at any time.

### ARTICLE 3. CITY PROPERTY TAX.

EDITOR NOTE: Minor rewording.

Sec. 29.45.550 [29.43.020]. CITIES OUTSIDE BOROUGHES [ASSESSMENT AND TAX COLLECTION]. Home rule and first class cities outside boroughs may assess, levy, and collect a [GENERAL] property tax. A property tax if levied must be assessed, levied, and collected as provided by AS 29.45.010 - 29.45.500 [CH. 53 OF THIS TITLE FOR BOROUGHES. CITIES OUTSIDE BOROUGHES MAY LEVY AND COLLECT SALES AND USE TAXES AS PROVIDED BY CH 53 OF THIS TITLE FOR BOROUGHES].

EDITOR NOTE: Statutory references are altered to reflect new numbering. All sections under existing law which apply to taxes levied by a city apply under this bill as well. Sec. 29.45.250, dealing with rates of penalty and interest; sec. 29.45.460, dealing with disposition and sale of foreclosed property; sec. 29.45.470, dealing with repurchase by record owner; sec. 29.45.490, dealing with payment of taxes upon public utilization; sec. 29.45.500, dealing with refund of taxes have been added as provisions which a city is subject to.

Sec. 29.45.560 [29.53.400]. CITIES INSIDE BOROUGHES [POWER OF LEVY]. Home rule and first class cities inside [WITHIN] boroughs may levy a [GENERAL] property tax. A property tax, if levied, [SHALL BE LEVIED IN THE MANNER PROVIDED FOR BOROUGH LEVIES IN § 170(A) OF THIS CHAPTER AND] is subject to AS 29.45.010 - 29.45.050, 29.45.090 - 29.45.100, 29.45.250, 29.45.400 - 29.45.440 and 29.45.460 - 29.45.500 [ §§ 10 - 25, 50 - 55 AND 310 - 359 OF THIS CHAPTER]. The council shall by June 15 of each year present to the borough assembly a statement

of the city's rate of levy unless a different date is agreed upon by the borough and city.

EDITOR NOTE: This is new, applying the provisions dealing with property taxes to home rule municipalities as a limitation.

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

EDITOR NOTE: Minor rewording.

Sec. 29.45.580 [29.53.405]. DIFFERENTIAL TAX ZONES. A city[IES] may by ordinance establish, alter, and abolish differential tax zones to provide and levy property taxes for services not provided generally in [WITHIN] the city or a different level of service than that provided generally in [WITHIN] the city.

EDITOR NOTE: No substantive change.

Sec. 29.45.590 [29.53.410]. LIMITED PROPERTY TAXING POWER FOR SECOND CLASS CITIES. A second class city may by referendum levy [REAL AND PERSONAL] property taxes as provided for first class cities. However, levy by a second class city may not exceed one-half of one percent of the assessed value [VALUATION] of the property taxed, except that the limit does not apply to a levy necessary to avoid a default upon payment of principal and interest of bonded or other indebtedness that [WHICH] is secured by a pledge to levy ad valorem or other taxes without limit to meet debt payments.

EDITOR NOTE: This is new material allowing a petition for second class city incorporation to request that a property tax proposal be placed on the same ballot. The petition may request that incorporation be dependent on passage of the property tax. Under existing law, a petition may combine a request for sales and use tax with a request for incorporation, but no provision exists for combining a request for property tax with a request for incorporation.

Sec. 29.45.600. COMBINING PROPERTY TAX WITH INCORPORATION OF A SECOND CLASS CITY. A petition for second class city incorporation may request that [WHICH] a property tax proposal be placed on the same ballot. The petition must state the proposed tax rate. The petition may request that [WHICH] incorporation be

dependent on the passage of the property tax proposition. If so, the incorporation proposition fails if the property tax fails.

ARTICLE 4. BOROUGH SALES AND USE TAX.

EDITOR NOTE: Interest at the rate of 15 percent, rather than eight percent may be charged on delinquent sales and use taxes, and this is made applicable as a home rule limitation. material in (e) has been added to allow a lien to be placed on the property to secure the payment of a sales and use tax.

Sec. 29.45.650 [29.53.415]. SALES AND USE TAX.

(a) A borough may levy and collect a sales tax not exceeding six percent on sales, [OR] rents, and on services provided in [MADE WITHIN] the borough. The sales tax may apply to any or all of these sources. Exemptions may be granted by ordinance.

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

(c) A person who furnishes proof, in the form required by the borough tax collector, that the person [HE] has paid a sales tax on the source on which a use tax is levied by the borough is required to pay the use tax only to the extent of the difference between the amount of the sales tax paid and the amount of the use tax levied by the borough. This subsection applies to a sales tax levied in any taxing jurisdiction whether inside or outside the state.

(d) If the assembly [OF A HOME RULE OR GENERAL LAW BOROUGH] charges interest on sales taxes not paid when due, the rate of interest may not exceed 15 [EIGHT] percent a year on [UPON] the delinquent taxes and shall be charged from the due date until paid in full. This subsection applies to home rule and general law municipalities.

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

EDITOR NOTE: Minor rewording.

Sec. 29.45.660 [29.73.070(b),(c)]. [TAXPAYER] NOTICE OF SALES AND USE TAX.

(a) [(B)] If the borough [MUNICIPALITY] levies and collects only a sales tax and use tax, the assembly [GOVERNING BODY] shall provide a notice substantially in the form set out in AS 29.45.020 [(A) OF THIS SECTION]. In providing notice under this subsection, the [COUNCIL OR] assembly shall substitute for the millage equivalency its estimate of the equivalent sales tax rate for each of the categories of financial assistance set out in AS 29.45.020 [(A) OF THIS SECTION]. Notice shall be provided

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

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

(b) [(C)] Compliance with the provisions of this section is a prerequisite to receipt of municipal tax resource equalization assistance under AS 29.60.010 - 29.60.080 [AS 29.88] and state aid for miscellaneous municipal services under AS 29.60.100 - 29.60.180 [AS 29.89]. The department [DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS] shall withhold annual allocations under those sections [CHAPTERS] until municipal officials demonstrate that the requirements of this section have been met.

EDITOR NOTE: The requirement that a sales tax proposition be presented only once a year has been eliminated. Material now in AS 29.53.420(b) is deleted.

Sec. 29.45.670 [29.53.420(a)]. REFERENDUM, ADOPTION, AND MODIFICATION. [(A)] A new sales and use tax or an increase in the rate of levy of a sales tax approved by ordinance does not take effect until ratified by a majority of the voters at an election. [THE ASSEMBLY SHALL HOLD A REFERENDUM VOTE ON THE QUESTION OF ENACTING A SALES TAX OR INCREASING THE RATE OF LEVY OF SALES TAXES. BOROUGH SALES TAX PROPOSITIONS MAY BE PRESENTED ONLY ONCE IN ANY 12-MONTH PERIOD.

A SALES TAX PROPOSITION MAY BE SUBMITTED TO THE VOTERS AT A REGULAR OR SPECIAL ELECTION OR AT A GENERAL ELECTION OF THE STATE.]

ARTICLE 5. CITY SALES AND USE TAXES.

EDITOR NOTE: Allows the borough assembly by ordinance to authorize the city to levy and collect sales and use taxes on sources other than the sources being taxed by the borough. Under existing law, a city within a borough may levy sales and use taxes only upon sources taxed by the borough. The provision that a city outside a borough may levy and collect sales and use taxes in the manner provided for boroughs has been added.

Sec. 29.45.700 [29.53.440, 29.53.450]. POWER OF LEVY.

(a) A city[IES] in [WITHIN] a borough that [WHICH] levies and collects areawide sales and [OR] use taxes [FOR AREAWIDE BOROUGH FUNCTIONS] may levy sales and [OR] use taxes on [UPON] all sources taxed by the borough in the manner provided for boroughs, except that the assembly may by ordinance authorize a city to levy and collect sales and use taxes on other sources.

(b) A city[IES] in [WITHIN] a borough that [WHICH] does not levy and collect sales and [OR] use taxes for areawide borough functions may levy and collect sales and [OR] use taxes in the manner provided for boroughs.

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

EDITOR NOTE: No substantive change.

Sec. 29.45.710 [29.53.460]. COMBINING SALES AND USE TAX WITH INCORPORATION OF A SECOND CLASS CITY. A petition for incorporation of a second class city [INCORPORATION] may request that a sales and use tax proposal be placed on the same ballot. The petition must state the proposed tax rate. The petition may request that incorporation be dependent on [UPON] the passage of the [SALES] tax proposition. If so, the incorporation proposition fails if the tax fails.

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

CHAPTER 46. SPECIAL ASSESSMENTS.

EDITOR NOTE: Minor rewording and the statutory reference is altered to reflect new numbering.

Sec. 29.46.010 [29.63.010]. ASSESSMENT AND PROPOSAL. The municipality [ASSEMBLY OR COUNCIL] may assess against the property of a state or federal governmental unit and private real property to be benefited by an improvement all or a portion of the cost of acquiring, installing, or constructing [OR IMPROVING] capital improvements. The state shall pay an assessment levied, except as otherwise provided by law and subject to its right of protest under AS 29.46.020-(b) [§ 15 (A) (8) OF THIS CHAPTER]. If a governmental unit other than the state benefited by an improvement [ASSESSMENT] refuses to pay the assessment, it shall be denied the benefit of the improvement. An improvement proposal may be initiated by

- (1) petition to the governing body [ASSEMBLY OR COUNCIL] of the owners of one-half in value of the property to be benefited; or
- (2) the governing body [ASSEMBLY OR COUNCIL].

EDITOR NOTE: A list of procedures which the governing body may prescribe includes procedures relating to creating special assessment districts, making local improvements, levying and collecting assessments, and financing improvements. Under existing law, the governing body is authorized to prescribe the complete special assessment procedure for local improvements. Statutory references are altered to reflect new numbering.

Sec. 29.46.020 [29.63.015]. PROCEDURE.

(a) The municipality [ASSEMBLY OR COUNCIL] may prescribe by ordinance the [COMPLETE SPECIAL ASSESSMENT] procedures relating to creating special assessment districts, making [FOR] local improvements, levying and collecting assessments, and financing improvements, including [AND SUBJECT TO] the following:

- (1) a [THE] procedure for filing petitions;
- (2) a survey and report by the mayor [BOROUGH OR CITY EXECUTIVE] concerning the need for, desirable extent of, and estimated cost of each proposed local improvement;

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

(4) a resolution or ordinance [OF THE ASSEMBLY OR COUNCIL] determining to proceed or not to proceed with the proposed local improvement;

(5) a public hearing by the governing body [ASSEMBLY OR COUNCIL] on the special assessment roll for the proposed local improvement;

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

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

(b) [(8)] If protests as to the necessity of a proposed local improvement are made by owners of property that [WHICH] will bear 50 percent or more of the estimated cost of the improvement, the governing body [ASSEMBLY OR COUNCIL] may not proceed with the improvement until the objections have been reduced to less than 50 percent, except on approval of not fewer than three-fourths of the governing body [ASSEMBLY OR COUNCIL].

(c) [(B)] To the extent that [IF] the municipality [ASSEMBLY OR COUNCIL] does not prescribe a procedure for special assessments as permitted by this section, the municipality [ASSEMBLY OR COUNCIL] shall comply with the special assessment procedures set out in AS 29.46.030 - 29.46.100 [§§ 20 - 70 OF THIS CHAPTER].

EDITOR NOTE: The heading is altered from "DECISION AND NOTICE" to "CREATION OF DISTRICT". Minor rewording.

Sec. 29.46.030 [29.63.020]. CREATION OF DISTRICT [DECISION AND NOTICE].

(a) When an improvement proposal is [HAS BEEN] filed with the municipal clerk and presented to the governing body [ASSEMBLY OR COUNCIL], the municipality [ASSEMBLY OR COUNCIL] shall find by resolution or ordinance whether

(1) the improvement requested is necessary and should be made, and  
(2) if by petition, the request has sufficient and proper petitioners. The findings under this section [OF THE ASSEMBLY OR COUNCIL] are conclusive.

(b) If the municipality approves [ASSEMBLY OR COUNCIL PASSES A RESOLUTION APPROVING] an improvement proposal [WITH THE NECESSARY FINDINGS], it shall develop a proposed improvement plan including the total cost estimate and the percentage of the [IMPROVEMENT PLAN] cost to be assessed against the

benefited property [BENEFITED]. The improvement [THIS] plan shall [IS TO] be filed with the municipal clerk.

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

EDITOR NOTE: Minor rewording for clarity.

Sec. 29.46.040 [29.63.025]. RECORD OWNER. The person in whose name property is listed on the municipal property tax roll as owner is conclusively presumed to be the legal owner of record. If the owner is unknown, the assessment roll may designate [BE MADE AGAINST] "unknown owner".

EDITOR NOTE: Objections may be filed any time within 60 days after publication of notice. Under existing law, objections to an improvement plan may be filed not less than 30 nor more than 60 days after publication of notice on a date specified by the governing body. Minor rewording.

Sec. 29.46.050 [29.63.030]. OBJECTIONS AND REVISION.

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

(b) If objections are made in writing during the period set for objections by the owners of property bearing 50 percent or more [ONE-HALF] of the estimated total cost of the improvement, the governing body [ASSEMBLY OR COUNCIL] may not proceed with the improvement unless it revises the plan to meet the objections and the objections are reduced to less than 50 percent. A revised plan shall be approved and adopted as an original plan in accordance with AS 29.46.030.

EDITOR NOTE: Minor rewording.

Sec. 29.46.060 [29.63.040]. ASSESSMENT ROLL.

(a) At any time after [PROJECT] approval of an improvement plan, the governing body [ASSEMBLY OR COUNCIL] shall assess the authorized percentage of the cost against property in the district included in the plan in proportion to the benefit received. [ASSESSMENTS MAY NOT EXCEED ACTUAL COSTS.]

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

(c) The governing body [ASSEMBLY OR COUNCIL] shall fix a time to hear objections to the roll. The municipal clerk shall send an assessment and hearing notice by mail to each record owner of an assessed property [TRACT] not less than 15 days before the hearing.

EDITOR NOTE: Requires a new hearing if the assessment is increased as a result of correcting errors and inequalities in the assessment roll. Objections to the increased assessment are limited to record owners of property on which the assessment was increased. Under existing law, there is no provision for an additional hearing if an assessment is increased as a result of correcting errors.

Sec. 29.46.070 [29.63.050]. HEARING AND SETTLEMENT. After the public hearing, the governing body [ASSEMBLY OR COUNCIL] shall correct errors and [ANY] inequalities in the roll. If an assessment is increased, a new hearing shall be set and notice published, except that a new hearing and notice is not required if all record owners of property subject to the increased assessment consent in writing to the increase. Objections to the increased assessment shall be limited to record owners of property on which the assessment was increased. When the roll is corrected, it shall be confirmed by resolution or ordinance. [WHEN THE ROLL IS CORRECTED, THE CLERK SHALL SO CERTIFY.]

EDITOR NOTE: Minor rewording for clarity and statutory references are altered to reflect new numbering.

Sec. 29.46.080 [29.63.060]. PAYMENT.

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

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

[(C)] Within five days after the statements are mailed, the clerk shall have [PUBLISH] notice published that the statements have been mailed.

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

EDITOR NOTE: Slightly reorganized and statutory references are altered to reflect new numbering. The section is applicable as a home rule limitation and is a limitation now under AS 29.13.100(36)

Sec. 29.46.090 [29.63.065]. EXEMPTION.

(a) The real property owned and occupied by a resident 65 years of age or over, or the spouse, widow, widower, or minor heir of the original applicant, on which is located only the [HIS] permanent abode of the applicant that is a single-family residence, is exempt from

(1) special sewer assessments levied by a [HOME RULE OR GENERAL LAW] municipality after September 2, 1975, and

(2) special water assessments levied by a [HOME RULE OR GENERAL LAW] municipality after September 2, 1975. Only one exemption may be granted with respect to the same property, and, if two or more persons are eligible for an exemption with respect to the same property, the parties shall decide between or among themselves which shall receive the benefit of the exemption. [NO] Real property may not be exempted under this subsection that [WHICH] the municipality determines, after notice and hearing to the parties concerned, has been conveyed to the applicant primarily for the purpose of obtaining the exemption. The determination of the municipality is appealable under AS 44.62.560 - 44.62.570.

(b) An [NO] exemption may not be granted under this section except upon written application for the exemption on a form prescribed by the state assessor for use by local assessors and in accordance with the following requirements:

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

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

(3) If an application is filed within the required time under  
this subsection and is approved by the governing body [ASSEMBLY OR COUNCIL], the  
exemption shall be allowed in accordance with the provisions of this section. If  
a waiver under this subsection is granted and the application for exemption  
approved, the amount of any assessment, penalty, or interest that [WHICH] the  
claimant has [MAY HAVE] already paid on the assessment shall be refunded to the  
claimant [HIM]. The municipality may at any time require proof in the form  
considered necessary of the right and amount of an exemption claimed under this  
section.

(c) The state shall reimburse a [HOME RULE OR GENERAL LAW] munic-  
ipality for the sewer and water assessment revenues that [WHICH] it would receive  
but for the operation of this section. Reimbursement under this subsection is a  
lien in favor of the state against the property exempted to the extent of the as-  
sessment against the property exempted. When properly recorded, [UPON  
RECORDATION IN THE RECORDING OFFICE OF THE DISTRICT IN WHICH THE PROPERTY  
EXEMPTED IS LOCATED] the lien is prior and superior to other liens against the  
property except for property [GENERAL] taxes or other special assessments and may  
be enforced by lien foreclosure [AS PROVIDED IN AS 34.10.070 - 34.10.220]. The  
lien becomes immediately due and payable

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

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

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

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

(e) [(D)] In this section

[(1) "RESIDENT" MEANS A PERSON WHO FOR 12 CONSECUTIVE MONTHS HAS  
MAINTAINED HIS PERMANENT PLACE OF ABODE IN THE STATE;]

(1) [(3)] "minor heir" means a person who, at the time of transfer of the property, has not attained the age of 19 years or who, if under [HE HAS NOT ATTAINED THE AGE OF] 22 years of age, is a full-time student at an educational institution or a member of the armed forces of the United States;[.]

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

EDITOR NOTE: Minor reorganization and rewording.

Sec. 29.46.100 [29.63.070]. REASSESSMENT.

(a) The governing body [ASSEMBLY OR COUNCIL] shall within one year correct any deficiency in a special assessment found by a court.

[(B)] Notice and hearing must conform to the initial assessment procedures.

(b)[(C)] Payments on the initial assessment are credited to the property upon reassessment.

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

EDITOR NOTE: (a) This is new material itemizing the costs which may be included in a special assessment.

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

Sec. 29.46.110. ALLOWABLE COSTS.

(a) When a special assessment district is created, there may be included in the assessments

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

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

(3) the cost of mailing and publishing notices;

(4) interest on interim financing;

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

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

(b) [29.63.040(a). ASSESSMENT ROLL.] The total amount of the assessment roll may not exceed actual costs, but actual costs may include reasonable estimates of the costs to be incurred in connection with issuance of bonds. [AT ANY TIME AFTER PROJECT APPROVAL, THE ASSEMBLY OR COUNCIL SHALL ASSESS THE AUTHORIZED PERCENTAGE OF THE COST AGAINST TRACTS IN PROPORTION TO BENEFIT RECEIVED. ASSESSMENTS MAY NOT EXCEED ACTUAL COSTS.]

EDITOR NOTE: Minor rewording and reorganization.

Sec. 29.46.120 [29.63.080]. OBJECTION AND APPEAL.

(a) The [REGULARITY OR] validity of an assessment may not be contested by a person who did not file with the municipal clerk a written objection to the assessment roll before its confirmation.

(b) The decision of the governing body on [ASSEMBLY OR COUNCIL UPON] an objection may be appealed to the superior court within 30 days after [OF] the date of confirmation of the assessment roll.

[(C)] If no objection is filed or appeal taken within that [THE] time [PROVIDED IN THIS SECTION], the assessment procedure is [SHALL BE] considered [REGULAR AND] valid in all respects.

EDITOR NOTE: This is new material allowing the governing body to issue notes to secure payment of the costs of a local improvement project. The notes are payable out of special assessments for the improvement and the notes are claims against the assessments.

Sec. 29.46.130. INTERIM FINANCING.

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

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

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

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

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

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

EDITOR NOTE: Minor rewording. The last line of AS 29.63.085(c), providing that interest on the guarantee funds are a cost of th improvement district, is eliminated.

Sec. 29.46.140 [29.63.085]. SPECIAL ASSESSMENT BONDS.

(a) The municipality [ASSEMBLY OR COUNCIL] may by ordinance authorize the issuance and sale of special assessment bonds to pay all or part of the cost of an improvement in a special assessment district. The principal and interest of bonds issued shall be payable solely from the levy of special assessments against the property to be benefited. The assessments shall constitute a sinking fund for the payment of principal and interest on the bonds. The benefited property [BENEFITED] may be pledged by the governing body [ASSEMBLY OR COUNCIL] to secure a payment.

(b) On [UPON] default in a payment due on a special assessment bond, a bondholder may enforce payment of principal, [AND] interest, and costs of collection in a civil action in the same manner and with the same effect as actions for the foreclosure of mortgages on real property. Foreclosure shall be against all property on which assessments are in default. The period for redemption is [SHALL BE] the same as for [IN THE CASE OF] a mortgage foreclosure on real property.

(c) Before the governing body [ASSEMBLY OR COUNCIL] may issue special assessment bonds, it shall establish a guarantee fund and appropriate to the fund annually a sum adequate to cover a deficiency in meeting payments of principal and interest on [OF] bonds if the [ISSUED BY] reason for the deficiency is [OF] nonpayment of assessments when due. Money received from actions taken against property for nonpayment of assessments shall be credited to the guarantee fund. [INTEREST ON THE GUARANTEE FUNDS SHALL BE A COST OF THE IMPROVEMENT DISTRICT.]

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

CHAPTER 47 [58]. MUNICIPAL DEBT.

ARTICLE 1. REVENUE ANTICIPATION NOTES.

EDITOR NOTE: Minor rewording.

Sec. 29.47.010 [29.58.010]. BORROWING IN ANTICIPATION OF REVENUE. A municipality that [WHICH] is authorized to incur indebtedness may borrow money to meet appropriations for any fiscal year in anticipation of the collection of the revenues for that year, but all debt so contracted shall be paid before the end of the next fiscal year. Negotiable or nonnegotiable revenue anticipation notes may be issued as evidence of the borrowing.

EDITOR NOTE: Minor rewording.

Sec. 29.47.020 [29.58.020]. ISSUANCE OF NOTES. [THE GOVERNING BODY OF] A municipality may[, ] by ordinance or resolution[, ] authorize the issuance of revenue anticipation notes [AND PRESCRIBE THE FORM AND DETAILS OF THE NOTES AND THE MANNER OF THEIR EXECUTION]. The governing body [OF THE MUNICIPALITY] may delegate to its chief fiscal officer the power to issue the notes from time to time under the terms and conditions of the ordinance or resolution that [WHICH] provides for the manner of their sale.

[Sec. 29.58.030. LIMITATION ON ISSUANCE OF NOTES. REPEALED BY §3 CH 88 SLA 1974.]

EDITOR NOTE: Minor rewording.

Sec. 29.47.030 [29.58.040]. ISSUANCE OF NOTES IN ANTICIPATION OF STATE, FEDERAL GRANTS.

(a) [THE GOVERNING BODY OF] A municipality, on [UPON] adoption of a long-range capital improvement budget by ordinance or resolution, may by resolution provide for negotiable or non-negotiable revenue anticipation notes in an amount not to exceed the total amount of any state or federal grants finally committed for these projects. The notes mature no later than the end of the next fiscal year. The notes may be for single or multiple projects outlined in the adopted capital improvement budget.

(b) If the state or federal grants for capital improvement projects have not been paid to the municipality before maturity of the notes issued in anticipation of the receipt of the revenue, the governing body [OF THE MUNICIPALITY] may issue new notes in order to meet payment of the notes then maturing or may renew the outstanding revenue anticipation notes. New notes issued or renewals of outstanding revenue anticipation notes [SHALL] mature not later than the end of the next fiscal year.

EDITOR NOTE: Minor rewording.

Sec. 29.47.040 [29.58.050]. PRIORITY OF REPAYMENT. The payment of the principal and interest on revenue anticipation notes is [SHALL BE] payable from revenues, and their payment additionally shall be secured by a pledge of the full faith and[,] credit [AND UNLIMITED TAXING POWER] of the municipality issuing them.

#### ARTICLE 2. BOND ANTICIPATION NOTES.

EDITOR NOTE: Minor rewording.

Sec. 29.47.080 [29.58.070]. BOND ANTICIPATION BORROWING. A municipality may borrow money in anticipation of the sale of general obligation and revenue bonds if

(1) the general obligation bonds to be sold have been authorized by ordinance [THE ASSEMBLY OR COUNCIL] and ratified by a majority vote at an [A REGULAR OR SPECIAL] election;

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

EDITOR NOTE: "Assembly or council" is replaced with "governing body".

Sec. 29.47.090 [29.58.080]. ISSUANCE OF NOTES. The governing body [ASSEMBLY OR COUNCIL] shall issue negotiable or nonnegotiable notes for the amounts borrowed with a maturity date not to exceed one year from the date of issue. All notes and the interest on them are payable at fixed places on or before a fixed time from the proceeds of the sale of bonds in anticipation of which the original note or notes were issued, unless the bonds have not been sold by the maturity date of the notes.

EDITOR NOTE: "Assembly or council" is replaced with "governing body".

Sec. 29.47.100 [29.58.090]. ISSUANCE OF NEW NOTES. If the sale of the bonds has not occurred before the maturity of the notes issued in anticipation of the sale, the governing body [ASSEMBLY OR COUNCIL] shall issue new notes in order to meet payment of the notes then maturing, or shall renew the outstanding bond anticipation notes. New notes issued or renewals of outstanding bond anticipation notes bear a maturity date not to exceed one year from the date of issue. Notes, new notes, and renewals of notes may [SHALL] not be outstanding for a total elapsed time of more than three years.

EDITOR NOTE: No substantive change.

Sec. 29.47.110 [29.58.100]. REPAYMENT OF NOTES. Every note is payable from the proceeds of the sale of bonds that [WHICH] the notes anticipated or from the proceeds of the sale of new bond anticipation notes.

EDITOR NOTE: Minor rewording.

Sec. 29.47.120 [29.58.110]. SECURITY.

(a) Notwithstanding [ANY] other provisions of this chapter as to payment of notes, notes issued in anticipation of the sale of general obligation bonds and the interest on them are secured by the full faith and[,] credit[, TAXING POWER AND RESOURCES] of the municipality. The municipality may levy ad valorem taxes for payment without limitation of rate or amount.

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

EDITOR NOTE: Minor rewording.

Sec. 29.47.130 [29.58.120]. LIMITATION. The total amount of notes issued and outstanding may [SHALL] at no time exceed the total amount of bonds authorized to be issued.

EDITOR NOTE: No change.

Sec. 29.47.140 [29.58.130]. USE OF PROCEEDS. The proceeds from the sale of notes shall be used only for the purposes for which the proceeds from the sale of bonds may be used, or to meet payment of outstanding bond anticipation notes."

### ARTICLE 3. GENERAL OBLIGATION BONDS.

EDITOR NOTE: Minor rewording.

Sec. 29.47.180 [29.58.150]. GENERAL OBLIGATION BONDS. A municipality may acquire, construct, improve, and equip capital improvements and issue negotiable or nonnegotiable general obligation bonds for these purposes.

EDITOR NOTE: Minor rewording. The reference to a charter is eliminated since this section does not apply as a home rule limitation.

Sec. 29.47.190 [29.58.160]. VOTE AND NOTICE OF EXISTING INDEBTEDNESS REQUIRED.

(a) A municipality may incur general obligation bond debt only after a bond authorization ordinance is approved by a majority vote [OF THOSE VOTING ON THE QUESTION] at an [A REGULAR OR SPECIAL] election. Any municipal voter may vote in the bond election, except as otherwise provided by [CHARTER OR] law.

(b) Before a general obligation bond issue election, the governing body [ASSEMBLY OR COUNCIL] shall have published a notice of the [MUNICIPALITY'S] total existing bond indebtedness at least once a week for three consecutive weeks. The first notice shall be published at least 20 days before the date of the election. A notice shall include

- (1) the current total general obligation bonded indebtedness, including authorized but unsold bonds of the municipality;
- (2) the cost of the debt service on the current indebtedness;
- (3) the total assessed value of property in [VALUATION WITHIN] the municipality.

EDITOR NOTE: Minor rewording. The last sentence in (b) is added since this subsection applies to home rule municipalities as a limitation. It is currently a limitation under AS 29.13.100(24)

Sec. 29.47.200 [29.58.180]. PAYMENT.

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

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

ARTICLE 4. REVENUE BONDS.

EDITOR NOTE: Rewritten for clarity.

Sec. 29.47.240 [29.58.200]. REVENUE BONDS.

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

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

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

EDITOR NOTE: Minor rewording.

Sec. 29.47.250 [29.58.205]. NO ELECTION REQUIRED. An [NO] election is not required to authorize the issuance and sale of revenue bonds, unless otherwise provided by ordinance.

EDITOR NOTE: This is a new section excluding revenue bonds from the application of the prohibition against a political subdivision of the state making a subscription to the capital stock of a corporation, lending its credit for the use of a corporation, or borrowing money for the use of a corporation.

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

#### ARTICLE 5. REFUNDING BONDS.

EDITOR NOTE: Minor rewording.

Sec. 29.47.300 [29.58.240]. AUTHORIZATION. If a municipality has outstanding general obligation or revenue bonds and the governing body [ASSEMBLY OR COUNCIL] determines that it would be financially advantageous to refund the bonds, the municipality [ASSEMBLY OR COUNCIL] may provide by ordinance or resolution for the issuance of negotiable [GENERAL OBLIGATION] or nonnegotiable [REVENUE REFUNDING BONDS.]

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

EDITOR NOTE: No substantive change.

Sec. 29.47.310 [29.58.250]. EFFECT OF REFUNDING BONDS. The refunding bonds may take up and refund all or [ANY] part of outstanding bonds at or before their maturity or redemption date. The governing body [ASSEMBLY OR COUNCIL] may include various series and issues of bonds in a single issue of refunding bonds.

EDITOR NOTE: "Assembly or council" is replaced by "governing body".

Sec. 29.47.320 [29.58.260]. NO ELECTION REQUIRED. An [NO] election is not required to authorize the issuance and sale of refunding bonds. Their issuance may be authorized and all proceedings with reference to them prescribed by ordinance [OF THE ASSEMBLY OR COUNCIL]. However, when it is desirable to use

general obligation bonds to refund a revenue bond issue, the governing body shall call an election on the question.

EDITOR NOTE: The statutory reference is altered to reflect new numbering and the fact that sections dealing with payment on bonds are combined into one section.

Sec. 29.47.330 [29.58.270]. PAYMENT OF REFUNDING BONDS. General obligation refunding bonds are payable according to AS 29.47.200 [§ 180 OF THIS CHAPTER]. Revenue refunding bonds are payable according to AS 29.47.240 [§ 220 OF THIS CHAPTER].

EDITOR NOTE: The requirement that refunding bonds be exchanged at par for bonds being refunded is eliminated, so that refunding bonds to finance any project and to be secured and payable solely from the revenue and property of the project. The city or borough is not obligated to make payments on the bonds from any other sources.

Sec. 29.47.340 [29.58.280]. SALE OF REFUNDING BONDS. General obligation or revenue refunding bonds may, at [IN] the discretion of the governing body [ASSEMBLY OR COUNCIL], be exchanged [AT PAR] for the bonds being refunded, or may be sold at public or private sale [FOR AN AMOUNT NOT LESS THAN PAR AND ACCRUED INTEREST]. They may be issued and delivered at any time before the date of maturity or redemption of the refunded bonds.

#### ARTICLE 6. MISCELLANEOUS PROVISIONS.

EDITOR NOTE: This contains new material allowing the issuance of revenue bonds to finance any project and to be secured and payable solely from the revenue and property of the project. The city or borough is not obligated to make payments on the bonds from any other sources.

Sec. 29.47.390. [29.58.200(c)] OTHER MUNICIPAL FINANCING.

(a) A municipality may authorize by ordinance or resolution the issuance of negotiable or nonnegotiable [ALSO ISSUE] revenue bonds to finance any project that serves a [FOR ANY LAWFUL] public purpose, and[.] the bonds shall be secured and [ARE] payable from any source except revenues, including tax revenue, [AMOUNTS PLEDGED BY THE MUNICIPALITY EXCEPT TAXES AND DO NOT CONSTITUTE GENERAL OBLIGATIONS] of the municipality.

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

(c) A municipality may

- (1) loan the proceeds of the bonds issued under this section;
- (2) pledge, mortgage or assign money, leases, agreements, property, or other assets of the project being financed;
- (3) enter into covenants and agreements concerning bonds issued under this section that [WHICH] the municipality determines to be desirable;
- (4) provide for any matter that [WHICH] affects the security of the bonds.

(d) In this section

- (1) "bonds" means bonds, notes, or other evidence of indebtedness;
- (2) "project" includes but is not limited to commercial, manufacturing, agricultural, industrial, residential housing, recreation, tourism, and medical projects and programs.

EDITOR NOTE: Bonds and notes may be sold in the manner and at the price determined by the municipality. Under existing law, no bonds may be sold at less than par value.

Sec. 29.47.400.[29.58.060, 29.58.140, 29.58.300] SALE. Bonds and notes issued under this chapter may be sold at either public or private sale by the municipality in the manner and at the price it determines.

[Sec. 29.58.060. SALE OF NOTES. THE MUNICIPALITY MAY SELL REVENUE ANTICIPATION NOTES IN THE MANNER AND AT THE PRICE IT DETERMINES, AT EITHER PUBLIC OR PRIVATE SALE.]

SEC. 29. 58.140. SALE OF NOTES. NOTES ISSUED UNDER THIS CHAPTER SHALL BE SOLD BY THE MUNICIPALITY IN THE MANNER AND AT THE PRICE IT DETERMINES, AT EITHER PUBLIC OR PRIVATE SALE, BUT NO NOTE MAY BE SOLD FOR LESS THAN PAR AN ACCRUED INTEREST.]

SEC. 29.58.300. PUBLIC SALE. THE MUNICIPALITY SHALL SELL ALL BONDS AT A PUBLIC OR PRIVATE SALE AS PROVIDED BY ORDINANCE. NO BONDS MAY BE SOLD AT LESS

THAN PAR VALUE.]

EDITOR NOTE: Minor rewording.

Sec. 29.47.410 [29.58.170, 29.58.210]. FORMS AND TERMS [OF SALE]. The municipality may by ordinance or resolution [ASSEMBLY OR COUNCIL SHALL] fix the date [OF THE BONDS], denominations, maturities, rate or rates of interest, [PLACE AND MANNER OF PAYMENT,] redemption terms, registration privileges, manner of execution, [AND] signatures required, purchase price, manner of sale, and other requirements for issuing bonds or notes under this chapter. If an official [OFFICER] whose signature appears on the bonds or coupons ceases to be an official [OFFICER] before delivery of the bonds, the [HIS] signature of the former official is valid as if the former official [HE] had remained in office until delivery.

[Sec. 29.58.210. FORMS AND TERMS. THE ASSEMBLY OR COUNCIL SHALL FIX THE DATE OF THE BONDS, DENOMINATIONS, MATURITIES, RATE OR RATES OF INTEREST, PLACE AND MANNER OF PAYMENT, REDEMPTION TERMS, REGISTRATION PRIVILEGES, MANNER OF EXECUTION, SIGNATURES REQUIRED, AND OTHER DETAILS OF THE BONDS. IF AN OFFICER WHOSE SIGNATURE APPEARS ON THE BONDS OR COUPONS CEASES TO BE AN OFFICER BEFORE DELIVERY OF THE BONDS, HIS SIGNATURE IS VALID AS IF HE HAD REMAINED IN OFFICE UNTIL DELIVERY.]

EDITOR NOTE: Allows the interest rate payable on a bond or note to exceed the usury rate. Under existing law, no bond or note may bear an interest which exceeds the contract usury rate.

Sec. 29.47.420 [29.58.310]. INTEREST RATE. The interest rate payable on a [NO MUNICIPAL] bond or note issued under this chapter shall be determined by the municipality and is not subject to the usury rate limitations of AS 45.45.010 [MAY BEAR AN INTEREST RATE EXCEEDING THE CONTRACT USURY RATE OF INTEREST PROVIDED BY LAW].

EDITOR NOTE: No substantive change.

Sec. 29.47.430 [29.58.320]. REDEMPTION BEFORE MATURITY. A bond or note issued under this chapter may be made subject to redemption before maturity as stated in the authorization or in the bond or note.

EDITOR NOTE: Rewritten for clarity. The statutory reference is altered to reflect new numbering.

Sec. 29.47.440 [29.58.340]. BOROUGH INDEBTEDNESS.

(a) A borough[S] may incur indebtedness

- (1) on an areawide basis for areawide functions; or
- (2) on a nonareawide [NONCITY] basis for functions performed only in the borough [IN THE] area outside all cities [ONLY]; or
- (3) on a service area basis for functions performed only in a service area [ONLY].

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

(c) If the bonded debt to be incurred by a borough is an areawide debt, the vote is areawide. [;] If the full faith and credit of the entire borough is pledged for the payment of the debt of the borough area outside all cities or of a service area, an areawide election is held and the proposition must pass both areawide and in the area that [WHICH] will benefit from the improvement. [;] If the bonded indebtedness to be incurred is limited to the borough area[S] outside all cities [ONLY OR TO SERVICE AREAS], the vote is limited to voters outside all cities [IN THOSE AREAS]. If the indebtedness to be incurred is limited to a service area, the vote is limited to voters in the service area. Only the full faith and credit of the area voting on the indebtedness is pledged for the payment of the debt.

(d) The indebtedness of a municipality reclassified under AS 29.-04.040 - 29.04.060 [AS 29.08.040] is not affected by reclassification. [NOT LESS THAN] All property in [WITHIN] a municipality that [WHICH] is reclassified remains subject to taxation to amortize bonded or other indebtedness affecting the municipality and authorized on the effective date of reclassification.

EDITOR NOTE: This is new material providing that the indebtedness of a service area will remain a debt even though a court subsequently determines that the service area was not validly formed under law.

Sec. 29.47.450. SERVICE AREA DEBT. The indebtedness of a service area acquired under AS 29.47.440 remains the indebtedness of the area that incurred the debt, notwithstanding a subsequent court determination that the service area

was not validly formed under law or by virtue of a defect in the proceedings creating the service area. All property in the service area remains subject to taxation to pay the bonded indebtedness.

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

CHAPTER 55. MUNICIPAL PROGRAMS.

EDITOR NOTE: "General or home rule" is eliminated since "municipality" includes by definition both a general law and a home rule municipality.

Sec. 29.55.010 [29.48.108]. CREATION OF LOCAL HISTORICAL DISTRICT COMMISSIONS. The governing body of a [GENERAL LAW OR HOME RULE] municipality may establish a local historical district commission or designate the planning commission or itself to serve as the historical district commission.

EDITOR NOTE: The statutory reference to the preceding section is eliminated as unnecessary.

Sec. 29.55.020 [29.48.110]. ESTABLISHMENT OF HISTORICAL DISTRICTS.

(a) In addition to existing municipal authority providing for the preservation, protection, and maintenance of historic sites, the local historical district commission [ESTABLISHED UNDER AS 29.43.108], in consultation with the Historic Sites Advisory Committee in [WITHIN] the Department of Natural Resources, may establish [A] historical districts within the boundaries of the municipality.

(b) A historical district shall be a reasonably compact area of historical significance in which two or more structures important in state or national history, and related by physical proximity or historical association, are located. For purposes of this section, "structures important in state or national history" means properties recommended by historical district commissions that [WHICH] are listed in the National Register of Historic Places or are characteristic of the Russian-American period before October 18, 1867, the early territorial period before 1930, or early Native heritage, reflecting the indigenous characteristics of Native culture in Alaska. On [UPON] recommendation of the governing body of a [GENERAL LAW OR HOME RULE] municipality and the Historic Sites Advisory Committee, the Department of Natural Resources may by regulation formulate additional criteria for the establishment of historical districts not inconsistent with this subsection.

(c) The establishment of a historical district under this section shall be consistent with any applicable comprehensive plan for the municipality.

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

CHAPTER 60 [88]. STATE PROGRAMS [MUNICIPAL TAX RESOURCE EQUALIZATION].

ARTICLE 1. MUNICIPAL TAX RESOURCE EQUALIZATION.

EDITOR NOTE: "Local government services" is replaced by "municipal services".

Sec. 29.60.010 [29.88.010]. STATE EQUALIZATION OF TAX RESOURCES FOR MUNICIPAL [LOCAL GOVERNMENT] SERVICES.

(a) During each fiscal year the department shall compute an equalization entitlement for municipal [LOCAL GOVERNMENT] services provided by a taxing unit.

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

$$\text{Entitlement} = P \times R$$

where P = population, and

R = millage rate equivalent, determined by dividing the sum of the locally generated revenue of the taxing unit by one-tenth of one percent [(0.1)] of the full and true value of assessed property of the taxing unit determined under AS 29.60.030(d) [AS 29.88.020(D)]; however, the per capita property value used under this subsection may not be less than 15 percent of the statewide average per capita full and true assessed property value.

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

(1) includes

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

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

(C) revenue from fees, rentals, leases, penalties, licenses or permits received during the preceding fiscal year by the municipality for a function or service over which it has control, including revenues derived from parks and recreation services, mass transit, offstreet parking, and garbage and solid waste disposal services;

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

(E) payments received by a municipality from a utility that [WHICH] are in place of taxes levied and collected by the municipality;

(2) excludes

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

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

(C) all other revenue from whatever service derived.

EDITOR NOTE: Material in AS 29.88.015(b) is deleted. Since municipal tax resource equalization is organized as an article, rather than a chapter, the statutory reference is added.

Sec. 29.60.020 [29.88.015]. DETERMINATION OF POPULATION.

[(a)] For purposes of AS 29.60.010 - 29.60.080 [THIS CHAPTER], the population of a taxing unit shall be determined annually by the latest figures of the United States Bureau of the Census or other population data that [WHICH,] in the judgment of the department[, ] is reliable.

[(b) THE POPULATION OF THE TAXING UNIT INCLUDES THE POPULATION OF ANY MILITARY RESERVATION WHICH IS PART OF THE TAXING UNIT.]

EDITOR NOTE: Statutory references are added since this material is no longer located in a separate chapter.

Sec. 29.60.030 [29.88.020]. DETERMINATION OF MILLAGE RATE EQUIVALENT.

(a) The department may require a municipality to return a certification, signed by the municipal treasurer or manager and the mayor, that [WHICH] provides an estimate of the locally generated revenue received by the municipality during the preceding fiscal year.

(b) By October 15 of each year, the department shall make an initial determination of the millage rate equivalent of each taxing unit to be used for computing and distributing equalization entitlements for the current fiscal year under AS 29.60.010 - 29.60.080 [THIS CHAPTER]. The department shall base the initial determination on the estimates in the certification returned by a municipality under (a) of this section.

(c) As early as possible, but not later than December 15 of each year, the department shall make a final determination of the millage rate equivalent of

each taxing unit to use to compute and distribute equalization entitlements under AS 29.60.010 - 29.60.080 [THIS CHAPTER]. The department shall base the determination on audits, financial statements and other financial reports prepared and submitted by a municipality. The department shall adjust the locally generated revenue reported by a municipality to exclude the municipal revenue claimed that [BY THE MUNICIPALITY WHICH] does not qualify for inclusion in or recognition as locally generated revenue for municipal [LOCAL GOVERNMENT PURPOSES] purposes under AS 29.60.010(c)(1) [AS 29.88.010(C)(1)]. The adjustment shall be made by deducting from total revenue claimed by the municipality the amount of the department's estimate of revenue that [WHICH] is not recognized for municipal [LOCAL GOVERNMENT] purposes.

(d) The full and true assessed property value shall be determined by the department in the manner provided for the computation of state aid to education under AS 14.17.140. When the determination of locally generated revenue includes revenue of a utility received under AS 29.60.010(c)(1)(E) [AS 29.88.010(C)(1)(E)], the full and true assessed property value shall include the computed assessed value of the utility, determined by dividing the amount of the payment in place of taxes made by the utility by the millage rate that [WHICH] would apply to the utility if the utility were subject to levy and collection of taxes under AS 29.53.010 - 29.53.420 [AS 29.53].

(e) In addition to the computation for municipalities that [WHICH] levy and collect a property tax, the department shall determine an estimated full and true assessed property value under (d) of this section for

(1) each municipality that [WHICH] is a school district and that [WHICH] does not levy and collect a property tax;

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

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

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

EDITOR NOTE: Statutory references are added since this material no longer appears as a separate chapter.

Sec. 29.60.040 [29.88.025]. REPORTS. A payment of an equalization entitlement may not be made to a municipality under AS 29.60.010 - 29.60.080 [THIS CHAPTER] until the municipality has submitted its certificate of estimated revenue and its financial report to the department for the fiscal year preceding the year for which the equalization entitlement is sought, together with a budget for the municipality's current fiscal year. The financial report shall include a listing of general revenue collected from taxes levied and assessed [BY THE MUNIICPALITY] and any other revenue that [WHICH], in the opinion of the municipal officials, is eligible for inclusion in computations of the locally generated revenue of the taxing unit.

EDITOR NOTE: Subsection (a), dealing with limitation on use of payments, is a home rule limitation. Under existing law, all of the tax equalization program is a home rule limitation under AS 29.13.100(46). "Assembly or council" is replaced by "governing body".

Sec. 29.60.050 [29.88.030]. LIMITATION ON COMPUTATION AND USE OF PAYMENTS.

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

(b) An equalization entitlement determined with reference to revenue other than revenue obtained from the levy and collection of taxes may be used for areawide or nonareawide purposes, at the discretion of the governing body [ASSEMBLY OR COUNCIL].

EDITOR NOTE: Statutory references are added, since this material is no longer contained in a separate chapter. The statutory references currently contained in this section are altered to reflect new numbering.

Sec. 29.60.060 [29.88.035]. TAX EQUALIZATION ACCOUNT. The tax equalization account is established. Money to carry out the provisions of AS 29.60.010 - 29.60.080 [THIS CHAPTER] shall be allocated by the department to the account. The amount allocated to the account shall be fully distributed by the department as payments to municipalities to fulfill each [MUNICIPALITY'S] share authorized under AS 29.60.010 [AS 29.88.010]. The amount allocated to the

account shall be distributed by the department pro rata among eligible municipalities.

EDITOR NOTE: Statutory references are added, since this material is no longer contained in a separate chapter. The statutory references currently contained in this section are altered to reflect new numbering.

Sec. 29.60.070 [29.88.040]. ADMINISTRATION.

(a) The department may adopt regulations necessary to implement AS 29.60.010 - 29.60.080 [THIS CHAPTER]. The regulations shall include, among other provisions,

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

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

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

(b) The department shall make reasonable efforts to advise and assist municipalities in collecting information and completing reports necessary for the determination of entitlements under AS 29.60.010 - 29.60.080 [THIS CHAPTER].

(c) The department shall, by regulation, classify for inclusion or exclusion as a component of a municipality's millage rate equivalent under AS 29.60.010 [AS 29.88.010] any tax revenue appropriated for a utility not included in the definition set out in AS 29.60.080(2) [AS 29.88.045(4)].

EDITOR NOTE: Definitions of "department" and "municipality" are eliminated since these are now defined with respect to the entire title.

Sec. 29.60.080 [29.88.045]. DEFINITIONS. In AS 29.60.010 - 29.60.080 [THIS CHAPTER]

[(1) "DEPARTMENT" MEANS THE DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS;

(2) "MUNICIPALITY" MEANS A CITY, BOROUGH OR UNIFIED MUNICIPALITY INCORPORATED UNDER THE LAWS OF THE STATE;]

(1) [(3)] "taxing unit" means a municipality and

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

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

(2) "utility[IES]" means electric, water, sewer, gas heat, [OR] telephone [SERVICES], or [AND] refuse and garbage collection service[S].

ARTICLE 2 [CHAPTER 89]. STATE AID FOR MISCELLANEOUS [MUNICIPAL] PURPOSES.

EDITOR NOTE: Statutory references are altered to reflct new numbering. Provision for revenue sharing payable to a "Native village government" is altered to "an unincorporated community".

Sec. 29.60.100 [29.89.010]. REVENUE SHARING PAYABLE. In addition to the equalization entitlements paid under AS 29.60.010 - 29.60.080 [AS 29.88], during each fiscal year the department shall pay aid

(1) to a municipality or other eligible recipient that [WHICH] has the power to provide the services described in AS 29.60.110 - 29.60.130 [AS 29.89.020 - 29.89.040] and exercises the power in the manner required by AS 29.60.100 - 29.60.180 [THIS CHAPTER];

(2) to an unincorporated community [A NATIVE VILLAGE GOVERNMENT] under AS 29.60.140 [AS 29.89.050].

EDITOR NOTE: "Local government" is replaced by "municipality".

Sec. 29.60.110 [29.88.020]. STATE AID TO MUNICIPALITIES FOR ROADS.

(a) The department shall pay to a municipality that [WHICH] has power to provide for road maintenance and exercises that [WHICH] power, \$2,500 a mile for each mile of road, street, or highway maintained by the municipality [LOCAL GOVERNMENT], excluding

(1) the official state highway system,  
(2) roads, streets, or highways not dedicated to public use,  
(3) roads, streets, or highways maintained under the local service road program (AS 19.30.111 - 19.30.251), and

(4) alleyways, in accordance with regulations adopted by the Department of Transportation and Public Facilities. A payment may not be made under this subsection for maintenance of a road that [WHICH] is not used by automotive equipment.

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

EDITOR NOTE: Subsections (a) and (c) dealing with distribution and use of money, are home rule limitations. Under existing laws, all of the program of aid for miscellaneous services is a limitation under AS 29.13.100(47).

Sec. 29.60.120 [29.89.030]. STATE AID TO MUNICIPALITIES AND OTHER ELIGIBLE RECIPIENTS FOR HEALTH FACILITIES AND HOSPITALS.

(a) The department shall pay  
(1) to a municipality that [WHICH] has the power to provide hospital facilities and services and that [WHICH] exercises that power, \$1,000

per bed for each bed actually used for patient care, limited to the number of beds provided for in the construction design of the hospital, or \$250,000 a hospital for those hospitals with 10 or more beds, or \$50,000 a hospital for those hospitals with less than 10 beds, as the municipality may elect; money received under this paragraph may be used only for hospitals and shall be apportioned among qualifying hospitals as the municipality determines;

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

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

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

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

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

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

(f) In this section

(1) "health facility"

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

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

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

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

EDITOR NOTE: "Borough or city" is replaced by "municipality".

Sec. 29.60.130 [29.89.040]. STATE AID TO VOLUNTEER FIRE DEPARTMENTS NOT IN [THE] ORGANIZED MUNICIPALITY [UNORGANIZED BOROUGH].

(a) The department shall pay to a volunteer fire department registered with the state fire marshal and serving an area not in an organized municipality [BOROUGH OR CITY] a sum for protection purposes equal to \$10 per capita for the population served by the fire department, as determined by the state fire marshal.

(b) A grant shall be made under (a) of this section to facilitate the organization of a volunteer fire department in an area not in an organized municipality [BOROUGH OR CITY], upon application of the proposed fire protection group to the state fire marshal and upon approval of applications according to standards of organization and service prescribed by regulations adopted by the state fire marshal.

EDITOR NOTE: Provides for aid to unincorporated communities rather than to Native village governments. The Department of Community and Regional Affairs shall pay the money to the entity in an unincorporated community most qualified to receive it. No money may be paid to Native village council unless it waives immunity from suit. If there is no entity in an unincorporated community willing to receive the money, the community receives no entitlement.

Sec. 29.60.140 [29.89.050]. STATE AID TO UNINCORPORATED COMMUNITIES [NATIVE VILLAGE GOVERNMENTS].

(a) The department [STATE] shall pay to each unincorporated community an entitlement of \$25,000 [TO A NATIVE VILLAGE GOVERNMENT FOR A VILLAGE WHICH IS NOT INCORPORATED AS A CITY UNDER THIS TITLE] each fiscal year to be used for a

public purpose.

[IN THIS SECTION, "NATIVE VILLAGE GOVERNMENT" MEANS

(1) A LOCAL GOVERNING BODY ORGANIZED BY AUTHORITY OF THE ACT OF CONGRESS OF JUNE 18, 1934 (25 U.S.C. § 476); OR

(2) A TRADITIONAL VILLAGE COUNCIL OR, IF THERE IS NO TRADITIONAL VILLAGE COUNCIL, THE PARAMOUNT CHIEF OR OTHER GOVERNING BODY OF A NATIVE VILLAGE WHICH MEETS THE REQUIREMENTS OF THE ALASKA NATIVE CLAIMS SETTLEMENT ACT(43 U.S.C. §§ 1601 - 1628).]

The department with advice from the Department of Law shall determine whether there is in each unincorporated community an incorporated nonprofit entity or a Native village council that will agree to receive and spend the entitlement. If there is more than one qualified entity in an unincorporated community, the department shall pay the money under the entitlement to the entity that the department finds most qualified to receive and spend the money. The department may not pay money under an entitlement to a Native village council unless the council waives immunity from suit for claims arising out of activities of the council related to the entitlement. A waiver of immunity from suit under this subsection must be on a form provided by the Department of Law. If there is no qualified incorporated nonprofit entity or Native village council in an unincorporated community that is willing to receive money under an entitlement, the entitlement for that unincorporated community may not be paid. Neither this subsection nor any action taken under it enlarges or diminishes the governmental authority or jurisdiction of a Native village council.

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

EDITOR NOTE: The last portion of the section listing possible sources of population data is eliminated. Statutory references are added, since this material is no longer organized as a separate chapter.

Sec. 29.60.150 [29.89.060]. POPULATION DETERMINATION. For purposes of AS 29.60.100 - 29.60.180 [THIS CHAPTER], population shall be determined by the latest figures of the United States Bureau of the Census or other [RELIABLE] population data [INCLUDING BUT NOT LIMITED TO PUBLIC SCHOOL ENROLLMENT FIGURES, PUBLIC UTILITY CONNECTION, REGISTERED VOTERS OR CERTIFIED EMPLOYMENT PAYROLLS] that in the judgment of the department is reliable.

EDITOR NOTE: Statutory references are altered to reflect new numbering.

Sec. 29.60.160 [29.89.070]. AREA COST-OF-LIVING DIFFERENTIAL.

(a) Payments to a municipality or other eligible recipient under AS 29.60.110 - 29.60.130 [AS 29.89.020 - 29.89.030] shall reflect area cost-of-living differentials. Payments shall be based on the sum of per capita, per mile and per bed or facility grants due each municipality or other recipient multiplied by the appropriate area cost-of-living differential. The area cost-of-living differential for each recipient shall be determined annually by election district under the provisions of AS 39.27.030. Application of the area cost-of-living differential may not result in distribution of an amount less than the amount of the payment determined without reference to application of this section.

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

EDITOR NOTE: Statutory references are added, since this material is no longer organized as a separate chapter. The statutory reference currently contained in this section is altered to reflect new numbering.

Sec. 29.60.170 [29.89.080]. MISCELLANEOUS SERVICES ACCOUNT. The miscellaneous services account is established. Money to carry out the provisions of AS 29.60.100 - 29.60.180 [THIS CHAPTER] shall be allocated by the department to the account in accordance with AS 29.60.280 [AS 29.95.010]. If amounts in the account are insufficient to pay each municipality's or other recipient's share authorized under AS 29.60.100 - 29.60.180 [THIS CHAPTER], the amounts that [WHICH] are available shall be distributed pro rata among eligible municipalities and other recipients.

EDITOR NOTE: Statutory references area added, since this material is no longer organized as a separate chapter.

Sec. 29.60.180 [29.89.090]. REGULATIONS. The department shall adopt regulations necessary to carry out the purposes of AS 29.60.100 - 29.60.180 [THIS CHAPTER]. The regulations shall include minimum standards required to qualify a municipality or other recipient for payments for each service. The department

may require a municipality or other recipient to submit a performance report adequate to demonstrate to the department that a service for which payment is requested under AS 29.60.100 - 29.60.180 [THIS CHAPTER] was performed by the municipality or other recipient and meets minimum standards of service prescribed by regulation.

ARTICLE 3 [CHAPTER 95]. ADMINISTRATION OF STATE AID  
[MUNICIPAL FINANCIAL ASSISTANCE] PROGRAMS.

EDITOR NOTE: The statutory references currently contained in this section are altered to reflect new numbering.

Sec. 29.60.280 [29.95.010]. ALLOCATION AND DISTRIBUTION.

(a) Each year, the department [DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS] shall allocate money appropriated to the accounts established in AS 29.60.060, 29.60.170, and former AS 29.90.020 [AS 29.88, AS 29.89, AND AS 29.90] in the amounts determined by the legislature.

(b) Money in the miscellaneous services account established in AS 29.60.170 [AS 29.89.080] that [WHICH] exceeds the amount required to fully fund distribution authorized by AS 29.60.100 - 29.60.180 [AS 29.89] shall be reallocated to the tax equalization account established in AS 29.60.060 [AS 29.88.035] and distributed according to the provisions of AS 29.60.010 - 29.60.080 [AS 29.88].

(c) Money in the hospital and health facility construction assistance account established in former AS 29.90.020 that [WHICH] exceeds the amount required to fully fund distributions authorized by sec. 9, ch. 95, SLA 1983 [AS 29.90] shall be reallocated to the tax equalization account established in AS 29.60.060 [AS 29.88.035] and distributed according to the provisions of AS 29.60.010 - 29.60.080 [AS 29.88].

EDITOR NOTE: The statutory references currently contained in this section are altered to reflect new numbering.

Sec. 29.60.290 [29.95.020]. QUALIFICATION FOR MINIMUM PAYMENT.

(a) A municipality qualifying for an entitlement under AS 29.60.010 - 29.60.080 or 29.60.100 - 29.60.180 [AS 29.88 OR AS 29.89] shall receive a minimum payment of \$25,000 plus an area cost-of-living differential for each fiscal year if

(1) the municipality has conducted a regular election [UNDER AS 29.28.010 - 29.28.050] during the fiscal year preceding the year for which payment of an entitlement is authorized by AS 29.60.010 - 29.60.080 or 29.60.100 - 29.60.180 [AS 29.88. OR AS 29.89] and has reported the results of the election to the commissioner [OF THE DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS];

(2) regular [COUNCIL] meetings of the governing body are held in the municipality [IN ACCORDANCE WITH THE REQUIREMENTS OF AS 29.23.210] during the fiscal year preceding the year for which payment of an entitlement is authorized by AS 29.60.010 - 29.60.080 or 29.60.100 - 29.60.180 [AS 29.88 OR AS 29.89] and a record of the proceedings is maintained;

(3) a municipal budget has been adopted for the fiscal year during which payment of an entitlement is authorized by AS 29.60.010 - 29.60.080 or 29.60.100 - 29.60.180 [AS 29.88 OR AS 29.89] and an audit or financial statement for the preceding fiscal year has been prepared and furnished to the department [DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS] in accordance with AS 29.20.640(a) [AS 29.23.560]; and

(4) local ordinances adopted by the [GOVERNING BODY OF THE] municipality have been codified in accordance with AS 29.25.050 [AS 29.48.180].

(b) The area cost-of-living differential payable to each municipality under this section shall be determined annually by election district under the provisions of AS 39.27.030. Except as provided in AS 29.60.300 [AS 29.95.030], application of the area cost-of-living differential may not result in a payment that [WHICH] is less than the minimum payment determined under (a) of this section. For purposes of this subsection, the election districts used are those designated by the proclamation of reapportionment and redistricting of December 7, 1961, and retained for the house of representatives by proclamation of the governor September 3, 1965.

(c) The department [DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS] shall pay to each municipality eligible to receive a minimum payment under this section an amount equal to the difference between the minimum payment determined under (a) and (b) of this section and the sum of the amounts payable for the same fiscal year under AS 29.60.010 - 29.60.080 and 29.60.100 - 29.60.180 [AS 29.88. AND AS 29.89].

(d) A payment under this section may be prorated and reduced under AS 29.60.300 [AS 29.95.030].

(e) Payments under this section shall be made from the money allocated to the tax equalization account established in AS 29.60.060 [AS 29.88.035].

EDITOR NOTE: The statutory references currently contained in this section are altered to reflect new numbering.

Sec. 29.60.300 [29.95.030]. PRORATION OF PAYMENTS.

(a) Payments under AS 29.60.290 and 29.60.010 - 29.60.180 [AS 29.95.020 AND AS 29.88] shall equal the amount allocated to the tax equalization account (AS 29.60.060) [(AS 29.88.035)], adjusted in accordance with AS 29.60.280 [AS 29.95.010].

(b) Adjustments of payments shall be determined by prorating amounts payable under AS 29.60.290 [AS 29.95.020] and amounts payable under AS 29.-60.010 - 29.60.180 [AS 29.88] by a factor that [WHICH], when applied, reduces all payments in equal proportion so that payment[S] under AS 29.60.290 [AS 29.95.020] and payments under AS 29.60.010 - 29.60.180 [AS 29.88] equal the amount allocated to the tax equalization account established in AS 29.60.060 [AS 29.88.035].

ARTICLE 4. MUNICIPAL ASSISTANCE.

EDITOR NOTE: Administration of the municipal assistance fund is transferred from the department of Revenue to the Department of Community and Regional Affairs.

Sec. 29.60.350 [43.20.016(a)]. MUNICIPAL ASSISTANCE FUND [SHARING OF CORPORATE INCOME TAX REVENUE WITH MUNICIPALITIES].

(a) There is established in [WITHIN] the department the municipal assistance fund. The legislature may appropriate to the municipal assistance fund during each fiscal year an amount equal to or greater than 30 percent of the income tax revenue received by the state under AS 43.20.011(e) [AND AS 43.21] for the previous fiscal year.

(b) The department shall distribute money from the municipal assistance fund to each municipality [ORGANIZED BOROUGH AND EACH CITY OF ANY CLASS] on an annual basis as provided in AS 29.60.360 and 29.60.370 [(B) AND (C) OF THIS SECTION]. A municipality [BOROUGH OR CITY] may not receive payment [UNDER (B) OR (C) OF THIS SECTION] until it submits to the department a resolution approved by the governing body of the municipality that requests the money [FUNDS]. Distribution of money from the municipal assistance fund to a municipality [CITY OR ORGANIZED BOROUGH] with a fiscal year beginning on January 1 shall be made on February 1 of the state fiscal year for which the appropriation to the fund is made. Distribution of money from the municipal assistance fund to all other municipalities [CITIES AND ORGANIZED BOROUGHS] shall be made on June 1 of the

state fiscal year for which the appropriation to the fund is made. A municipality [BOROUGH OR CITY] that incorporates after December 31 of a state fiscal year is not eligible for a distribution under this section until the following state fiscal year.

EDITOR NOTE: No substantive changes.

Sec. 29.60.360 [43.20.016 (b)]. BASE AMOUNT OF ASSISTANCE.

(a) The base amount to be distributed from the municipal assistance fund to each municipality [BOROUGH AND CITY] for the fiscal year shall be the amount received by the municipality [BOROUGH OR CITY] during fiscal year 1978 under AS 43.70.080[; HOWEVER, IF THE AMOUNT APPROPRIATED TO THE FUND BY THE LEGISLATURE UNDER (A) OF THIS SECTION IS INSUFFICIENT FOR DISTRIBUTION OF THE FULL BASE AMOUNT, THE DEPARTMENT SHALL PRORATE THE AMOUNT AVAILABLE FOR DISTRIBUTION ON THE BASIS OF AMOUNTS RECEIVED DURING FISCAL YEAR 1978 UNDER AS 43.70.080]. A city incorporated within a [AN ORGANIZED BOROUGH] borough after June 30, 1977, shall receive as a base amount a share of the amount distributed to the borough in which it is located based on the ratio of population in the city to the total population in the borough. A city incorporated outside a [AN ORGANIZED] borough after June 30, 1977, shall receive as a base amount the amount received by the city in the state most closely approximating it in population at the time of its incorporation. A borough incorporated after June 30, 1977, shall receive as a base amount the amount received by the borough in the state most closely approximating it in population at the time of its incorporation.

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

EDITOR NOTE: No substantive change.

Sec. 29.60.370 [43.20.016(c),(d)]. INCREASED ASSISTANCE.

(a) [(c)] If the amount in the municipal assistance fund at the time of distribution exceeds the base amount to be distributed under AS 29.60.360 [(B) OF THIS SECTION], the excess amount shall be distributed to each municipality [BOROUGH AND CITY] on the basis of population. [FOR THE PURPOSE OF THIS SUBSECTION, THE POPULATION OF A CITY WITHIN AN ORGANIZED BOROUGH SHALL BE

DEDUCTED FROM THE POPULATION OF THE BOROUGH.] Population for the purpose of this section shall be as certified by the commissioner of community and regional affairs. In determining the population of a borough, the population of all cities in the borough shall be deducted from the total population of the borough.

(b) [(D)] The intent of (a) [(C)] of this section is that a municipality [LOCAL GOVERNMENTS] that [WHICH] levies[Y] property taxes reduce those levies in reasonable proportion to the amount of increased state aid received by the municipality [A LOCAL GOVERNMENT]. The governing body of each municipality [LOCAL GOVERNMENT] shall furnish a notice with each [THE] tax statement describing its use of this increased state aid.

#### ARTICLE 5. COMMUNITY FACILITIES GRANTS.

EDITOR NOTE: This entire section moved by revisor in 1983 from Title 43 to Title 29 for clarity and then renumbered . No substantive change.

#### Sec. 29.60.400.[43.18.300] GRANTS FOR COMMUNITY FACILITIES.

(a) Within the limits of appropriations for the purpose the Department of Commerce and Economic Development shall make matching grants in accordance with the provisions of AS 29.60.410 - 29.60.440 to municipalities or their nonprofit designees equal to

(1) 50 percent of the estimated reasonable costs of construction of municipal civic, convention, and community recreation centers; and

(2) 50 percent of the cost of feasibility studies relating to the construction of municipal civic, convention, and community recreation centers.

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

(c) In this section "costs of construction" means, in addition to costs directly related to a project, the sum of all costs of financing and carrying out the project, including the costs of all necessary studies, surveys, plans and specifications, architectural, engineering or other special services, acquisition of real property, site preparation and development, purchase, construction, reconstruction and improvement of real property and the acquisition of machinery and equipment necessary to the project; an allocable portion of the administrative and operating expenses of the grantee; and the cost of financing the project, including interest on bonds issued to finance the project, the cost

of indemnity and surety bonds, premiums on insurance, legal fees, fees and expenses of trustees, depositaries, financial advisors, and the costs associated with the issuance of bonds. It does not include the cost of feasibility studies.

Sec. 29.60.410. GRANT PROCEDURES.

(a) An application for a grant under AS 29.60.400 shall be made in a form prescribed by the commissioner of commerce and economic development.

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

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

(2) a schedule of disbursements of money from the grant if the commissioner determines that the grant money is not to be disbursed in one sum;

(3) agreement by the grantee

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

(B) not to discontinue operation or dispose of all or part of a community facility for which it receives a grant without the approval of the commissioner;

(C) to apply for and make reasonable efforts to secure federal assistance that may be available for the study or project, subject to any conditions the commissioner may require to maximize the amounts of that assistance available for all projects in the state;

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

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

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

(5) alteration or modification of an existing facility that would have qualified for a grant at the time of initial construction if AS 29.60.400 - 29.60.440 had been in effect;

(6) remedies in case of failure to perform the agreement or non-compliance with regulations adopted under AS 29.60.420.

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

Sec. 29.60.420. POWERS AND DUTIES OF THE COMMISSIONER.

(a) The commissioner of commerce and economic development shall provide an annual report to the legislature about grants made under AS 29.60.400.

(b) The commissioner of commerce and economic development shall adopt regulations to carry out the purposes of AS 29.60.400 - 29.60.440.

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

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

CHAPTER 65. GENERAL GRANT LAND.

EDITOR NOTE: No change.

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

- (1) Municipality of Anchorage - 44,893 acres;
- (2) City and Borough of Juneau - 19,584 acres;

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

EDITOR NOTE: No substantive change.

Sec. 29.65.020. [29.18.202] DETERMINATION OF ENTITLEMENT FOR CITIES. The general grant land entitlement of a city formerly eligible to receive general grant land under the provisions of former AS 29.18.190 and 29.18.200 [, AS REPEALED BY THIS ACT,] is 10 percent of the maximum total acreage of vacant, unappropriated, unreserved land in the boundaries of each city at any time between the initial date of eligibility under former AS 29.18.190 [28] and 29.18.200 and July 1, 1978. Within six months after July 1, 1978, the commissioner shall determine the entitlement for each city eligible to receive general grant land under this section and certify that entitlement to the city.

EDITOR NOTE: Minor rewording.

Sec. 29.65.030 [29.18.203] DETERMINATION OF ENTITLEMENT FOR NEWLY INCORPORATED MUNICIPALITIES.

(a) The general grant land entitlement of a municipality incorporated after July 1, 1978, is 10 percent of the total acreage of vacant, unappropriated, unreserved land within the boundaries of the municipality on the date of its incorporation [OF THAT MUNICIPALITY].

(b) Within six months after the date of incorporation of a municipality that [WHICH] is incorporated after July 1, 1978, the commissioner [DIRECTOR] shall determine the entitlement of each municipality eligible to receive general grant land under (a) of this section and certify the entitlement to the municipality.

EDITOR NOTE: The statutory references currently contained in this section are altered to reflect new numbering.

Sec. 29.65.040 [29.18.204.] STATUS OF ENTITLEMENTS.

(a) After July 1, 1978, general grant land entitlements provided in AS 29.65.010 and 29.65.020 [AS 29.18.201 and 29.18.202] are vested property rights that [WHICH] must be fulfilled as provided in AS 29.65.050 or 29.65.080 [AS 29.18.205 or 29.18.208].

(b) General grant land entitlements provided by AS 29.65.030 [AS 29.18.203] are property rights that [WHICH] vest on the date of incorporation of the municipality. The entitlement must be fulfilled as provided in AS 29.65.050 [AS 29.18.205].

(c) Land may be selected or nominated for selection by a municipality to satisfy a general grant land entitlement under former AS 29.18.201 and 29.18.202 at any time before October 1, 1980. However, if a municipal selection or nomination or a part of a municipal selection or nomination is rejected by the commissioner [DIRECTOR], the municipality may, not later than 90 days after receipt of the [DIRECTOR'S] rejection, select additional state land as necessary to satisfy its entitlement.

(d) Land may be selected by a municipality to satisfy a general grant land entitlement under AS 29.65.030 [AS 29.18.203] at any time within one year after the commissioner [DIRECTOR] certifies the entitlement to the municipality.

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

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

(2) payments for land deficiency under AS 29.65.080 [AS 29.18.208];

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

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

EDITOR NOTE: The statutory references currently contained in this section are altered to reflect new numbering.

Sec. 29.65.050 [29.18.205] FULFILLMENT OF LAND ENTITLEMENTS.

(a) The acreage of each municipality's land selections [UNDER FORMER AS 29.18.190 AND 29.18.200] for which patent has been issued before July 1, 1978, shall be credited toward fulfillment of the entitlement of that municipality.

(b) All approved selections under former AS 29.18.190 and 29.18.200 for which patent has not been issued to a municipality on July 1, 1978, shall be reviewed by the commissioner [DIRECTOR] within nine months after July 1, 1978. Any approved selection of land that [WHICH] was vacant, unappropriated, or unreserved on the date of selection is valid as of the date of the approval under former AS 29.18.190 and 29.18.200, and a patent shall be issued to the municipality within three months after approval by the commissioner [DIRECTOR] of a plat of survey. The acreage shall be credited toward fulfillment of the municipality's entitlement. A [NO] municipality is not entitled to receive patent under this chapter to more than its entitlement determined under AS 29.65.010 - 29.65.030 [AS 29.18.201 - 29.18.203]. Any prior approval by the commissioner [DIRECTOR] of municipal selections for land that [WHICH] was not vacant, unappropriated, or unreserved on the date of selection shall be rescinded, and patent may not be issued except when disposal to a third party by sale or lease has occurred. Transfers of land to municipalities under this chapter are subject to AS 38.05.321. Classification actions as reflected on the land status records of the Department of Natural Resources are determinative of land classification status for purposes of this chapter.

[(c) REPEALED BY § 45 CH 85 SLA 1979.]

[(d) REPEALED BY § 45 CH 85 SLA 1979.]

[(e) REPEALED BY § 45 CH 85 SLA 1979.]

(c) [(f)] The commissioner [DIRECTOR] shall approve each selection for patent within nine months of its selection by a municipality, and a patent shall be issued to the municipality for land selected in satisfaction of a general grant land entitlement vested under AS 29.65.010 - 29.65.030 [AS 29.18.201 - 29.18.203] within three months after approval by the commissioner [DIRECTOR] of a plat of survey.

[(g) REPEALED BY § 45 CH 85 SLA 1979.]

[(h) REPEALED BY § 45 CH 85 SLA 1979.]

[(i) REPEALED BY § 45 CH 85 SLA 1979. (§ 2 CH 180 SLA 1978; AM §§ 3, 45 CH 85 SLA 1979.)

EDITOR NOTE: Statutory references are altered to reflect new numbering.

Sec. 29.65.060 [29.18.206]. SCHOOL [UNIVERSITY] AND MENTAL HEALTH LAND.

(a) If an entitlement determined in AS 29.65.010 or 29.65.020 [AS 29.18.201 OR 29.18.202] results in a per capita entitlement for the municipality of less than one and one-half acre, the municipality may select vacant school [, UNIVERSITY] or mental health land in [WITHIN] the municipality in partial fulfillment of its land entitlement under this chapter. School [, UNIVERSITY] or mental health land may be selected notwithstanding the fact that these lands are not unappropriated and unreserved within the meaning of this chapter and under former AS 29.18.190 and 29.18.200, [REPEALED BY THIS ACT,] but each selection of school or mental health land by a municipality must be vacant, unappropriated, or unreserved land as defined in this chapter, except that it need not be general grant land.

(b) The acreage of school [, UNIVERSITY] or mental health land, if any, in [WITHIN] a municipality may not be included in the determination of entitlement under AS 29.65.010 or 29.65.020 [AS 29.18.201 OR 29.18.202].

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

(d) Within six months after approval of a municipal selection of school [, UNIVERSITY] or mental health land, the commissioner [DIRECTOR] shall identify state general grant land of approximately equal value to the land requested by the municipality and shall propose the replacement land for the concurrence of the appropriate board. If a proposal by the commissioner [DIRECTOR] is rejected by the board, the commissioner [DIRECTOR] shall meet with the board as often as necessary to determine the type and amount of equal value replacement land that would be required to obtain the board's concurrence, and shall propose the replacement land for consideration by the board. The replacement land shall thereafter be managed for the purposes for which the land selected by the municipality was acquired by the Territory and State of Alaska.

(e) The notice and review provisions of [AS 38.05.305 AND] AS 38.05.-345 apply to [ARE APPLICABLE TO] the designation of other general grant land as school or mental health land in replacement of land selected under this section. The provisions of AS 38.50 [AND 38.05.032] do not apply to such designations under this section. The provisions of AS 38.05.030(a) that [, 38.05.030(e), AND 38.05.035(a)(13) WHICH] require the approval of the respective trust board before disposal of land[S] by the commissioner [DIRECTOR] do not apply to selections of school [, UNIVERSITY] or mental health land by a local government under this section.

(f) For purposes of determining the per capita entitlement under (a) of this section, the population of a municipality shall be the population determined by the commissioner [OF THE DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS] under former AS 43.18.010 for the program year beginning July 1, 1978, for a municipality whose entitlement is determined under AS 29.65.010 [AS 29.18.201 OR 29.18.202. (§ 2 CH 180 SLA 1978.)]

EDITOR NOTE: No substantive change.

Sec. 29.65.070 [29.18.207]. SELECTION AND CONVEYANCE PROCEDURE.

[(a) REPEALED BY § 45 CH 85 SLA 1979.]

[(b) REPEALED BY § 45 CH 85 SLA 1979.]

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

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

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

EDITOR NOTE: Reworded for clarity. The statutory references contained in this section are altered to reflect new numbering.

Sec. 29.65.080 [29.18.208]. PAYMENT FOR LAND DEFICIENCY.

(a) The Alaska municipal land account is [THERE IS] established in [WITHIN] the general fund [THE ALASKA MUNICIPAL LAND ACCOUNT] for the following purposes:

(1) providing payment to the boroughs and unified municipalities designated in AS 29.65.010 [AS 29.18.201] for a deficiency of land physically suitable for residential, commercial, or industrial purposes; or

(2) providing payment to the boroughs and unified municipalities designated in AS 29.65.010 [AS 29.18.201] for certain general grant lands selected by the state and conveyed to a Native corporation under the provisions of the Alaska Native Claims Settlement Act.

(b) A municipality shall receive payment for its land deficiency from the municipal land account [ESTABLISHED IN THIS SECTION]. A municipality is eligible to receive payment for land deficiency if, after July 1, 1980, the amount of land selected by a municipality that [WHICH] is physically suitable for residential, commercial, or industrial purposes amounts to less than one-third acre per capita. Any entitlement under AS 29.65.010 [AS 29.18.201] that [WHICH] is less than one-third acre per capita will, for the purposes of this subsection, be considered a land deficiency. An unselected remaining entitlement will, for the purpose of deficiency payment under this subsection, be considered as land physically suitable for residential, commercial, or industrial purposes. A municipality eligible under this subsection is entitled to receive a payment for land deficiency equal to \$1,000 per acre for a number of acres equal to the difference between one-third of the population of the municipality less the number of acres physically suitable for residential, commercial or industrial purposes which has been selected by the municipality. For the purpose of this subsection, the population of the municipality shall be the population determined in accordance with AS 29.65.060(f) [AS 29.18.205(f)]. No payment may be made to a municipality under this subsection in excess of \$9,000,000.

(c) If a municipality selected vacant, unappropriated, unreserved land on or before December 18, 1971, to which the state had received tentative approval or patent, and that [SUCH] land was also selected by a Native corporation organized under the Alaska Native Claims Settlement Act (P.L. 95-603), and title to that land is ultimately vested in that Native corporation, the municipality may, at its option, request payment for land deficiency from the municipal land account [ACCOUNT ESTABLISHED IN (a) OF THIS SECTION]. The acceptance of payment under this subsection by a municipality constitutes a relinquishment of any other right, title, or claim to the land by that municipality.

The total payment to a municipality under this subsection may not exceed \$1,000 per acre to a maximum of 8,000 acres.

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

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

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

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

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

(g) Payments authorized by this section may not be made to a municipality eligible for an entitlement under AS 29.65.020 or 29.65.030 [\$ 202 OR 203 OF THIS CHAPTER].

(h) Payments made under this section shall be used by a municipality that levies [THOSE LOCAL GOVERNMENTS WHICH LEVY] property taxes to reduce the levy [THOSE LEVIES] in proportion to the amount of state payments received by the municipality [A LOCAL GOVERNMENT] for a given fiscal year. The governing body of each municipality [LOCAL GOVERNMENT] shall furnish a notice with the tax statement describing the effect on property tax levies of payments received under this section.

EDITOR NOTE: "Any" is changed to "a".