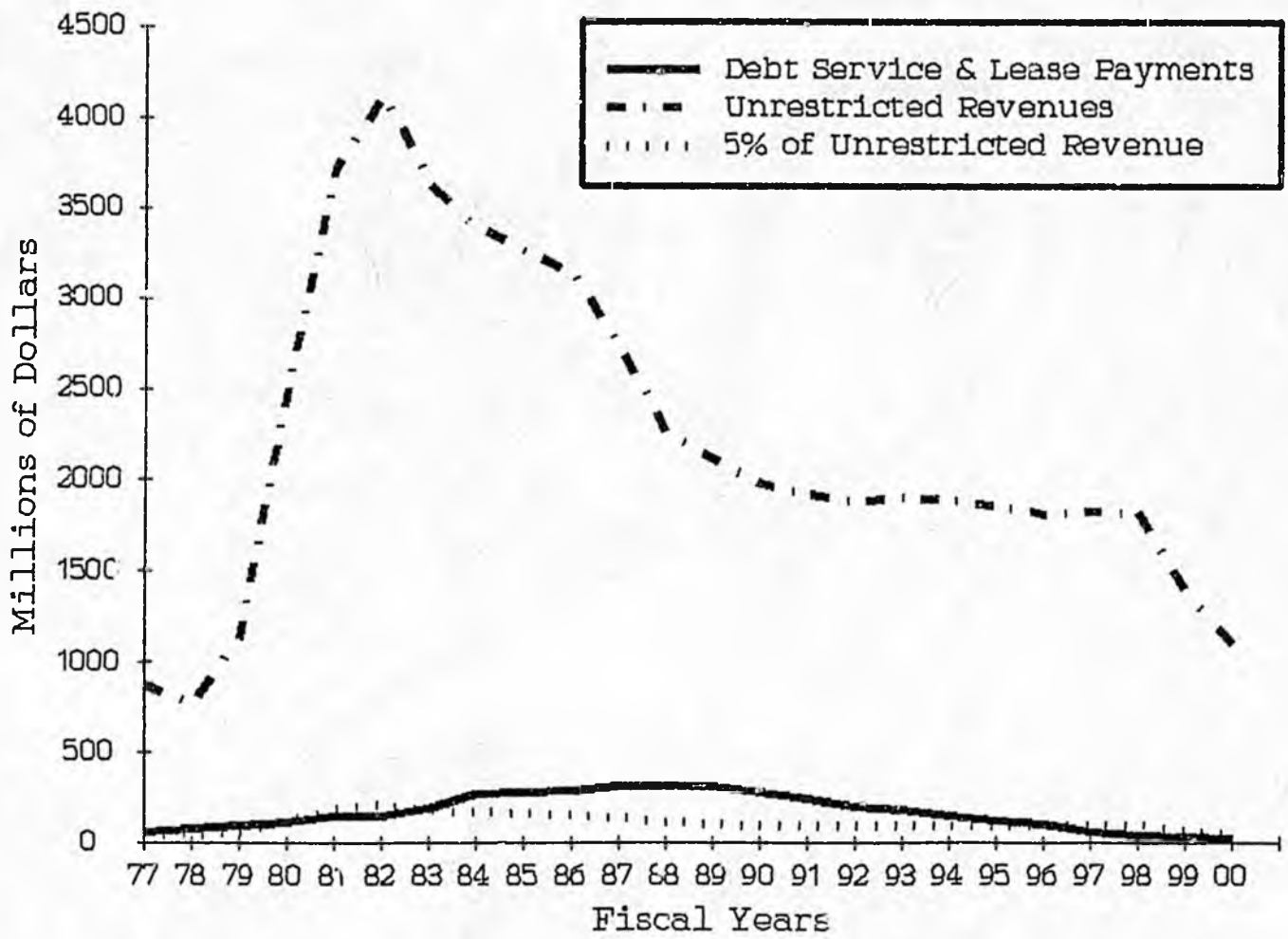


ALASKA LEGISLATURE COMMITTEE FILE 1985-1986 86/2

3214.22 HCRA HB 293 - HB 325

22

Debt Service vs. 5% Revenue



Total Debt Service & Lease Payments
(\$ Millions)

| <u>Fiscal Year</u> | <u>State</u> | <u>UA</u> | <u>ASHA</u> | <u>Certificates of Participation (Cert)</u> | <u>School Debt (Muni)</u> |
|------------------------|--------------|-----------|-------------|---|-----------------------------------|
| 77 | 41.9 | 1.5 | 9.9 | 0 | 9.0 |
| 78 | 50.0 | 1.7 | 10.1 | 0 | 11.4 |
| 79 | 60.0 | 1.7 | 10.1 | 0 | 22.3 |
| 80 | 75.1 | 1.0 | 10.1 | 0 | 11.1 |
| 81 | 97.6 | 2.2 | 10.0 | 0 | 38.4 |
| 82 | 97.5 | 2.3 | 10.0 | 0 | 38.3 |
| 83 | 143.6 | 2.0 | 9.9 | 0 | 36.2 |
| 84 | 166.3 | 2.0 | 9.9 | 0 | 91.2 |
| 85 | 169.5 | 2.0 | 9.9 | .1 | 92.8 |
| 86 | 163.2 | 1.8 | 9.9 | 3.0 | 105.3 |
| 87 | 154.9 | 1.8 | 9.5 | 3.0 | 143.0 |
| 88 | 147.9 | 1.7 | 12.5 | 5.1 | 146.0 |
| 89 | 135.5 | 1.8 | 16.5 | 5.1 | 154.0 |
| 90 | 120.3 | 1.7 | 15.5 | 6.0 | 132.0 |
| 91 | 95.5 | 1.7 | 15.5 | 6.0 | 119.0 |
| 92 | 68.2 | 1.7 | 15.5 | 6.0 | 110.0 |
| 93 | 59.7 | 1.7 | 15.5 | 5.9 | 99.0 |
| 94 | 33.9 | 1.5 | 11.1 | 5.9 | 91.0 |
| 95 | 23.1 | 1.5 | 9.5 | 5.9 | 79.0 |
| 96 | 21.5 | 1.5 | 8.0 | 5.9 | 63.0 |
| 97 | 16.7 | 1.5 | 7.0 | 5.9 | 26.0 |
| 98 | 14.4 | 1.5 | 7.0 | 5.9 | 14.0 |
| 99 | 9.0 | 1.5 | 7.0 | 5.9 | 14.0 |
| 00 | 2.6 | 1.5 | 6.0 | 5.9 | 12.0 |

Debt Service vs. Unrestricted Revenue
(\$ Millions)

| <u>Fiscal Year</u> | <u>Total Debt Service</u> | <u>Unrestricted Revenue</u> | <u>Percentage</u> |
|--------------------|---------------------------|-----------------------------|-------------------|
| 77 | 62.4 | 874.3 | 7.1% |
| 78 | 73.3 | 764.9 | 9.6 |
| 79 | 94.1 | 1133.0 | 8.3 |
| 80 | 111.0 | 2501.2 | 4.4 |
| 81 | 148.2 | 3718.2 | 4.0 |
| 82 | 148.1 | 4108.4 | 3.6 |
| 83 | 192.0 | 3631.0 | 5.3 |
| 84 | 269.5 | 3390.1 | 7.9 |
| 85 | 274.3 | 3260.0 | 8.4 |
| 86 | 283.2 | 3124.6 | 9.1 |
| 87 | 312.0 | 2718.8 | 11.5 |
| 88 | 313.0 | 2257.4 | 13.9 |
| 89 | 313.0 | 2109.1 | 14.8 |
| 90 | 276.0 | 1980.4 | 13.9 |
| 91 | 238.0 | 1915.5 | 12.4 |
| 92 | 201.0 | 1874.6 | 10.7 |
| 93 | 182.0 | 1903.7 | 9.6 |
| 94 | 143.0 | 1881.8 | 7.6 |
| 95 | 119.0 | 1854.9 | 6.4 |
| 96 | 100.0 | 1808.2 | 5.5 |
| 97 | 57.0 | 1820.7 | 3.1 |
| 98 | 42.0 | 1812.5 | 2.3 |
| 99 | 37.0 | 1378.1 | 2.7 |
| 00 | 27.0 | 1106.0 | 2.4 |

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

SEVEN PERCENT CAP

| Borough | FULL VALUE | 6. 0. DEBT | 7% GF FULL VALUE | PERCENT OF 6.0. DEBT/CAP | CURRENT PERCENT DEBT |
|-----------------------|----------------------------|---------------------------|---------------------------|--------------------------|----------------------|
| Anchorage | \$15,755,411,000.00 | \$358,779,700.00 | \$1,102,878,770.00 | 32.53% | 2.28% |
| Bristol Bay | \$101,798,800.00 | \$3,535,000.00 | \$7,125,916.00 | 49.61% | 3.47% |
| Fairbanks | \$4,210,997,700.00 | \$90,928,500.00 | \$294,769,939.00 | 30.85% | 2.16% |
| Haines | \$93,945,500.00 | \$1,300,000.00 | \$6,576,185.00 | 19.77% | 1.38% |
| Juneau | \$1,613,389,900.00 | \$47,651,000.00 | \$112,937,223.00 | 42.19% | 2.95% |
| Kenai Peninsula | \$3,290,219,200.00 | \$137,929,000.00 | \$770,715,344.00 | 59.89% | 4.19% |
| Ketchikan Gateway | \$675,985,100.00 | \$31,930,000.00 | \$1,957,000.00 | 67.48% | 4.72% |
| Kodiak | \$572,370,700.00 | \$28,270,000.00 | \$40,000.00 | 70.56% | 4.94% |
| Mat-Su | \$2,337,406,200.00 | \$112,208,000.00 | \$165,718,434.00 | 67.71% | 4.74% |
| North Slope | \$12,876,786,900.00 | \$1,155,650,000.00 | \$901,375,083.00 | 128.21% | 8.97% |
| Sitka | \$396,227,900.00 | \$12,400,000.00 | \$27,735,953.00 | 44.71% | 3.13% |
| Total Boroughs | \$41,954,537,900.00 | \$1,980,631,400.00 | \$2,936,817,653.00 | 67.44% | 4.72% |

CITIES

| | | | | | |
|---------------------|---------------------------|-------------------------|-------------------------|---------------|--------------|
| Bethel | \$182,296,900.00 | \$557,500.00 | \$12,760,783.00 | 4.36% | 0.31% |
| Cordova | \$120,673,000.00 | \$0.00 | \$8,447,110.00 | 0.00% | 0.00% |
| Craig | \$34,707,400.00 | \$0.00 | \$2,429,518.00 | 0.00% | 0.00% |
| Delta Junction | \$30,870,500 | \$0 | \$2,160,935.00 | 0.00% | 0.00% |
| Dillingham | \$94,669,900.00 | \$0.00 | \$6,626,893.00 | 0.00% | 0.00% |
| Eagle | \$9,104,500.00 | \$0.00 | \$637,315.00 | 0.00% | 0.00% |
| Galena | \$19,149,500.00 | \$900,000.00 | \$1,340,465.00 | 67.14% | 4.70% |
| Hoonah | \$27,845,200.00 | \$0.00 | \$1,949,164.00 | 0.00% | 0.00% |
| Hydaburg | \$12,688,900.00 | \$0.00 | \$888,223.00 | 0.00% | 0.00% |
| Kake | \$11,608,000.00 | \$0.00 | \$812,560.00 | 0.00% | 0.00% |
| King Cove | \$23,230,800.00 | \$0.00 | \$1,626,156.00 | 0.00% | 0.00% |
| Klawock | \$5,563,000.00 | \$0.00 | \$389,410.00 | 0.00% | 0.00% |
| Kotzebue | \$93,245,100.00 | \$0.00 | \$6,527,157.00 | 0.00% | 0.00% |
| Nenana | \$12,881,500.00 | \$2,717,300.00 | \$901,795.00 | 301.35% | 21.09% |
| Nose | \$116,712,900.00 | \$2,161,200.00 | \$8,169,903.00 | 26.45% | 1.85% |
| Pelican | \$10,155,400.00 | \$0.00 | \$710,878.00 | 0.00% | 0.00% |
| Petersburg | \$161,219,300.00 | \$6,195,000.00 | \$11,285,351.00 | 54.89% | 3.84% |
| Sand Point | \$71,086,800.00 | \$0.00 | \$4,976,076.00 | 0.00% | 0.00% |
| Skaqway | \$58,447,100.00 | \$820,000.00 | \$4,091,297.00 | 20.04% | 1.40% |
| St. Mary's | \$4,239,400.00 | \$0.00 | \$296,759.00 | 0.00% | 0.00% |
| Tanana | \$11,195,400.00 | \$0.00 | \$783,672.00 | 0.00% | 0.00% |
| Unalakleet | \$19,714,500 | \$0 | \$1,380,015.00 | 0.00% | 0.00% |
| Unalaska | \$105,309,400.00 | \$3,299,000.00 | \$7,371,658.00 | 44.75% | 3.13% |
| Valdez | \$1,740,431,900.00 | \$75,833,000.00 | \$121,830,233.00 | 62.24% | 4.36% |
| Whittier | \$19,419,200.00 | \$0.00 | \$1,359,344.00 | 0.00% | 0.00% |
| Wrangell | \$111,757,000.00 | \$10,750,000.00 | \$7,922,990.00 | 137.42% | 9.62% |
| Yakutat | \$17,679,400.00 | \$235,200.00 | \$1,237,558.00 | 19.01% | 1.33% |
| TOTAL CITIES | \$3,125,901,900.00 | \$103,467,200.00 | \$218,813,133.00 | 47.29% | 3.31% |

| | | | | | |
|-----------------------|----------------------------|---------------------------|---------------------------|---------------|--------------|
| STATE | \$48,915,237,900.00 | \$816,100,000.00 | \$3,424,066,653.00 | 23.83% | 1.67% |
| Total Boroughs | \$41,954,537,900.00 | \$1,980,631,400.00 | \$2,936,817,653.00 | 67.44% | 4.72% |

BILL SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 27, 1986

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting two bills that provide for improved state debt management. One relates to control of state-supported school debt, the other to lease-financing transactions by the various branches of government.

These two bills are each cornerstones of a comprehensive proposal designed to monitor and control more effectively the issuance of debt instruments that harbor substantial credit implications for the state. (Some citations in each bill are to provisions in the other bill. The two work together.) Alaska's remarkable wealth has facilitated tremendous economic growth in all areas of the state's economy and at all levels of government. Many of these worthy projects and programs have been funded directly by the state. In other instances, however, funding has been obtained through the issuance of debt instruments, either by the state or by local governments. Where government activities are funded through the issuance of debt, maintenance of a favorable credit rating for the state assumes critical importance. Simply stated, actions detrimental to the state's credit standing are injurious to the Alaska economy.

Unlike past years, we approach an era where the state's vast wealth is not, in and of itself, sufficient to support a favorable credit rating. In my discussions with representatives of the national financial community, the constant theme stated was the need for Alaska to demonstrate its ability to effectively manage its resources. One critical

attribute of responsible state management is an effective debt management program.

Any discussion of maintenance of a favorable credit rating for the state must reflect the broad array of financial obligations encompassed within the term "state-supported debt." It is critical to bear in mind that state general obligation bonds are but one type of debt instrument that affects the state's credit standing. The financial community also looks to other recurring, long-term financial obligations which are paid from the general fund, such as those which arise under a lease-financing agreement. In a similar vein, the state's commitment to support school debt issued by municipalities is a type of long-term financial commitment with substantial credit implications.

Debt management concerns must further reflect the impact of excessive or improvident municipal debt issuance on the state's credit standing. I initially observe that responsible state debt management policies must necessarily include a degree of state supervision of municipal debt issuance. While I am, of course, cognizant and supportive of the prerogatives of local government, problems with municipal debt issuance inevitably burden the state as well. For that reason, I previously introduced a bill that relates directly to the issuance of municipal debt. Last session I proposed the establishment of a Municipal Financial Emergency Commission to assist municipalities that have defaulted in bonded indebtedness (HB 293). I am also proposing legislation that imposes reasonable limitations on a municipality's authority to issue general obligation debt. As noted in the transmittal letters accompanying each of those bills, responsible state management of municipal debt is necessary to assure the continued investment community support of and confidence in municipal and state debt issues.

The two bills attached to this letter today are intended to assure proper state oversight before the state enters into the type of recurring, long-term financial commitments that might have an impact on the state's credit standing. Where the state issues general obligation bonds, the constitutional requirement of voter approval offers an appropriate opportunity for the electorate and for elected officials to gauge any adverse effect that issuance of the debt may have on the state. Under present law, however, neither the statutory reimbursement formula for school debt nor the unrestricted authority to enter lease-financing agreements

offers comparable mechanisms to assure that state credit implications are adequately addressed. As the decline of available revenues further exacerbates the sensitivity of the state's credit standing, it is of critical importance to assure that each project is viewed not only on its own merits but also with consideration of how the issuance of additional state-supported debt will affect broader state interests. I believe that these two bills offer a responsible way of meeting the needs of the state to obtain office facilities and of municipalities to provide necessary educational facilities -- a way that best preserves the state's favorable credit standing.

I.

The shorter bill implements the recommendations of the State Office Complex Financing Task Force, a body whose membership brought together the views of executive-branch officials, two legislators, and several members of the public with substantial financing expertise. The task force conducted extensive hearings to consider the most appropriate method to provide state office facilities in the most cost-efficient manner possible. After review of the available financing alternatives, the task force recommended the enactment of legislation to facilitate the acquisition of state office facilities through lease-financing agreements. The bill designates the Alaska State Housing Authority as the appropriate financing entity, but provides that when the authority issues debt for this purpose, it do so as the Alaska State Building Authority. The name change is intended to prevent confusion in national financing markets.

Sections 1, 6, 7 and 8 provide that the university and each branch of government, respectively, have legal authority to enter into lease-financing agreements with the Alaska State Housing Authority acting as the Alaska State Building Authority. The state has previously executed lease-financing agreements under existing lease authority, and these sections are thus intended to remove any ambiguities regarding the legal authority to enter into lease-financing agreements. The cost of building acquisition or development would be provided by the sale of revenue bonds by the Alaska State Building Authority. In all instances, a lease-financing agreement preserves legislative prerogatives through the requirement that lease payments be subject to annual appropriation.

While the bill recognizes the desirability of the lease-financing technique, the bill also imposes effective debt

management controls. First, lease-financing agreements may only be executed with the Alaska State Building Authority, a limitation that ensures uniformity and continuity in the state's lease-financing programs.

More importantly, secs. 9 -- 16 expand the responsibilities of the state bond committee (AS 37.15) to ensure that the broader credit implications are adequately assessed before the state enters into a lease-financing agreement. Under sec. 15, for example, proposed AS 37.15.770 authorizes the state bond committee to review any proposed lease financing in detail and to prohibit or condition the sale of the debt instruments if it is in the best interests of the state to do so.

I observe that sec. 8 of this bill is similar to legislation that I proposed last session in the wake of the controversy surrounding the Anchorage Office Complex. The bill proposed last session (HB 392 and the identical SB 293) provided for project-specific legislative approval before execution of a lease-financing agreement. In the transmittal letter accompanying the initial bill, dated April 19, 1985 (1985 H.J., p. 1001, and 1985 S.J., p. 856), I noted that the provision of project-specific legislative approval posed substantial constitutional problems. Both the constitutional doctrine of separation of powers and the constitutional prohibition against special and local legislation place in serious legal doubt any statutory requirement to seek project-specific approval. And public finance is the worst forum to interject such a substantial legal uncertainty. Accordingly, the present bill does not propose project-specific approval. To do so, in my view, would impermissibly intrude upon the constitutional prerogatives of future governors. Although I believe it inappropriate to require project-specific approval as a matter of law, I reaffirm my personal commitment to seek legislative approval before the executive branch enters into any lease-financing agreement.

II.

The longer of these two bills that I am transmitting makes several changes to the state's support of public school construction. Most notable of the significant changes proposed under this bill is a cap is placed upon the amount of municipal debt obligations for which the state will provide reimbursement. Municipalities issuing debt to finance school construction will pay the interest costs, while the state will pay the principal in equal payments up

to an aggregate amount of \$10,000,000 in any year for debt approved by local voters after March 31, 1985.

The state presently provides, in addition to its municipal grant program, three forms of aid for school construction. Under AS 14.11.010 all school districts may apply to the Department of Education for an appropriation for school construction projects for which the department may request, in order of priority, appropriations from the legislature. If an appropriation for a school construction project is made, the school district may, under AS 14.11.020, request the assumption of the state's responsibility to plan, design, and construct the particular project. The department provides for the assumption of the responsibility by executing a grant agreement with the school district.

AS 14.11.100 provides two additional forms of state aid for public school construction which are only available to municipal school districts. The state reimburses municipal debt service payments in varying percentages which, because of amendments made in ch. 78, SLA 1985, are at least 80 percent. The state also reimburses a municipality for at least 80 percent of its cash payments used for school construction. To receive reimbursement of either debt service or cash payments, the municipality must first quantify the need for the project and provide a description of the project and an estimate of its cost. The Department of Education reviews the project and its justification, and, when appropriate, grants its approval of the project and its estimated costs. The next step is approval of the municipality's voters to sell the bonds. If the local voters approve the sale of the bonds, the state will reimburse the costs of debt service by requesting money in each year's budget.

There are several weaknesses in the state's present programs of financing school construction.

First, there are inadequate procedures to ensure that the estimates of project costs are reasonable. Before 1982, the administration of the school construction grant program was shared by the Department of Education and the Department of Transportation and Public Facilities. Chapter 92, SLA 1982 transferred all responsibility for the state's construction grant program to the Department of Education. This same weakness exists under AS 14.11.100.

The second major failing is that there is no ceiling for the amount of money which the state will be requested to reim-

burse under AS 14.11.100. In the proposed FY 1987 state budget, approximately \$106,000,000 in municipal debt service payments is requested to continue existing level of debt.

During the last session of this legislature, the percentage of reimbursement for debt service costs was increased to 80 percent, although allowable projects were limited to facilities necessary for increased enrollment or to correct health and safety problems. The result of last session's amendments to AS 14.11.100 has been an identification of required projects with approval of the projects closely followed by local bond elections. These recent municipal elections have authorized approximately \$312,500,000 of new municipal debt for which local communities will seek reimbursement from the state for debt service costs. I anticipate, if all of this newly authorized debt is incurred in the near term, that the impact on the debt retirement program could be as much as an additional \$45,000,000 in requested reimbursements in FY 1987. I intend to support this additional funding as soon as the amount is determined and necessary debt management legislation is passed.

I, of course, recognize that there are municipalities in the state which have experienced significant population increases, and which therefore need the construction of new schools. I believe that these existing needs should be met at the current levels of state support. However, the future of state revenues and the need for new schools are uncertain. Consequently, I believe that different approaches need to be applied to the way the state considers all school construction in the state.

With discipline and altered approaches to the school construction, I believe that the state and its municipalities can contain state-supported debt and still allow for adequate state support of school construction.

This bill changes procedures for reviewing and approving school projects.

Section 1 amends AS 14.08.151. These amendments are desirable to clarify the manner in which the state conveys title for school sites to regional education attendance areas.

Section 2 amends AS 14.11.010(b) by requiring the Department of Education to request cost estimates from the Department of Transportation and Public Facilities and to base its

project approval upon that cost estimate. This same requirement is found in sec. 11 in amendments to AS 14.11.102, which relates to project approval for the debt retirement program. Section 14 contains new authority for DOT/PF to estimate construction costs for all school projects financed by appropriations and debt retirement. Included within that authority is the responsibility to establish design standards.

Section 3 of the bill amends AS 14.11.010(c) by adding new criteria, relating to population trends and the condition of facilities, which the Department of Education will consider when approving projects for appropriation. These amendments are also applicable to the debt retirement program under language found in sec. 11.

Section 4 proposes new language that will require school districts requesting state aid to inventory and inspect the schools in their districts and to revise that inventory on a yearly basis. The provisions of this section also require that school districts provide information relating to maintenance and operation costs. This information regarding existing school facilities will enable the state to better analyze new projects that the state will be asked to finance by appropriation or by debt reimbursement.

Sections 5 and 6 limit the state's reimbursement of school debt to principal only for approved projects financed by new municipal debt authorized by local voters after March 30, 1986. If the debt was authorized by local voters before April 1, 1986, the state's reimbursement continues as before. The state's reimbursement of cash payments by municipalities ends for payments made after June 30, 1986.

Section 7 amends AS 14.11.100(b) by offsetting the amount that the municipality receives for debt reimbursement by the amount of interest earned on the proceeds of bonds sold for a particular project. This amendment parallels existing law found in AS 14.11.100(k), which is repealed in sec. 16.

Sections 8, 9, and 10 contain a number of amendments to AS 14.11.100(h), (i), and (j), respectively, which are necessary to reflect the new class of reimbursement under the language proposed in AS 14.11.100(a)(6) in sec. 6 of the bill. Section 10 has a fiscal impact. It amends AS 14.11.100(j)(2) to allow refunding of bonds only in those situations where there is at least a five percent saving in debt service costs. It also amends AS 14.11.100(j)(3) by requiring that the principal on bonds be reimbursed in equal

annual payments over a period of 10 years or a term set by the state bond committee.

Under sec. 12, the Department of Education will continue to allocate money to reimburse municipal debt. However, a cap on reimbursement is placed upon debt authorized by local voters after April 1, 1986. The department may only allocate money for the reimbursement of principal paid on new debt if the new payments, when combined with all other reimbursements under this class of debt, do not exceed the \$10,000,000 or an amount set by the state bond committee. This mechanism will have two results. It puts a cap on state-supported debt, but, with discipline, it will enable municipalities to construct needed school projects in addition to those that are financed by bonds authorized by local voters before April 1, 1986.

Section 13 amends AS 14.11.135(3) by changing the definition of school construction costs. It excludes all financing costs for debt authorized by local voters after March 31, 1986.

Section 14 adds three new sections to AS 35.15. Under the proposed language, the Department of Transportation and Public Facilities will estimate the costs of all school construction projects under common design standards that it will develop.

Section 15 amends AS 37.15 to give the state bond committee the ability to manage state-supported school debt, which is accomplished under two different mechanisms. First, it may establish a higher or lower ceiling for allocations for reimbursement of new authorizations of school debt under AS 14.11.100(a)(6) (found in sec. 6), depending on the state's credit standing as well as on the needs for school construction. Second, it may control the term of the obligations to ensure that their maturity structure does not adversely affect the state's credit standing. While a 10-year term is allowed by the proposed provisions of AS 14.11.100(j)(2) (found in sec. 10), the committee is accorded the ability to set a different term when it is in the state's best interest.

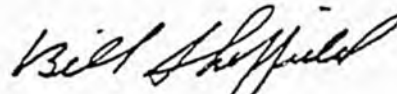
It is our intent with the language in sec. 17 to develop a long range plan for the state's school construction through the end of the century. The necessary components of this plan would include projected enrollments under reasonable population projections, construction costs, design parameters, and financing techniques. It is our hope that,

after the completion of the plan, a rational mechanism can be put in place to provide for the state's public school construction needs which is within the state's ability to pay.

III.

Continued economic prosperity for all sectors of the Alaska economy is in part inextricably tied to more rigorous state debt management. These two bills, as well as legislation relating to responsible limitation on municipal debt, promote more responsible state debt management. Alaska's credit standing is, of course, in part dependent on factors beyond our control. That the state cannot control all relevant factors is no excuse, however, for the inadequate management of those factors within our control. I believe that it is critical that the state become more sensitive to the long-term credit implications of each isolated funding decision. These two bills provide for responsible yet flexible state debt management, and I urge your prompt consideration and approval of these measures.

Sincerely,



Bill Sheffield
Governor



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 15, 1985

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill to establish a Municipal Financial Emergency Commission that will provide assistance to municipalities that are in default on bonded indebtedness.

Recent controversy surrounding the financial practices of the North Slope Borough has led to a greater sensitivity to the consequences of local financial disorder. While there is absolutely no indication that the present problems of the North Slope Borough will have any effect on the borough's ability to satisfy all debt service obligations, the controversy has led to concern that current law does not provide a role for the state in the event of a municipal default. It bears noting that a municipal default will inevitably affect the state and other municipalities as well. While each municipality's general obligation debt is of course a direct financial burden of only the issuing municipality, the practical fact is that all governmental entities in the state share, to one degree or another, in the consequences of a municipal default. While I reiterate that there is no present prospect of municipal default, it is imperative to establish a procedure to deal with that event before a financial crisis occurs -- not in response to one.

The bill proposes the establishment of the Municipal Financial Emergency Commission which consists of the commissioners of the Departments of Community and Regional Affairs, Revenue, and Administration. Under proposed AS 29.58.420, a municipality must provide notice of a default to the commission, or the municipality may request the assistance of the commission in anticipation of financial distress. Once the commission receives notice of a municipality in financial disarray, the commission must

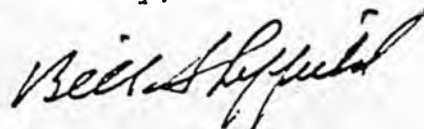
promptly convene and assess the municipality's financial affairs.

Under proposed AS 29.58.410, the commission enjoys extraordinarily broad powers to assure, to the extent possible, the resolution of the financial crisis. The fundamental objective of the commission is to adopt a plan that satisfies debt service obligations in a manner acceptable to municipal creditors. The commission enjoys the power to issue subpoenas and orders as are necessary to undertake this task.

I certainly anticipate that a municipality will act to implement the plan adopted by the commission. However, the bill provides that, in the unlikely event that a municipality fails to implement the plan, or if the commission determines that the municipality remains in financial disarray, the commission may assume full control of the defaulting municipality's financial affairs. This extraordinary intrusion upon local governmental prerogatives can only be exercised in narrowly prescribed instances and, as do all of the commission's powers, the authority of the commission expires upon the successful satisfaction of the default. While certain of these broad powers may approach the legal limit of the state's authority to impair local government powers, I believe that the overwhelming public concern for the financial stability of all Alaskan communities offers a compelling justification for this possible intrusion.

I again emphasize that this bill does not foretell any municipal default. In the area of municipal finance, however, it is not sufficient to act only in response to events. Instead, it is far preferable to establish a mechanism before any default, so that if a municipality does default on a debt service obligation, the repercussions to the state and to other municipalities are limited to the extent possible. With due respect for the prerogatives of local governments, I believe that this bill provides a needed mechanism for state involvement. I urge your prompt consideration and passage of this bill.

Sincerely,



Bill Sheffield
Governor



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 27, 1936

The Honorable Den Grussendorf
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that will establish a reasonable limit on the authority of a municipality or borough to issue general obligation bond debt.

At present, there is no limit as to the amount of general obligation debt that municipalities may incur. And, while taxing limits are generally prescribed by statute, current law specifically exempts from the taxing limitation any assessments necessary to satisfy debt service obligations. The potential for excessive municipal debt burdens -- a burden that both directly and indirectly affects the state and other municipalities -- is one which simply must be controlled.

I believe that reasonable general obligation bond debt limitations are essential to preserve the financial stability of Alaska municipalities. We are all aware that the level of per capita municipal debt in Alaska far exceeds the national average. To be sure, the lack of basic public services in many areas of the state contributes to the current level of debt. While I am certainly sensitive to the extreme, and at times costly, needs of rural communities, I am equally concerned that excessive municipal debt will only undermine the substantial economic progress enjoyed by all Alaska communities in the last several years.

The problems associated with excessive debt requirements will increase in the future. As state revenues decline,

municipalities will increasingly be responsible for the cost of governmental services, and this inevitable burden will only be further compounded if municipalities are saddled with excessive debt service obligations.

The bill proposes that a municipality may not incur additional general obligation debt if, upon issuance, the municipality's general obligation debt would exceed seven percent of the market value of property which is taxable under state law. The Department of Community and Regional Affairs is currently required by statute to ascertain annually the property value necessary for this limit. That only three communities -- the North Slope Borough, the cities of Nenana and Wrangell -- exceed the seven percent standard is indicative that the limit is reasonable, and will not unfairly limit the prerogatives of local governments.

It is equally important to note what the bill does not do. The bill does not limit in any manner a municipality's authority to levy taxes in order to satisfy debt service obligations. The bill does not limit a municipality's authority to issue revenue or refunding bonds. And finally, the bill does not penalize those municipalities that have issued debt in excess of the seven percent standard.

I believe that the bill provides a needed assurance that municipalities will not incur an unsupportable debt burden. Establishment of a debt ceiling greatly diminishes the prospect of a municipal default. It also prevents a decline in state revenues as municipal assessments are increased to support an ever-increasing debt burden. I urge your prompt passage of this legislation.

Sincerely,

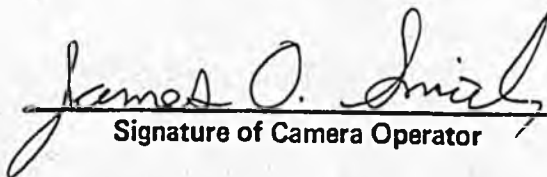
Bill Sheffield
Governor

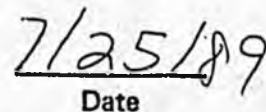


RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.


Signature of Camera Operator


Date

H B

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Alaska State Legislature

COMMITTEES:

Committee on Community and Regional Affairs
Committee on Transportation
Special Committee on Oil and Gas
Special Committee on Fisheries
Finance Sub-committee on Fish and Game



Andre Marrou
Representative

District 5

| | |
|-----------|--------------|
| Kenai | Sterling |
| Soldotna | Anchor Point |
| Homer | Port Graham |
| Seldovia | English Bay |
| Kachemak | Nikolaevsk |
| Kasilof | Halibut Cove |
| Ninilchik | Clam Gulch |

February 27, 1986

To: Ch. Peter Goll and Members of House Community & Regional Affairs Comm.
From: Andre Marrou, Representative 

Subject: Municipal and State Financing of Campaigns

Attached is a draft of a bill to prohibit municipalities or the State from spending tax dollars to purchase advertising to influence elections.

Currently, it is common practice for school boards and municipalities to buy advertising with tax dollars to promote their point of view. Campaigns that are publicly funded are also well financed. This puts the opponents of any particular ballot issue at an unfair disadvantage, especially considering that their own money is being used against them.

According to an Oct. 6th issue of Anchorage Daily News, City and school officials spent over \$61,500 to "inform" the voters on the cost of the proposed school bonds (\$13 million/Proposition 13). You can be sure that no similar amount of money was spent by the property owners who didn't want to see higher taxes. The bonds passed with 68% of the vote.

Also, last fall in my district, the City of Homer and the Kenai Peninsula Borough School District actively campaigned for extensive (\$85 million) school construction bonds. Their campaign theme was "80% reimbursement by the State, no new taxes to pay". Well the truth of the matter is that it is the Legislature's option to pay up to 80%, furthermore, it is doubtful that we can afford all these obligations if oil prices continue to slide.

On a higher and more philosophic level, it is just plain wrong to spend public monies to advocate a political position that not everyone supports but that everyone will have to pay for.

Please seriously consider introducing this bill. My office stands ready to help in any reasonable way.

14-1910
Bradley
2/25/86 ✓

FEB 26 RECD

1 IN THE HOUSE

2 HOUSE BILL NO.

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act prohibiting the use of tax-generated funds to
7 influence the outcome of an election."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 29.71 is amended by adding a new section to read:

10 Sec. 29.71.040. USE OF TAX-GENERATED FUNDS IN INFLUENCING THE
11 OUTCOME OF AN ELECTION. A municipality of the state and an officer or
12 employee of a municipality of the state may not seek to influence the
13 outcome of an election through advertising that is paid for with
14 tax-generated funds.

15 * Sec. 2. AS 44.99 is amended by adding a new section to read:

16 Sec. 44.99.011. USE OF TAX-GENERATED FUNDS IN INFLUENCING THE
17 OUTCOME OF AN ELECTION. An agency of the state and an officer or
18 employee of an agency of the state may not seek to influence the
19 outcome of an election through advertising that is paid for with
20 tax-generated funds.

21

22

23

24

25

(Anch. D. News, Sun, 6 Oct 85)

Campaign tab totals \$61,500

Associated Press

In the weeks before the Oct. 1 municipal election, Anchorage city and school officials spent at least \$61,500 in advertising designed to inform voters about pending bond issues, campaign spending reports show.

But the officials insist none of the ads urged people to vote for the bond issues. Such endorsements are forbidden under the city's code of ethics. They acknowledged, however, that the ads may have made voters more likely to support the bonds.

"We'll let people make the assumption that we are running a good school district, one that is growing quickly," said school district spokesman Chris Hooten. "But we do try to focus in on public schools and the job we have to do."

The bills still are coming in, but those already filed with the Alaska Public Offices Commission total \$61,500 for printing, mailing and broadcasting.

The municipality spent most of the money — \$50,000 — with the greatest emphasis on Propo-

sition 13. That allowed the city to sell \$18 million in bonds for a new landfill. The measure was approved by 68 percent, the largest winning margin of all the ballot propositions.

Thirty-second spots featuring Mayor Tony Knowles were the centerpiece of the \$30,000 campaign. In those ads, the mayor strolled beneath towering mounds of trash and explained how rapidly existing dumps were filling.

After explaining what the bonds would buy, and how much

they would cost taxpayers, Knowles urged viewers to go to the polls. But he did not ask them to vote for Proposition 13.

"We're just trying to give them enough information to make an informed choice," said Dee Frankfourth of the mayor's Office of Communications. "This isn't advocacy."

Rather than discuss the bond issues, the school district ads focused on school performance, emphasizing test scores and award-winning education programs.

Cook
4/17/86 ✓

Original sponsors: Koponen, Hurley
and Marrou

1 IN THE HOUSE

BY THE COMMUNITY AND REGIONAL
AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 325 (C&RA)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to home rule municipalities, author-
7 izing the incorporation of town meeting home rule
8 cities; and providing for an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. AS 04.11.090(e) is amended to read:

11 (e) A holder of a beverage dispensary license may not maintain
12 upon the licensed premises more than one room in which there is regu-
13 larly maintained a fixed counter or service bar at which alcoholic
14 beverages are sold or served to members of the public for consumption
15 unless the holder of a beverage dispensary license [HE] is issued by
16 the board, after investigation, a duplicate of the original license
17 for each of the rooms. The holder of the beverage dispensary license
18 shall pay to the board with each application for a duplicate license
19 an amount equal to the fee payable for the original beverage dispen-
20 sary license under (b) of this section. If the licensed premises are
21 located within a municipality, a duplicate beverage dispensary license
22 may not be issued unless approved by the local governing body [COUNCIL
23 OR ASSEMBLY, AS APPROPRIATE].

24 * Sec. 2. AS 04.21.080(b)(10) is amended to read:

25 (10) "local governing body" means, as appropriate, a city
26 council, a borough assembly, the voters of a town meeting home rule
27 city acting in a town council meeting, or a traditional village coun-
28 cil, but does not include a corporation established under the Alaska
29 Native Claims Settlement Act;

1 * Sec. 3. AS 08.60.060 is amended to read:

2 Sec. 08.60.060. CERTIFICATE OF LOCATION. A person using or
3 proposing to use a location for a commercial or public junk yard must
4 obtain a certificate of approval for the location. If the location is
5 in a city of any class, the certificate shall be procured from the
6 governing body [CITY COUNCIL] or its designee. If the location is
7 outside the city limits but within the boundaries of an organized
8 borough, the certificate shall be procured from the assembly of the
9 organized borough or its designee. If the location is outside an
10 incorporated city or borough, the certificate of location shall be
11 obtained from the commissioner of public safety.

12 * Sec. 4. AS 08.60.070 is amended to read:

13 Sec. 08.60.070. STANDARDS FOR LOCATION AND REGULATION. The
14 commissioner of public safety and the governing body of a municipality
15 [, THE CITY COUNCIL, AND ORGANIZED BOROUGH ASSEMBLY], in considering
16 applications and regulations, shall take into account

17 (1) the nature and development of surrounding property;

18 (2) the need to protect the local economy, adjacent land
19 owners, and the motoring public from economically depressing and
20 unsightly roadside locations;

21 (3) the proximity of churches, schools, hospitals, public
22 buildings, recreation areas, or other places of public gathering;

23 (4) the sufficiency in number of other similar business
24 establishments in the vicinity;

25 (5) the adequacy of fences and other types of enclosures to
26 prevent the unsightly display of a junk yard;

27 (6) the health, safety, and general welfare of the public;

28 (7) the suitability of the applicant to establish, main-
29 tain, or operate the business under AS 08.60.050 - 08.60.100.

1 * Sec. 5. AS 14.12.010 is amended to read:

2 Sec. 14.12.010. DISTRICTS OF STATE PUBLIC SCHOOL SYSTEM. The
3 districts of the state public school system are as follows:

4 (1) each representative home rule city and each first class
5 city in the unorganized borough is a city school district;

6 (2) each organized borough is a borough school district;

7 (3) the area outside organized boroughs and outside first
8 class cities is divided into regional educational attendance areas.

9 * Sec. 6. AS 29.05.010(b) is amended to read:

10 (b) A community that meets all the standards under (a)(2) - (4)
11 [(a)] of this section [EXCEPT (a)(1)] may incorporate as a second
12 class city or as a town meeting home rule city.

13 * Sec. 7. AS 29.05.060 is amended to read:

14 Sec. 29.05.060. PETITION. Municipal incorporation is proposed
15 by filing a petition with the department. The petition shall include
16 the following information about the proposed municipality:

17 (1) class;

18 (2) name;

19 (3) boundaries;

20 (4) maps, documents, and other information required by the
21 department;

22 (5) unless the proposed municipality is a town meeting home
23 rule city, composition and apportionment of the governing body;

24 (6) a proposed operating budget for the municipality pro-
25 jecting sources of income and items of expenditure through the first
26 full fiscal year of operation;

27 (7) for a borough, based on the number who voted in the
28 respective areas in the last general election, the signature and
29 resident address of 15 percent of the voters in

1 (A) home rule and first class cities in the area of
2 the proposed borough; and

3 (B) the area of the proposed borough outside home rule
4 and first class cities;

5 (8) for a first class borough, a designation of areawide
6 powers to be exercised;

7 (9) for a second class borough, a designation of areawide
8 and nonareawide powers to be exercised;

9 (10) for a first or second class city, a designation of the
10 powers to be exercised;

11 (11) for a first class city, based on the number who voted
12 in the area in the last general election, the signatures and resident
13 addresses of 50 voters in the proposed city or of 15 percent of the
14 voters in the proposed city, whichever is greater;

15 (12) for a town meeting home rule city or a second class
16 city, based on the number who voted in the area in the last general
17 election, the signatures and resident addresses of 25 voters in the
18 proposed city or of 15 percent of the voters in the proposed city,
19 whichever is greater;

20 (13) for a home rule borough, a proposed home rule charter;

21 (14) for a town meeting home rule city, a proposed home rule
22 charter.

23 * Sec. 8. AS 29.05.110(d) is amended to read:

24 (d) A home rule charter included in an incorporation petition
25 under AS 29.05.060(13) or (14) is considered to be part of the incor-
26 poration question. The home rule charter is adopted if the voters
27 approve incorporation of the borough or incorporation of the town
28 meeting home rule city.

29 * Sec. 9. AS 29.10.010(b) is amended to read:

1 (b) A second class city may adopt a charter for its own govern-
2 ment as a town meeting home rule city. A second class city that
3 exceeds 35 square miles in area ma, adopt a charter for its own
4 government as a representative home rule city if the department deter-
5 mines from the best figures available that the population of the city
6 is at least 3,500 permanent residents.

7 * Sec. 10. AS 29.10.010(f) is amended to read:

8 (f) The proposed charter for an area of the unorganized borough
9 shall be prepared by the petitioners and filed under AS 29.05.060 with
10 the petition to incorporate a home rule borough. The proposed charter
11 for an unincorporated community shall be prepared by the petitioners
12 and filed under AS 29.05.060 with the petition to incorporate a town
13 meeting home rule city.

14 * Sec. 11. AS 29.10.020 is amended by adding a new subsection to read:

15 (b) The department shall prepare at least one model home rule
16 charter for a town meeting home rule city. The model charter shall be
17 made available to persons interested in filing a petition to incorpo-
18 rate a town meeting home rule city under AS 29.05.060.

19 * Sec. 12. AS 29.10 is amended by adding a new section to read:

20 Sec. 29.10.035. CHARTERS FOR TOWN MEETING HOME RULE CITIES. A
21 town meeting home rule city shall be governed as a direct democracy
22 through town council meetings. Any voter of the town meeting home
23 rule city may vote at town council meetings. In addition to other
24 requirements for a home rule charter, the charter of a town meeting
25 home rule city shall provide for

26 (1) regular town council meetings to be held at least once
27 each year;

28 (2) a procedure for calling a special town council meeting
29 by the voters;

1 (3) the preparation of an agenda for each town council
2 meeting, including a procedure to enable any voter to insert an item
3 into the agenda;

4 (4) the election and term of office of a mayor to preside
5 over town council meetings;

6 (5) procedures for conducting town council meetings, in-
7 cluding procedures for voting and adopting ordinances and resolutions;

8 (6) preparation and distribution to the voters of a report
9 of actions taken at each town council meeting;

10 (7) the election and term of office of at least three
11 council members to provide for the administration of the city and
12 carry out the duties prescribed by law or charter; and

13 (8) the appointment or election of a finance committee that
14 shall be responsible for the preparation of the city budget for each
15 fiscal year, submit the budget to the voters at a town council meeting
16 for approval, and perform other duties prescribed by charter or ordi-
17 nance.

18 * Sec. 13. AS 29.10.070 is amended to read:

19 Sec. 29.10.070. CHARTER ELECTION. The proposed home rule char-
20 ter for an existing municipality shall be submitted to the voters at
21 an election held not less than 30 days or more than 90 days after the
22 proposed charter is published. The proposed home rule charter for an
23 area in the unorganized borough or the proposed home rule charter for
24 an unincorporated community shall be submitted to the voters at an
25 incorporation election under AS 29.05.110.

26 * Sec. 14. AS 29.10.080(a) is amended to read:

27 (a) If a majority of those voting in an existing municipality
28 favor the proposed charter, [OR] if a majority of those voting in an
29 area in the unorganized borough favor incorporation of a home rule

1 borough, or if a majority of those voting in an unincorporated commun-
2 ity favor incorporation of a town meeting home rule city, the proposed
3 charter becomes the organic law of the municipality effective on the
4 date the election is certified. Thereafter, a court shall take judi-
5 cial notice of the charter. The new home rule municipality shall file
6 the indicated number of copies of the charter with

- 7 (1) the lieutenant governor - two copies;
- 8 (2) the department - two copies;
- 9 (3) the district recorder - one copy;
- 10 (4) the municipal clerk - one copy.

11 * Sec. 15. AS 29.10.090(b) is amended to read:

12 (b) If incorporation of a home rule borough is rejected by the
13 voters in an area in the unorganized borough, the proposed charter is
14 rejected. If incorporation of a town meeting home rule city is
15 rejected by the voters in the unincorporated community, the proposed
16 charter is rejected.

17 * Sec. 16. AS 29.10.100(a) is amended to read:

18 (a) A home rule charter may be amended as provided in the char-
19 ter. Unless the charter is for a town meeting home rule city, an [,
20 EXCEPT THAT NO] amendment is not effective unless ratified by the
21 voters.

22 * Sec. 17. AS 29.10.200 is amended by adding new paragraphs to read:

- 23 (47) AS 29.10.035 -- (charters for town meeting home rule
24 cities)
- 25 (48) AS 29.20.130(b) -- (town councils)

26 * Sec. 18. AS 29.20.140(e) is amended to read:

27 (e) This section applies to home rule and general law municipal-
28 ities, other than town meeting home rule cities.

29 * Sec. 19. AS 29.20.150(d) is amended to read:

1 (d) This section applies to home rule and general law municipal-
2 ities, other than town meeting home rule cities.

3 * Sec. 20. AS 29.35.260(b) is amended to read:

4 (b) A representative home rule or first class city outside a
5 borough is a city school district and shall establish, operate, and
6 maintain a system of public schools as provided by AS 29.35.160 for
7 boroughs. A town meeting home rule or second class city outside a
8 borough is not a school district and may not establish a system of
9 public schools.

10 * Sec. 21. AS 29.45.050(a) is amended to read:

11 (a) A municipality may exclude or exempt or partially exempt
12 residential property from taxation by ordinance. Except in a town
13 meeting home rule city, the ordinance must be ratified by the voters
14 at an election. An exclusion or exemption authorized by this section
15 may not exceed the assessed value of \$10,000 for any one residence.

16 * Sec. 22. AS 29.71.800(4) is amended to read:

17 (4) "city" means a general law first or second class city
18 or a town meeting or representative home rule city;

19 * Sec. 23. AS 29.71.800(7) is amended to read:

20 (7) "council" means the governing body of a city and in-
21 cludes the town council of a town meeting home rule city composed of
22 all the city voters;

23 * Sec. 24. AS 29.71.800(9) is amended to read:

24 (9) "election" means a regular or special municipal elec-
25 tion and includes an election held at a town council meeting of a town
26 meeting home rule city but [AND] does not include a state election;

27 * Sec. 25. AS 29.71.800 is amended by adding a new paragraph to read:

28 (26) "home rule municipality" means a municipality that has
29 adopted a home rule charter and is a representative or town meeting

1 home rule city, a home rule borough, or a unified municipality.

2 * Sec. 26. AS 35.15.120(2) is amended to read:

3 (2) "governing body" means in the case of a municipality,
4 its assembly or council, or, if it is a town meeting home rule city,
5 the voters acting in a town council' meeting, and, in the case of a
6 regional educational attendance area, its regional school board;

7 * Sec. 27. AS 39.20.340(a) is amended to read:

8 (a) An employee of the state, or a municipality [POLITICAL
9 SUBDIVISION,] with the approval of the governing body [CITY COUNCIL OR
10 BOROUGH ASSEMBLY], who is a member of a reserve or auxiliary component
11 of the United States Armed Forces is entitled to a leave of absence
12 without loss of pay, time or efficiency rating on all days during
13 which the employee is ordered to training duty, as distinguished from
14 active duty, with troops or at field exercises, or for instruction, or
15 when under direct military control in the performance of a search and
16 rescue mission. The leave of absence may not exceed 16 1/2 working
17 days in any 12-month period.

18 * Sec. 28. AS 39.20.350 is amended to read:

19 Sec. 39.20.350. RESTORATION OF RESERVE MEMBERS TO FORMER POSI-
20 TIONS. A member of a reserve component of the United States Armed
21 Forces employed by the state, a political subdivision, or a municipal
22 corporation with the approval of the governing body [CITY COUNCIL] who
23 is ordered to duty by proper authority, shall, when relieved from
24 duty, be restored to the position the employee held when ordered to
25 duty.

26 * Sec. 29. AS 39.50.145 is amended to read:

27 Sec. 39.50.145. PARTICIPATION BY MUNICIPALITIES. A municipality
28 may exempt its municipal officers from the requirements of this chap-
29 ter if a majority of the voters voting on the question at a regular

1 election, as defined by AS 29.71.800(20), or a special municipality-
2 wide election, vote to exempt its municipal officers from the require-
3 ments of this chapter. The question of exemption from the require-
4 ments of this chapter may be submitted by the governing body [CITY
5 COUNCIL OR BOROUGH ASSEMBLY] by ordinance or by initiative election.

6 * Sec. 30. AS 42.30.030 is amended to read:

7 Sec. 42.30.030. BOOKS OF ACCOUNT. Every person installing,
8 operating or maintaining a public service plant for the purpose of
9 supplying the cit or the inhabitants of the city with telephone
10 service, water, power, lightering, wharfage, dockage, storage, heat or
11 light, or rendering other kindred public service shall keep correct
12 books of account in permanent convenient form showing in detail the
13 volume of business done, the character of the business done, the
14 quantity and kind of service rendered, rates charged, and all expenses
15 incurred in connection with the operation of the enterprise, showing
16 the items of expense in detail. The books shall be open to inspection
17 by the mayor, [AND THE] city council and [BY] an accredited agent,
18 auditor, or representative appointed by the mayor, [AND] city council,
19 or voters at a town meeting home rule city at a town council meeting.

20 * Sec. 31. AS 42.30.040 is amended to read:

21 Sec. 42.30.040. ANNUAL STATEMENT. (a) During April of each
22 year, each person engaged in furnishing a public service, except a
23 rural electrification or telephone cooperative or nonprofit asso-
24 ciation receiving financial assistance from the federal government
25 under the Rural Electrification Act, shall file with the city council
26 a written statement under oath, sworn to by the person having the
27 management and control of the business or other person familiar with
28 all the facts. The statement shall contain a detailed list of all
29 property used in connection with the enterprise and shall give the

1 valuation of each piece of property listed. It shall also contain a
2 statement of the receipts and disbursements during the year, and the
3 profits or losses. The statement of disbursements shall show to whom
4 each item was paid and what for. The statement shall be for the calen-
5 dar year preceding and shall be for the use of the governing body of
6 the city [COUNCIL].

7 [(b) THE CITY COUNCIL IS NOT BOUND BY THE STATEMENT BUT MAY
8 INQUIRE INTO ITS TRUTH.]

9 * Sec. 32. AS 44.47.145(d) is amended to read:

10 (d) Before a grant is made under this section, the governing
11 body [CITY COUNCIL] or, if the community is not incorporated, a rea-
12 sonable representative body in the community shall agree in writing to
13 maintain and operate the bulk storage facility to be constructed with
14 the proceeds of the grant.

15 * Sec. 33. AS 44.88.220(5) is amended to read:

16 (5) "governing body of a political subdivision" means, when
17 used with respect to the location of a project, the council or the
18 voters of a town meeting home rule city acting in a town council
19 meeting if the project is to be located in a city in the unorganized
20 borough, or the assembly if the project is to be located in an or-
21 ganized borough or a unified municipality;

22 * Sec. 34. AS 46.40.130(a) is amended to read:

23 (a) Organization of a coastal resource service area may be
24 initiated

25 (1) by submission to the council of a petition signed by a
26 number of registered voters equal to 15 percent of the number of votes
27 cast within the coastal resource service area at the last state gener-
28 al election;

29 (2) by submission to the council of a resolution approved

1 by the governing body [CITY COUNCIL] or traditional village council of
2 not less than 25 percent of the number of cities and villages within
3 the coastal service area; or

4 (3) at the direction of a majority of the members of the
5 council in the manner set out in AS 46.40.160.

6 * Sec. 35. AS 46.40.180(a) is amended to read:

7 (a) Before adoption by a coastal resource service area board, or
8 by the Department of Community and Regional Affairs under AS 46.40.-
9 170, a district coastal management program shall be submitted for
10 review to each city or village within the coastal resource service
11 area. The governing body [COUNCIL] of a city or traditional village
12 council shall consider the program submitted for review. Within 60
13 days of submission, the governing body [COUNCIL] of a city or tra-
14 ditional village council shall either approve the program or enter
15 objections to all or any portion of the program.

16 * Sec. 36. AS 46.40.180(c) is amended to read:

17 (c) Objection by a city [COUNCIL] under (b) of this section is
18 limited to objection to elements of the program affecting resources or
19 the use of resources within the corporate limits of the city. Objec-
20 tion by a traditional village council under (b) of this section is
21 limited to objection to elements of the program affecting resources or
22 the use of resources within the village or within two miles of the
23 village.

24 * Sec. 37. This Act takes effect January 1, 1987.
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26
27
28
29

Introduced: 3/25/85
Referred: Community & Regional
Affairs and Judiciary

1 IN THE HOUSE

BY KOPONEN, HURLEY AND MARROU

2

HOUSE BILL NO. 325

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to home rule municipalities, author-
7 izing the incorporation of town meeting home rule
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9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

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14 beverages are sold or served to members of the public for consumption
15 unless the holder of a beverage dispensary license [HE] is issued by
16 the board, after investigation, a duplicate of the original license
17 for each of the rooms. The holder of the beverage dispensary license
18 shall pay to the board with each application for a duplicate license
19 an amount equal to the fee payable for the original beverage dispen-
20 sary license under (b) of this section. If the licensed premises are
21 located within a municipality, a duplicate beverage dispensary license
22 may not be issued unless approved by the local governing body [COUNCIL
23 OR ASSEMBLY, AS APPROPRIATE].

24 * Sec. 2. AS 04.21.080(b)(10) is amended to read:

25 (10) "local governing body" means, appropriate, a city
26 council, a borough assembly, the voters of a town meeting home rule
27 city acting in a town council meeting, or a traditional village coun-
28 cil, but does not include a corporation established under the Alaska
29 Native Claims Settlement Act;

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1 * Sec. 3. AS 08.60.060 is amended to read:

2 Sec. 08.60.060. CERTIFICATE OF LOCATION. A person using or
3 proposing to use a location for a commercial or public junk yard must
4 obtain a certificate of approval for the location. If the location is
5 in a city of any class, the certificate shall be procured from the
6 governing body [CITY COUNCIL] or its designee. If the location is
7 outside the city limits but within the boundaries of an organized
8 borough, the certificate shall be procured from the assembly of the
9 organized borough or its designee. If the location is outside an
10 incorporated city or borough, the certificate of location shall be
11 obtained from the commissioner of public safety.

12 * Sec. 4. AS 08.60.070 is amended to read:

13 Sec. 08.60.070. STANDARDS FOR LOCATION AND REGULATION. The
14 commissioner of public safety and the governing body of a municipality
15 [, THE CITY COUNCIL, AND ORGANIZED BOROUGH ASSEMBLY], in considering
16 applications and regulations, shall take into account

17 (1) the nature and development of surrounding property;

18 (2) the need to protect the local economy, adjacent land
19 owners, and the motoring public from economically depressing and
20 unsightly roadside locations;

21 (3) the proximity of churches, schools, hospitals, public
22 buildings, recreation areas, or other places of public gathering;

23 (4) the sufficiency in number of other similar business
24 establishments in the vicinity;

25 (5) the adequacy of fences and other types of enclosures to
26 prevent the unsightly display of a junk yard;

27 (6) the health, safety, and general welfare of the public;

28 (7) the suitability of the applicant to establish, main-
29 tain, or operate the business under AS 08.60.050 - 08.60.100.

1 * Sec. 5. AS 14.12.010 is amended to read:

2 Sec. 14.12.010. DISTRICTS OF STATE PUBLIC SCHOOL SYSTEM. The
3 districts of the state public school system are as follows:

4 (1) each representative home rule city and each first class
5 city in the unorganized borough is a city school district;

6 (2) each organized borough is a borough school district;

7 (3) the area outside organized boroughs and outside first
8 class cities is divided into regional educational attendance areas.

9 * Sec. 6. AS 15.13.010(a) is amended to read:

10 (a) This chapter applies in every election for governor, lieu-
11 tenant governor, a member of the state legislature, a delegate to a
12 constitutional convention, or judge seeking electoral confirmation.
13 It also applies to every candidate for election to a municipal office
14 in a city or borough with a population of more than 1,000 inhabitants
15 according to the latest United States census figures or estimates of
16 population certified as correct for administrative purposes by the
17 Department of Community and Regional Affairs. A municipality may
18 exempt its elected municipal officers from the requirements of this
19 chapter if a majority of the voters voting on the question at any
20 regular election, as defined by AS 29.78.010(14), or a special munic-
21 ipality-wide election called for that purpose, vote to exempt its
22 elected municipal officers from the requirements of this chapter. The
23 question of exemption from the requirements of this chapter may be
24 submitted by [THE CITY COUNCIL OR BOROUGH ASSEMBLY BY] ordinance
25 adopted by the governing body or by initiative ordinance. Nothing in
26 this chapter prohibits a municipality from regulating by ordinance
27 campaign contributions and expenditures.

28 * Sec. 7. AS 29.08.010 is amended to read:

29 Sec. 29.08.010. HOME RULE. A home rule municipality is a

1 municipal corporation and political subdivision and is a unified
2 municipality, representative or town meeting home rule city, [OF THE
3 FIRST CLASS] or an organized borough that has adopted a home rule
4 charter. It has all legislative powers not prohibited by law or
5 charter.

6 * Sec. 8. AS 29.13.010 is amended to read:

7 Sec. 29.13.010. MUNICIPAL CHARTER ADOPTION. (a) A first class
8 municipality, [OR] second class borough, or second class city may
9 adopt a charter for its own government in accordance with AS 29.13.-
10 025 - 29.13.070. [A HOME RULE MUNICIPALITY MAY AMEND ITS CHARTER OR
11 ADOPT A NEW ONE.]

12 (b) A proposed charter for an existing municipality is formed by
13 a charter commission of seven members chosen by the municipal voters
14 at a regular or special election. A candidate for the commission
15 shall be a qualified voter of the municipality and a resident of the
16 municipality for three years immediately preceding the election.

17 (c) A charter commission election is called by filing a petition
18 with the borough assembly or the city council, or by resolution of the
19 borough assembly or city council. The petition shall be signed by a
20 number of municipal voters equal to 15 percent of the votes cast in
21 the last regular election of the municipality.

22 * Sec. 9. AS 29.13.010 is amended by adding new subsections to read:

23 (d) Upon adoption of a charter a

24 (1) first class city shall become a representative home
25 rule city or town meeting home rule city; and

26 (2) second class city shall become a town meeting home rule
27 city.

28 (e) At an election to incorporate as a city, an unincorporated
29 community may adopt a charter for its own government and incorporate

1 as a town meeting home rule city. The proposed charter for an unin-
2 corporated community shall be prepared by the petitioners and filed
3 with the petition to incorporate a town meeting home rule city under
4 AS 29.18.050.

5 (f) A home rule municipality may adopt a new charter.

6 * Sec. 10. AS 29.13.030 is amended to read:

7 Sec. 29.13.030. ELECTION. At the charter commission election
8 the voters of the existing municipality shall consider the question
9 "Shall a charter commission be elected to frame a proposed new char-
10 ter?" and shall select the members of the commission. If the question
11 is approved, the seven candidates receiving the highest number of
12 votes shall immediately organize as a charter commission.

13 * Sec. 11. AS 29.13.070 is amended to read:

14 Sec. 29.13.070. CHARTER ADOPTION OR REJECTION. (a) If a major-
15 ity of those voting in an existing municipality [ON THE QUESTION]
16 favor the proposed charter or if a majority of those voting in an
17 unincorporated community favor incorporation of a town meeting home
18 rule city, the charter, [IT] becomes the organic law of the municipal-
19 ity. Thereafter, the court shall take judicial notice of the charter.
20 The municipality shall file the indicated number of copies of the
21 charter with the

22 (1) lieutenant governor - two copies;

23 (2) Department of Community and Regional Affairs - two
24 copies;

25 (3) district recorder - one copy;

26 (4) municipal clerk - one copy.

27 (b) If a proposed charter for an existing municipality is re-
28 jected, the charter commission shall prepare another proposed charter
29 to be submitted to the voters at a regular or special election to be

1 held within one year after the date of the first charter election. If
2 the second proposed charter is also rejected, the charter commission
3 shall be dissolved and the question of adoption of a charter shall be
4 treated as if it had never been proposed or approved.

5 * Sec. 12. AS 29.13.070 is amended by adding a new subsection to read:

6 (c) If incorporation of a town meeting home rule city is reject-
7 ed by the voters in an unincorporated community, the proposed charter
8 is rejected.

9 * Sec. 13. AS 29.13 is amended by adding a new section to read:

10 Sec. 29.13.072. CHARTERS FOR TOWN MEETING HOME RULE CITIES. A
11 town meeting home rule city shall be governed as a direct democracy
12 through town council meetings. In addition to other requirements for
13 a home rule charter, the charter of a town meeting home rule city
14 shall provide for

15 (1) regular town council meetings to be held at least once
16 each year;

17 (2) a procedure for calling a special town council meeting
18 by the voters;

19 (3) the preparation of an agenda for each town council
20 meeting, including a procedure to enable any voter to insert an item
21 into the agenda;

22 (4) the election and term of office of a moderator to
23 preside over town council meetings;

24 (5) procedures for conducting town council meetings, in-
25 cluding procedures for voting and adopting ordinances and resolutions;

26 (6) preparation and distribution to the voters of a report
27 of actions taken at each town council meeting;

28 (7) the election and term of office of at least three
29 council members to provide for the administration of the city and

1 carry out the duties prescribed by law or charter; and

2 (8) the appointment or election of a finance committee that
3 shall be responsible for the preparation of the city budget for each
4 fiscal year, submit the budget to the voters at a town council meeting
5 for approval, and perform other duties prescribed by charter or ordi-
6 nance.

7 * Sec. 14. AS 29.13.080 is amended to read:

8 Sec. 29.13.080. CHAPTER AMENDMENT. A municipal charter may be
9 amended as provided in the charter or by initiative or referendum [AS
10 PROVIDED IN AS 29.28.060 - 29.28.110], except that an amendment is not
11 effective unless

12 (1) ratified by the voters; or

13 (2) in a town meeting home rule city, approved by the
14 voters at a town council meeting.

15 * Sec. 15. AS 29.18.011 is amended by adding a new subsection to read:

16 (c) A community that meets the standards established in (a)(2) -
17 (4) of this section may incorporate as a town meeting home rule city.

18 * Sec. 16. AS 29.18.050 is amended to read:

19 Sec. 29.18.050. PETITION. Municipal incorporation is proposed
20 by filing a petition with the Department of Community and Regional
21 Affairs. The petition shall include the following information about
22 the proposed municipality:

23 (1) class;

24 (2) name;

25 (3) boundaries;

26 (4) unless the proposed municipality is a town meeting home
27 rule city, composition and apportionment of the assembly or council;

28 (5) for a first class borough, a designation of areawide
29 powers to be exercised;

1 (6) for a second class borough, a designation of areawide
2 and nonareawide powers to be exercised;

3 (7) maps, documents, and other information required by the
4 Department of Community and Regional Affairs;

5 (8) for a first class city [INCORPORATION], the signatures
6 and resident address of 50 permanent resident voters or of 15 percent
7 of the permanent resident voters within the proposed municipality,
8 whichever is greater, based on the number who voted in the area in the
9 last general election;

10 (9) for a town meeting home rule city or a second class
11 city [INCORPORATION], the signature and resident address of 25 perma-
12 nent resident voters or of 15 percent of the permanent resident voters
13 within the proposed municipality, whichever is greater, based on the
14 number who voted in the area in the last general election;

15 (10) for a borough [INCORPORATION], the signature and resi-
16 dent address of 15 percent of the permanent resident voters in each
17 first class city and 15 percent of voters in the area outside first
18 class cities based on the number who voted in the respective areas in
19 the last general election;

20 (11) for a first or second class city, a designation of the
21 powers proposed by the petitioners to be exercised;

22 (12) a proposed operating budget for the municipality pro-
23 jecting sources of income and items of expenditure through the first
24 full fiscal year of operation;

25 (13) for a town meeting home rule city, a proposed home rule
26 charter.

27 * Sec. 17. AS 29.18.110 is amended by adding a new subsection to read:

28 (e) A home rule charter included in an incorporation petition
29 under AS 29.18.050(13) is considered part of the incorporation

1 question. The home rule charter is adopted if the voters approve
2 incorporation of the town meeting home rule city.

3 * Sec. 18. AS 29.18.180(a) is amended to read:

4 (a) For the purpose of defraying the cost of transition to
5 borough or city government and in order to provide for development and
6 interim governmental operations, each borough and city incorporated
7 after January 1, 1968, or, in the case of a second class city, incor-
8 porated or reclassified after January 1, 1968, other than a unified
9 municipality incorporated under the provisions of AS 29.68.240 -
10 29.68.440 or former AS 29.85, or a municipality otherwise incorporated
11 by consolidation, is entitled to an organization grant equal to \$10
12 for every voter who voted in the borough or city incorporation elec-
13 tion. However, each incorporated borough, [AND EACH] first class
14 city, and town meeting home rule city incorporated or established by
15 reclassification outside an organized borough is entitled to at least
16 \$25,000.

17 * Sec. 19. AS 29.23.200 is amended to read:

18 Sec. 29.23.200. COMPOSITION, ELIGIBILITY, ELECTION AND TERM.

19 (a) Each ~~first class representative home rule~~ city has a council of
20 six members elected by the voters at large. Each ~~first or second~~
21 class town meeting home rule city has a council consisting of all
22 permanent resident voters within the city boundaries [SEVEN MEMBERS
23 ELECTED BY THE VOTERS AT LARGE]. The council of a first ~~[OR SECOND]~~
24 class representative home rule city may by ordinance provide for
25 election of members other than on an at-large basis for all members.

26 (b) A city voter is eligible to hold office as a member of the
27 council. The council may by ordinance establish residence require-
28 ments for council members not exceeding three years. A council member
29 who ceases to be eligible to be a city voter immediately forfeits that

*Revised
Sec. 19*

AMZ

*delete
brackets*

no longer exists

*85 bill
Revised TITLE 29*

1 office.

2 (c) Except for town meeting home rule cities, council members
3 [COUNCILMEN] are selected for three-year terms and until their succes-
4 sors are elected and have qualified. The regular term of office
5 begins on the first Monday following certification of the election.
6 The council may provide by ordinance for different terms not to exceed
7 four years, except that the current term of incumbent councilmen may
8 not be altered.

9 * Sec. 20. AS 29.23.210 is amended by adding a new subsection to read:

10 (e) This section applies to representative home rule cities and
11 general law cities.

12 * Sec. 21. AS 29.23.250(a) is amended to read:

13 (a) A voter of a representative home rule or a general law city
14 is eligible to hold the office of mayor, except that a representative
15 home rule city may prescribe additional residency requirements by
16 charter. The council, for all other cities except town meeting home
17 rule cities, may by ordinance establish residence requirements for
18 candidates for mayor not exceeding three years.

19 * Sec. 22. AS 29.23.255 is amended by adding a new subsection to read:

20 (b) This section applies to general law and home rule municipal-
21 ities except town meeting home rule cities.

22 * Sec. 23. AS 29.23.540(c) is amended to read:

23 (c) A state employee or school district employee may not be
24 denied the right to serve as an elected municipal official because of
25 employment by the state or a school district unless specifically
26 prohibited by charter or ordinance [OF A MUNICIPALITY,] adopted at a
27 special or general election or at a town council meeting election.
28 However, a school district employee may not serve on a school district
29 board in the school district where employed. [PROVISIONS OF THIS

1 SECTION DO NOT APPLY TO TERM OF OFFICE IN EFFECT ON AUGUST 24, 1976.]

2 * Sec. 24. AS 29.28.010(a) is amended to read:

3 (a) The governing body [BOROUGH ASSEMBLY OR CITY COUNCIL] shall
4 prescribe the general rules for conducting regular and special municipi-
5 pal elections and appoint at least three judges for each polling
6 place. The general rules for conducting town council meeting elec-
7 tions shall be prescribed in the charter of a town meeting home rule
8 city. A [THE] municipality may not alter the voter qualification
9 requirements of this title.

10 * Sec. 25. AS 29.28.250 is amended to read:

11 Sec. 29.28.250. ELECTION OF SUCCESSOR. If the voters recall an
12 officer, the clerk shall conduct an election for a successor to fill
13 the unexpired term. The election shall be held at least 10 but not
14 more than 45 days from the date of the recall election. However, if a
15 regular or special election occurs within 75 days of the recall elec-
16 tion, the successor to the recalled official shall be chosen at that
17 regular or special election. Unless the incumbent was elected in a
18 town council meeting of a town meeting home rule city, the [THE]
19 procedures and requirements for the regular election for the office
20 from which the incumbent is recalled apply to the election conducted
21 under this section.

22 * Sec. 26. AS 29.43.030 is amended to read:

23 Sec. 29.43.030. EDUCATION. A representative home [HOME] rule
24 and a first class city [CITIES] outside a borough constitutes a [BOR-
25 OUGHS CONSTITUTE] city school district [DISTRICTS] and shall estab-
26 lish, maintain, and operate a system of public schools as provided by
27 AS 29.33.050 for boroughs.

28 * Sec. 27. AS 29.43.030 is amended by adding a new subsection to read:

29 (b) A town meeting home rule city is not a school district and

1 may not establish a system of public schools.

2 * Sec. 28. AS 29.43.040 is amended to read:

3 Sec. 29.43.040. PLANNING AND ZONING. (a) A representative home
4 [HOME] rule or a [AND] first class city [CITIES] outside a first or
5 [AND] second class borough [BOROUGH] shall, and a town meeting home
6 rule or second class city [CITIES] outside a first or [AND] second
7 class borough [BOROUGH] may, provide for planning, platting and
8 zoning, as provided by AS 29.33.070 - 29.33.245 for boroughs.

9 (b) A representative home [HOME] rule or a [AND] first class
10 city [CITIES] within a third class borough [BOROUGH] shall, and a
11 town meeting home rule or second class city [CITIES] within a third
12 class borough [BOROUGH] may, provide for planning, platting and
13 zoning, as provided by AS 29.33.070 - 29.33.245 for boroughs.

14 * Sec. 29. AS 29.48.050 is amended to read:

15 Sec. 29.48.050. FRANCHISES AND PERMITS. (a) The assembly
16 acting for the area outside cities and the governing body of the city
17 [COUNCIL] acting for the area within a city may grant franchises,
18 including exclusive franchise privileges, for the construction, opera-
19 tion and maintenance of bus transportation systems and public util-
20 ities not regulated under AS 42.05 and may permit them the use of
21 streets and other public places under regulations prescribed by ordi-
22 nance.

23 (b) A franchise is not valid until it has been submitted to the
24 qualified voters of the city or borough area outside cities in which
25 it applies, and at least 55 percent of the votes cast are in favor of
26 the franchise. At least 30 days notice of a franchise referendum
27 election shall be given in the same manner as is provided for notice
28 of regular municipal elections, and the notice shall specify the
29 purpose of the election. The ordinance granting a franchise shall

1 provide for its submission for ratification to the qualified voters of
2 the city or borough area outside cities at either a regular or special
3 election, and the result of the election shall be canvassed publicly
4 by the council or assembly and spread upon the records of the minutes
5 and the result declared and certified in the same manner as in a
6 regular election. This subsection does not apply to town meeting home
7 rule cities.

8 (c) Public utilities regulated under AS 42.05 have the right to
9 use the streets and other public places, upon payment of a reasonable
10 permit fee and on reasonable terms and conditions and with reasonable
11 exceptions the governing body [ASSEMBLY OR COUNCIL] requires. A
12 dispute as to whether fees, terms, conditions, or exceptions are
13 reasonable shall be decided by the Alaska Public Utilities Commission.

14 * Sec. 30. AS 29.48.060 is amended to read:

15 Sec. 29.48.060. PUBLIC UTILITIES RATES. The assembly acting for
16 the area outside cities and the governing body of the city [COUNCIL]
17 acting for the area within a city may regulate, fix, establish and
18 change, as it considers proper, the rates and charges imposed for
19 utilities services given to the municipality or its inhabitants by a
20 municipally owned utility not regulated under AS 42.05.010 - 42.05.721
21 and may regulate and provide what is a reasonable deposit for meters
22 and security for service to be given, provided that interest is paid
23 on the deposit. All rates, charges and regulations shall be reason-
24 able and shall permit a fair and reasonable return on invested capi-
25 tal.

26 * Sec. 31. AS 29.48.070 is amended to read:

27 Sec. 29.48.070. HEARING FOR REGULATION OF UTILITIES RATES. If
28 the governing body [ASSEMBLY OR COUNCIL] considers it advisable to
29 regulate, change, or fix the rates to be charged by a public service

1 corporation, association or individual not regulated under AS 42.05,
2 it shall order a hearing to be held before the governing body at a
3 time and place specified. Notice of the hearing shall be given by at
4 least one publication in a newspaper of general circulation distribut-
5 ed within the municipality or, if no newspaper of general circulation
6 is distributed within the municipality, notice shall be given by
7 posting a notice in three public places within the city or borough
8 area outside cities receiving the utilities services and by serving
9 written notice upon the corporations, associations and individuals
10 whose rates are to be regulated, fixed, or changed in the same manner
11 that summonses are served. The notices shall be published or posted
12 and served at least 15 days before the hearing.

13 * Sec. 32. AS 29.48.090 is amended to read:

14 Sec. 29.48.090. FURTHER PROCEEDINGS. A hearing under AS 29.48.-
15 070 shall begin at the time stated in the notice but may be continued
16 from time to time. Except in a town meeting home rule city, at [AT]
17 least a quorum of the assembly or council shall be present at the
18 hearing. At the conclusion of the hearing the parties interested may
19 make [SUCH] arguments before the governing body [ASSEMBLY OR COUNCIL],
20 either in person or by attorney, as they consider proper, touching the
21 matters at issue, and thereafter the governing body [ASSEMBLY OR
22 COUNCIL] shall proceed to regulate and fix the rates by ordinance.
23 The date upon which the rates fixed or regulated take effect shall be
24 stated in the ordinance and shall be at least 10 days after passage
25 and approval of the ordinance.

26 * Sec. 33. AS 29.48.180(b) is amended to read:

27 (b) Within three years after incorporation of the municipality,
28 the municipal executive or the town council in a town meeting home
29 rule city, with the advice and assistance of a legal advisor, shall

1 have prepared a general codification of all municipal ordinances of
2 general applicability having the force and effect of law. The municipi-
3 pal code shall be revised and printed at least every five years,
4 unless the code is kept current by regular supplements.

5 * Sec. 34. AS 29.48.220 is amended to read:

6 Sec. 29.48.220. POST AUDIT. The governing body [ASSEMBLY OR
7 COUNCIL] shall provide for an annual independent audit of the accounts
8 and financial transactions of the municipality or, in the case of a
9 second class city, an audit or statement of annual income and expendi-
10 tures. To make the audit the governing body [ASSEMBLY OR COUNCIL]
11 shall designate a public accountant who has no personal interest,
12 direct or indirect, in the fiscal affairs of the municipality. Copies
13 of the audit shall be available to the public upon request. This
14 section applies to home rule and general law municipalities.

15 * Sec. 35. AS 29.53.025(a) is amended to read:

16 (a) Except for a town meeting home rule city, a municipality
17 [MUNICIPALITIES] may exclude, [OR] exempt, or partially exempt resi-
18 dential property from taxation by ordinance ratified by the voters at
19 a regular or special election. A town meeting home rule city may
20 exclude, exempt, or partially exempt residential property from taxa-
21 tion by ordinance adopted at a town council meeting. An exclusion or
22 exemption authorized by this section may not exceed \$10,000 for any
23 one residence.

24 * Sec. 36. AS 29.63.065(b) is amended to read:

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

29 (1) the claimant must file the initial application during

1 the period of time between the date the assessment roll is certified
2 and the time of payment fixed by the governing body [ASSEMBLY OR
3 COUNCIL]; within one year of the date the assessment roll is certi-
4 fied the governing body [ASSEMBLY OR COUNCIL] for good cause shown may
5 waive the claimant's failure to make timely initial application for
6 the exemption and authorize the assessor to accept the application as
7 if timely filed;

8 (2) a claimant receiving the exemption must file with the
9 department by March 15 of each subsequent year a separate application
10 proving eligibility as of January 1 in order to retain the exemption;
11 within the same year the department for good cause shown may waive the
12 claimant's failure to make timely application and approve the applica-
13 tion as if timely filed;

14 (3) if an application is filed within the required time
15 under this subsection and is approved by the governing body [ASSEMBLY
16 OR COUNCIL], the exemption shall be allowed in accordance with the
17 provisions of this section; if a waiver under this subsection is
18 granted and the application for exemption approved, the amount of any
19 assessment, penalty or interest that [WHICH] the claimant may have
20 already paid on the assessment shall be refunded; the municipality may
21 at any time require proof in the form considered necessary of the
22 right and amount of an exemption claimed under this section.

23 * Sec. 37. AS 29.78.010 is amended by adding a new paragraph to read:

24 (20) "governing body" means a borough assembly, city coun-
25 cil, or the voters of a town meeting home rule city acting in a town
26 council meeting.

27 * Sec. 38. AS 29.95.020(a) is amended to read:

28 (a) A municipality qualifying for an entitlement under AS 29.80
29 or AS 29.89.010 - 29.89.100 shall receive a minimum payment of \$25,000

1 plus an area cost-of-living differential for each fiscal year if:

2 (1) during the fiscal year preceding the year for which
3 payment of an entitlement is authorized under AS 29.88 or AS 29.89.-
4 010 - 29.89.100, the municipality has conducted a regular

5 (A) election under AS 29.28.010 - 29.28.050 [DURING
6 THE FISCAL YEAR PRECEDING THE YEAR FOR WHICH PAYMENT OF AN EN-
7 TITLEMENT IS AUTHORIZED BY AS 29.88.010 - 29.88.045 or 29.89.-
8 010 - 29.89.100] and has reported the results of the election to
9 the commissioner of the Department of Community and Regional
10 Affairs; or

11 (B) town council meeting if it is a town meeting home
12 rule city;

13 (2) unless it is a town meeting home rule city, regular
14 council meetings are held in the municipality in accordance with the
15 requirements of AS 29.23.210 during the fiscal year preceding the year
16 for which payment of an entitlement is authorized by AS 29.88 or
17 AS 29.89.010 - 29.89.100 and a record of the proceedings is main-
18 tained;

19 (3) a municipal budget has been adopted for the fiscal year
20 during which payment of an entitlement is authorized by AS 29.88 or
21 AS 29.89.010 - 29.89.100 and an audit or financial statement for the
22 preceding fiscal year has been prepared and furnished to the Depart-
23 ment of Community and Regional Affairs in accordance with AS 29.-
24 23.560(a); and

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

27 * Sec. 39. AS 35.15.120(2) is amended to read:

28 (2) "governing body" means in the case of a municipality,
29 its assembly or council, or, if it is a town meeting home rule city,

1 the voters acting in a town council meeting, and, in the case of a
2 regional educational attendance area, its regional school board;

3 * Sec. 40. AS 39.20.340(a) is amended to read:

4 (a) An employee of the state, or a municipality [POLITICAL
5 SUBDIVISION,] with the approval of the governing body [CITY COUNCIL OR
6 BOROUGH ASSEMBLY], who is a member of a reserve or auxiliary component
7 of the United States Armed Forces is entitled to a leave of absence
8 without loss of pay, time or efficiency rating on all days during
9 which the employee is ordered to training duty, as distinguished from
10 active duty, with troops or at field exercises, or for instruction, or
11 when under direct military control in the performance of a search and
12 rescue mission. The leave of absence may not exceed 16 1/2 working
13 days in any 12-month period.

14 * Sec. 41. AS 39.20.350 is amended to read:

15 Sec. 39.20.350. RESTORATION OF RESERVE MEMBERS TO FORMER POSI-
16 TIONS. A member of a reserve component of the United States Armed
17 Forces employed by the state, a political subdivision, or a municipal
18 corporation with the approval of the governing body [CITY COUNCIL] who
19 is ordered to duty by proper authority, shall, when relieved from
20 duty, be restored to the position the employee held when ordered to
21 duty.

22 * Sec. 42. AS 39.50.145 is amended to read:

23 Sec. 39.50.145. PARTICIPATION BY MUNICIPALITIES. A municipality
24 may exempt its municipal officers from the requirements of this chap-
25 ter if a majority of the voters voting on the question at any regular
26 election, as defined by AS 29.78.010(14), or a special municipality-
27 wide election, vote to exempt its municipal officers from the require-
28 ments of this chapter. The question of exemption from the require-
29 ments of this chapter may be submitted by the governing body [CITY

1 COUNCIL OR BOROUGH ASSEMBLY] by ordinance or by initiative ordinance.

2 * Sec. 43. AS 42.30.030 is amended to read:

3 Sec. 42.30.030. BOOKS OF ACCOUNT. Every person installing,
4 operating or maintaining a public service plant for the purpose of
5 supplying the city or the inhabitants of the city with telephone
6 service, water, power, light, wharfage, dockage, storage, heat or
7 light, or rendering other kindred public service shall keep correct
8 books of account in permanent convenient form showing in detail the
9 volume of business done, the character of the business done, the
10 quantity and kind of service rendered, rates charged, and all expenses
11 incurred in connection with the operation of the enterprise, showing
12 the items of expense in detail. The books shall be open to inspection
13 by the mayor, [AND THE] city council and [BY] an accredited agent,
14 auditor, or representative appointed by the mayor, [AND] city council,
15 or voters at a town meeting home rule city at a town council meeting.

16 * Sec. 44. AS 42.30.040 is amended to read:

17 Sec. 42.30.040. ANNUAL STATEMENT. (a) During April of each
18 year, each person engaged in furnishing a public service, except a
19 rural electrification or telephone cooperative or nonprofit asso-
20 ciation receiving financial assistance from the federal government
21 under the Rural Electrification Act, shall file with the city council
22 a written statement under oath, sworn to by the person having the
23 management and control of the business or other person familiar with
24 all the facts. The statement shall contain a detailed list of all
25 property used in connection with the enterprise and shall give the
26 valuation of each piece of property listed. It shall also contain a
27 statement of the receipts and disbursements during the year, and the
28 profits or losses. The statement of disbursements shall show to whom
29 each item was paid and what for. The statement shall be for the

1 calendar year preceding and shall be for the use of the governing body
2 of the city [COUNCIL].

3 [(b) THE CITY COUNCIL IS NOT BOUND BY THE STATEMENT BUT MAY
4 INQUIRE INTO ITS TRUTH.]

5 * Sec. 45. AS 44.47.145(d) is amended to read:

6 (d) Before a grant is made under this section, the governing
7 body [CITY COUNCIL] or, if the community is not incorporated, a rea-
8 sonable representative body in the community shall agree in writing to
9 maintain and operate the bulk storage facility to be constructed with
10 the proceeds of the grant.

11 * Sec. 46. AS 44.88.220(5) is amended to read:

12 (5) "governing body of a political subdivision" means, when
13 used with respect to the location of a project, the council or the
14 voters of a town meeting home rule city acting in a town council
15 meeting if the project is to be located in a city in the unorganized
16 borough, or the assembly if the project is to be located in an or-
17 ganized borough or a unified municipality;

18 * Sec. 47. AS 46.40.130(a) is amended to read:

19 (a) Organization of a coastal resource service area may be
20 initiated

21 (1) by submission to the council of a petition signed by a
22 number of registered voters equal to 15 percent of the number of votes
23 cast within the coastal resource service area at the last state gener-
24 al election;

25 (2) by submission to the council of a resolution approved
26 by the governing body [CITY COUNCIL] or traditional village council of
27 not less than 25 percent of the number of cities and villages within
28 the coastal service area; or

29 (3) at the direction of a majority of the members of the

1 council in the manner set out in AS 46.40.160.

2 * Sec. 48. AS 46.40.180(a) is amended to read:

3 (a) Before adoption by a coastal resource service area board, or
4 by the Department of Community and Regional Affairs under AS 46.40.-
5 170, a district coastal management program shall be submitted for
6 review to each city or village within the coastal resource service
7 area. The governing body [COUNCIL] of a city or traditional village
8 council shall consider the program submitted for review. Within 60
9 days of submission, the governing body [COUNCIL] of a city or tra-
10 ditional village council shall either approve the program or enter
11 objections to all or any portion of the program.

12 * Sec. 49. AS 46.40.180(c) is amended to read:

13 (c) Objection by a city [COUNCIL] under (b) of this section is
14 limited to objection to elements of the program affecting resources or
15 the use of resources within the corporate limits of the city. Objec-
16 tion by a traditional village council under (b) of this section is
17 limited to objection to elements of the program affecting resources or
18 the use of resources within the village or within two miles of the
19 village.

20 * Sec. 50. This Act takes effect January 1, 1986.

21

Introduced: 3/25/85
Referred: Community & Regional
Affairs and Judiciary

*Executive Power of
Home Rule Limitation
29.10.200*

1 IN THE HOUSE

BY KOPONEN, HURLEY AND MARROU

2 HOUSE BILL NO. 325

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to home rule municipalities, author-
7 izing the incorporation of town meeting home rule
8 cities; and providing for an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. AS 04.11.090(e) is amended to read:

11 (e) A holder of a beverage dispensary license may not maintain
12 upon the licensed premises more than one room in which there is regu-
13 larly maintained a fixed counter or service bar at which alcoholic
14 beverages are sold or served to members of the public for consumption
15 unless the holder of a beverage dispensary license [HE] is issued by
16 the board, after investigation, a duplicate of the original license
17 for each of the rooms. The holder of the beverage dispensary license
18 shall pay to the board with each application for a duplicate license
19 an amount equal to the fee payable for the original beverage dispen-
20 sary license under (b) of this section. If the licensed premises are
21 located within a municipality, a duplicate beverage dispensary license
22 may not be issued unless approved by the local governing body [COUNCIL
23 OR ASSEMBLY, AS APPROPRIATE].

24 * Sec. 2. AS 04.21.080(b)(10) is amended to read:

25 (10) "local governing body" means, as appropriate, a city
26 council, a borough assembly, the voters of a town meeting home rule
27 city acting in a town council meeting, or a traditional village coun-
28 cil, but does not include a corporation established under the Alaska
29 Native Claims Settlement Act;

① P.6 Lin 22
② P.9 Lin 20

Ⓟ

1 * Sec. 3. AS 08.60.060 is amended to read:

2 Sec. 08.60.060. CERTIFICATE OF LOCATION. A person using or
3 proposing to use a location for a commercial or public junk yard must
4 obtain a certificate of approval for the location. If the location is
5 in a city of any class, the certificate shall be procured from the
6 governing body [CITY COUNCIL] or its designee. If the location is
7 outside the city limits but within the boundaries of an organized
8 borough, the certificate shall be procured from the assembly of the
9 organized borough or its designee. If the location is outside an
10 incorporated city or borough, the certificate of location shall be
11 obtained from the commissioner of public safety.

12 * Sec. 4. AS 08.60.070 is amended to read:

13 Sec. 08.60.070. STANDARDS FOR LOCATION AND REGULATION. The
14 commissioner of public safety and the governing body of a municipa'ity
15 [, THE CITY COUNCIL, AND ORGANIZED BOROUGH ASSEMBLY], in considering
16 applications and regulations, shall take into account

17 (1) the nature and development of surrounding property;

18 (2) the need to protect the local economy, adjacent land
19 owners, and the motoring public from economically depressing and
20 unsightly roadside locations;

21 (3) the proximity of churches, schools, hospitals, public
22 buildings, recreation areas, or other places of public gathering;

23 (4) the sufficiency in number of other similar business
24 establishments in the vicinity;

25 (5) the adequacy of fences and other types of enclosures to
26 prevent the unsightly display of a junk yard;

27 (6) the health, safety, and general welfare of the public;

28 (7) the suitability of the applicant to establish, main-
29 tain, or operate the business under AS 08.60.050 - 08.60.100.

1 * Sec. 5. AS 14.12.010 is amended to read:

2 Sec. 14.12.010. DISTRICTS OF STATE PUBLIC SCHOOL SYSTEM. The
3 districts of the state public school system are as follows:

4 (1) each representative home rule city and each first class
5 city in the unorganized borough is a city school district;

6 (2) each organized borough is a borough school district;

7 (3) the area outside organized boroughs and outside first
8 class cities is divided into regional educational attendance areas.

9 * Sec. 6. AS 15.13.010(a) is amended to read:

10 (a) This chapter applies in every election for governor, lieu-
11 tenant governor, a member of the state legislature, a delegate to a
12 constitutional convention, or judge seeking electoral confirmation.
13 It also applies to every candidate for election to a municipal office
14 in a city or borough with a population of more than 1,000 inhabitants
15 according to the latest United States census figures or estimates of
16 population certified as correct for administrative purposes by the
17 Department of Community and Regional Affairs. A municipality may
18 exempt its elected municipal officers from the requirements of this
19 chapter if a majority of the voters voting on the question at any
20 regular election, as defined by AS 29.78.010(14), or a special munic-
21 ipality-wide election called for that purpose, vote to exempt its
22 elected municipal officers from the requirements of this chapter. The
23 question of exemption from the requirements of this chapter may be
24 submitted by [THE CITY COUNCIL OR BOROUGH ASSEMBLY BY] ordinance
25 adopted by the governing body or by initiative ordinance. Nothing in
26 this chapter prohibits a municipality from regulating by ordinance
27 campaign contributions and expenditures.

28 * Sec. 7. AS 29.08.010 is amended to read:

29 Sec. 29.08.010. HOME RULE. A home rule municipality is a

1 municipal corporation and political subdivision and is a unified
2 municipality, representative or town meeting home rule city, [OF THE
3 FIRST CLASS] or an organized borough that has adopted a home rule
4 charter. It has all legislative powers not prohibited by law or
5 charter.

6 * Sec. 8. AS 29.13.010 is amended to read:

7 Sec. 29.13.010. MUNICIPAL CHARTER ADOPTION. (a) A first class
8 municipality, [OR] second class borough, or second class city may
9 adopt a charter for its own government in accordance with AS 29.13.-
10 025 - 29.13.070. [A HOME RULE MUNICIPALITY MAY /MEND ITS CHARTER OR
11 ADOPT A NEW ONE.]

12 (b) A proposed charter for an existing municipality is framed by
13 a charter commission of seven members chosen by the municipal voters
14 at a regular or special election. A candidate for the commission
15 shall be a qualified voter of the municipality and a resident of the
16 municipality for three years immediately preceding the election.

17 (c) A charter commission election is called by filing a petition
18 with the borough assembly or the city council, or by resolution of the
19 borough assembly or city council. The petition shall be signed by a
20 number of municipal voters equal to 15 percent of the votes cast in
21 the last regular election of the municipality.

22 * Sec. 9. AS 29.13.010 is amended by adding new subsections to read:

23 (d) Upon adoption of a charter a

24 (1) first class city shall become a representative home
25 rule city or town meeting home rule city; and

26 (2) second class city shall become a town meeting home rule
27 city.

28 (e) At an election to incorporate as a city, an unincorporated
29 community may adopt a charter for its own government and incorporate

1 as a town meeting home rule city. The proposed charter for an unin-
2 corporated community shall be prepared by the petitioners and filed
3 with the petition to incorporate a town meeting home rule city under
4 AS 29.18.050.

5 (f) A home rule municipality may adopt a new charter.

6 * Sec. 10. AS 29.13.030 is amended to read:

7 Sec. 29.13.030. ELECTION. At the charter commission election
8 the voters of the existing municipality shall consider the question
9 "Shall a charter commission be elected to frame a proposed new char-
10 ter?" and shall select the members of the commission. If the question
11 is approved, the seven candidates receiving the highest number of
12 votes shall immediately organize as a charter commission.

13 * Sec. 11. AS 29.13.070 is amended to read:

14 Sec. 29.13.070. CHARTER ADOPTION OR REJECTION. (a) If a major-
15 ity of those voting in an existing municipality [ON THE QUESTION]
16 favor the proposed charter or if a majority of those voting in an
17 unincorporated community favor incorporation of a town meeting home
18 rule city, the charter, [IT] becomes the organic law of the municipal-
19 ity. Thereafter, the court shall take judicial notice of the charter.
20 The municipality shall file the indicated number of copies of the
21 charter with the

22 (1) lieutenant governor - two copies;

23 (2) Department of Community and Regional Affairs two
24 copies;

25 (3) district recorder - one copy;

26 (4) municipal clerk - one copy.

27 (b) If a proposed charter for an existing municipality is re-
28 jected, the charter commission shall prepare another proposed charter
29 to be submitted to the voters at a regular or special election to be

1 held within one year after the date of the first charter election. If
2 the second proposed charter is also rejected, the charter commission
3 shall be dissolved and the question of adoption of a charter shall be
4 treated as if it had never been proposed or approved.

5 * Sec. 12. AS 29.13.070 is amended by adding a new subsection to read:

6 (c) If incorporation of a town meeting home rule city is reject-
7 ed by the voters in an unincorporated community, the proposed charter
8 is rejected.

9 * Sec. 13. AS 29.13 is amended by adding a new section to read:

10 Sec. 29.13.072. CHARTERS FOR TOWN MEETING HOME RULE CITIES. A
11 town meeting home rule city shall be governed as a direct democracy
12 through town council meetings. In addition to other requirements for
13 a home rule charter, the charter of a town meeting home rule city
14 shall provide for

15 (1) regular town council meetings to be held at least once
16 each year;

17 (2) a procedure for calling a special town council meeting
18 by the voters;

19 (3) the preparation of an agenda for each town council
20 meeting, including a procedure to enable any voter to insert an item
21 into the agenda;

22 (4) the election and term of office of a ^{mayor}~~moderator~~ to
23 preside over town council meetings;

24 (5) procedures for conducting town council meetings, in-
25 cluding procedures for voting and adopting ordinances and resolutions;

26 (6) preparation and distribution to the voters of a report
27 of actions taken at each town council meeting;

28 (7) the election and term of office of at least three
29 council members to provide for the administration of the city and

1 carry out the duties prescribed by law or charter; and

2 (8) the appointment or election of a finance committee that
3 shall be responsible for the preparation of the city budget for each
4 fiscal year, submit the budget to the voters at a town council meeting
5 for approval, and perform other duties prescribed by charter or ordi-
6 nance.

7 * Sec. 14. AS 29.13.080 is amended to read:

8 Sec. 29.13.080. CHARTER AMENDMENT. A municipal charter may be
9 amended as provided in the charter or by initiative or referendum [AS
10 PROVIDED IN AS 29.28.060 - 29.28.110], except that an amendment is not
11 effective unless

12 (1) ratified by the voters; or

13 (2) in a town meeting home rule city, approved by the
14 voters at a town council meeting.

15 * Sec. 15. AS 29.18.011 is amended by adding a new subsection to read:

16 (c) A community that meets the standards established in (a)(2) -
17 (4) of this section may incorporate as a town meeting home rule city.

18 * Sec. 16. AS 29.18.050 is amended to read:

19 Sec. 29.18.050. PETITION. Municipal incorporation is proposed
20 by filing a petition with the Department of Community and Regional
21 Affairs. The petition shall include the following information about
22 the proposed municipality:

23 (1) class;

24 (2) name;

25 (3) boundaries;

26 (4) unless the proposed municipality is a town meeting home
27 rule city, composition and apportionment of the assembly or council;

28 (5) for a first class borough, a designation of areawide
29 powers to be exercised;

1 (6) for a second class borough, a designation of areawide
2 and nonareawide powers to be exercised;

3 (7) maps, documents, and other information required by the
4 Department of Community and Regional Affairs;

5 (8) for a first class city [INCORPORATION], the signatures
6 and resident address of 50 permanent resident voters or of 15 percent
7 of the permanent resident voters within the proposed municipality,
8 whichever is greater, based on the number who voted in the area in the
9 last general election;

10 (9) for a town meeting home rule city or a second class
11 city [INCORPORATION], the signature and resident address of 25 perma-
12 nent resident voters or of 15 percent of the permanent resident voters
13 within the proposed municipality, whichever is greater, based on the
14 number who voted in the area in the last general election;

15 (10) for a borough [INCORPORATION], the signature and resi-
16 dent address of 15 percent of the permanent resident voters in each
17 first class city and 15 percent of voters in the area outside first
18 class cities based on the number who voted in the respective areas in
19 the last general election;

20 (11) for a first or second class city, a designation of the
21 powers proposed by the petitioners to be exercised;

22 (12) a proposed operating budget for the municipality pro-
23 jecting sources of income and items of expenditure through the first
24 full fiscal year of operation;

25 (13) for a town meeting home rule city, a proposed home rule
26 charter.

27 * Sec. 17. AS 29.18.110 is amended by adding a new subsection to read:

28 (e) A home rule charter included in an incorporation petition
29 under AS 29.18.050(13) is considered part of the incorporation

1 question. The home rule charter is adopted if the voters approve
2 incorporation of the town meeting home rule city.

3 * Sec. 18. AS 29.18.180(a) is amended to read:

4 (a) For the purpose of defraying the cost of transition to
5 borough or city government and in order to provide for development and
6 interim governmental operations, each borough and city incorporated
7 after January 1, 1968, or, in the case of a second class city, incor-
8 porated or reclassified after January 1, 1968, other than a unified
9 municipality incorporated under the provisions of AS 29.68.240 -
10 29.68.440 or former AS 29.85, or a municipality otherwise incorporated
11 by consolidation, is entitled to an organization grant equal to \$10
12 for every voter who voted in the borough or city incorporation elec-
13 tion. However, each incorporated borough, [AND EACH] first class
14 city, and town meeting home rule city incorporated or established by
15 reclassification outside an organized borough is entitled to at least
16 \$25,000.

17 * Sec. 19. AS 29.23.200 is amended to read:

18 Sec. 29.23.200. COMPOSITION, ELIGIBILITY, ELECTION AND TERM.

19 (a) Each ~~first class~~ representative home rule city has a council of
20 six members elected by the voters at large. Each [first or second
21 class] town meeting home rule city has a council consisting of all
22 permanent resident voters within the city boundaries [SEVEN MEMBERS
23 ELECTED BY THE VOTERS AT LARGE]. The council of a ~~first~~ [OR SECOND]
24 ~~class~~ representative home rule city may by ordinance provide for
25 election of members other than on an at-large basis for all members.

26 (b) A city voter is eligible to hold office as a member of the
27 council. The council may by ordinance establish residence require-
28 ments for council members not exceeding three years. A council member
29 who ceases to be eligible to be a city voter immediately forfeits that

OK
change
this
was

1 office.

2 (c) Except for town meeting home rule cities, council members
3 [COUNCILMEN] are selected for three-year terms and until their succes-
4 sors are elected and have qualified. The regular term of office
5 begins on the first Monday following certification of the election.
6 The council may provide by ordinance for different terms not to exceed
7 four years, except that the current term of incumbent councilmen may
8 not be altered.

9 * Sec. 20. AS 29.23.210 is amended by adding a new subsection to read:

10 (e) This section applies to representative home rule cities and
11 general law cities.

12 * Sec. 21. AS 29.23.250(a) is amended to read:

13 (a) A voter of a representative home rule or a general law city
14 is eligible to hold the office of mayor, except that a representative
15 home rule city may prescribe additional residency requirements by
16 charter. The council, for all other cities except town meeting home
17 rule cities, may by ordinance establish residence requirements for
18 candidates for mayor not exceeding three years.

19 * Sec. 22. AS 29.23.255 is amended by adding a new subsection to read:

20 (b) This section applies to general law and home rule municipi-
21 alities except town meeting home rule cities.

22 * Sec. 23. AS 29.23.540(c) is amended to read:

23 (c) A state employee or school district employee may not be
24 denied the right to serve as an elected municipal official because of
25 employment by the state or a school district unless specifically
26 prohibited by charter or ordinance [OF A MUNICIPALITY,] adopted at a
27 special or general election or at a town council meeting election.
28 However, a school district employee may not serve on a school district
29 board in the school district where employed. [PROVISIONS OF THIS

1 SECTION DO NOT APPLY TO TERM OF OFFICE IN EFFECT ON AUGUST 24, 1976.]

2 * Sec. 24. AS 29.28.010(a) is amended to read:

3 (a) The governing body [BOROUGH ASSEMBLY OR CITY COUNCIL] shall
4 prescribe the general rules for conducting regular and special municipi-
5 pal elections and appoint at least three judges for each polling
6 place. The general rules for conducting town council meeting elec-
7 tions shall be prescribed in the charter of a town meeting home rule
8 city. A [THE] municipality may not alter the voter qualification
9 requirements of this title.

10 * Sec. 25. AS 29.28.250 is amended to read:

11 Sec. 29.28.250. ELECTION OF SUCCESSOR. If the voters recall an
12 officer, the clerk shall conduct an election for a successor to fill
13 the unexpired term. The election shall be held at least 10 but not
14 more than 45 days from the date of the recall election. However, if a
15 regular or special election occurs within 75 days of the recall elec-
16 tion, the successor to the recalled official shall be chosen at that
17 regular or special election. Unless the incumbent was elected in a
18 town council meeting of a town meeting home rule city, the [THE]
19 procedures and requirements for the regular election for the office
20 from which the incumbent is recalled apply to the election conducted
21 under this section.

22 * Sec. 26. AS 29.43.030 is amended to read:

23 Sec. 29.43.030. EDUCATION. A representative home [HOME] rule
24 and a first class city [CITIES] outside a borough constitutes a [BOR-
25 OUGHS CONSTITUTE] city school district [DISTRICTS] and shall estab-
26 lish, maintain, and operate a system of public schools as provided by
27 AS 29.33.050 for boroughs.

28 * Sec. 27. AS 29.43.030 is amended by adding a new subsection to read:

29 (b) A town meeting home rule city is not a school district and

1 may not establish a system of public schools.

2 * Sec. 28. AS 29.43.040 is amended to read:

3 Sec. 29.43.040. PLANNING AND ZONING. (a) A representative home
4 [HOME] rule or a [AND] first class city [CITIES] outside a first or
5 [AND] second class borough [BOROUGH] shall, and a town meeting home
6 rule or second class city [CITIES] outside a first or [AND] second
7 class borough [BOROUGH] may, provide for planning, platting and
8 zoning, as provided by AS 29.33.070 - 29.33.245 for boroughs.

9 (b) A representative home [HOME] rule or a [AND] first class
10 city [CITIES] within a third class borough [BOROUGH] shall, and a
11 town meeting home rule or second class city [CITIES] within a third
12 class borough [BOROUGH] may, provide for planning, platting and
13 zoning, as provided by AS 29.33.070 - 29.33.245 for boroughs.

14 * Sec. 29. AS 29.48.050 is amended to read:

15 Sec. 29.48.050. FRANCHISES AND PERMITS. (a) The assembly
16 acting for the area outside cities and the governing body of the city
17 [COUNCIL] acting for the area within a city may grant franchises,
18 including exclusive franchise privileges, for the construction, opera-
19 tion and maintenance of bus transportation systems and public util-
20 ities not regulated under AS 42.05 and may permit them the use of
21 streets and other public places under regulations prescribed by ordi-
22 nance.

23 (b) A franchise is not valid until it has been submitted to the
24 qualified voters of the city or borough area outside cities in which
25 it applies, and at least 55 percent of the votes cast are in favor of
26 the franchise. At least 30 days notice of a franchise referendum
27 election shall be given in the same manner as is provided for notice
28 of regular municipal elections, and the notice shall specify the
29 purpose of the election. The ordinance granting a franchise shall

1 provide for its submission for ratification to the qualified voters of
2 the city or borough area outside cities at either a regular or special
3 election, and the result of the election shall be canvassed publicly
4 by the council or assembly and spread upon the records of the minutes
5 and the result declared and certified in the same manner as in a
6 regular election. This subsection does not apply to town meeting home
7 rule cities.

8 (c) Public utilities regulated under AS 42.05 have the right to
9 use the streets and other public places, upon payment of a reasonable
10 permit fee and on reasonable terms and conditions and with reasonable
11 exceptions the governing body [ASSEMBLY OR COUNCIL] requires. A
12 dispute as to whether fees, terms, conditions, or exceptions are
13 reasonable shall be decided by the Alaska Public Utilities Commission.

14 * Sec. 30. AS 29.48.060 is amended to read:

15 Sec. 29.48.060. PUBLIC UTILITIES RATES. The assembly acting for
16 the area outside cities and the governing body of the city [COUNCIL]
17 acting for the area within a city may regulate, fix, establish and
18 change, as it considers proper, the rates and charges imposed for
19 utilities services given to the municipality or its inhabitants by a
20 municipally owned utility not regulated under AS 42.05.010 - 42.05.721
21 and may regulate and provide what is a reasonable deposit for meters
22 and security for service to be given, provided that interest is paid
23 on the deposit. All rates, charges and regulations shall be reason-
24 able and shall permit a fair and reasonable return on invested capi-
25 tal.

26 * Sec. 31. AS 29.48.070 is amended to read:

27 Sec. 29.48.070. HEARING FOR REGULATION OF UTILITIES RATES. If
28 the governing body [ASSEMBLY OR COUNCIL] considers it advisable to
29 regulate, change, or fix the rates to be charged by a public service

1 corporation, association or individual not regulated under AS 42.05,
2 it shall order a hearing to be held before the governing body at a
3 time and place specified. Notice of the hearing shall be given by at
4 least one publication in a newspaper of general circulation distribut-
5 ed within the municipality or, if no newspaper of general circulation
6 is distributed within the municipality, notice shall be given by
7 posting a notice in three public places within the city or borough
8 area outside cities receiving the utilities services and by serving
9 written notice upon the corporations, associations and individuals
10 whose rates are to be regulated, fixed, or changed in the same manner
11 that summonses are served. The notices shall be published or posted
12 and served at least 15 days before the hearing.

13 * Sec. 32. AS 29.48.090 is amended to read:

14 Sec. 29.48.090. FURTHER PROCEEDINGS. A hearing under AS 29.48.-
15 070 shall begin at the time stated in the notice but may be continued
16 from time to time. Except in a town meeting home rule city, at [AT]
17 least a quorum of the assembly or council shall be present at the
18 hearing. At the conclusion of the hearing the parties interested may
19 make [SUCH] arguments before the governing body [ASSEMBLY OR COUNCIL],
20 either in person or by attorney, as they consider proper, touching the
21 matters at issue, and thereafter the governing body [ASSEMBLY OR
22 COUNCIL] shall proceed to regulate and fix the rates by ordinance.
23 The date upon which the rates fixed or regulated take effect shall be
24 stated in the ordinance and shall be at least 10 days after passage
25 and approval of the ordinance.

26 * Sec. 33. AS 29.48.180(b) is amended to read:

27 (b) Within three years after incorporation of the municipality,
28 the municipal executive or the town council in a town meeting home
29 rule city, with the advice and assistance of a legal advisor, shall

1 have prepared a general codification of all municipal ordinances of
2 general applicability having the force and effect of law. The municipi-
3 pal code shall be revised and printed at least every five years,
4 unless the code is kept current by regular supplements.

5 * Sec. 34. AS 29.48.220 is amended to read:

6 Sec. 29.48.220. POST AUDIT. The governing body [ASSEMBLY OR
7 COUNCIL] shall provide for an annual independent audit of the accounts
8 and financial transactions of the municipality or, in the case of a
9 second class city, an audit or statement of annual income and expendi-
10 tures. To make the audit the governing body [ASSEMBLY OR COUNCIL]
11 shall designate a public accountant who has no personal interest,
12 direct or indirect, in the fiscal affairs of the municipality. Copies
13 of the audit shall be available to the public upon request. This
14 section applies to home rule and general law municipalities.

15 * Sec. 35. AS 29.53.025(a) is amended to read:

16 (a) Except for a town meeting home rule city, a municipality
17 [MUNICIPALITIES] may exclude, [OR] exempt, or partially exempt resi-
18 dential property from taxation by ordinance ratified by the voters at
19 a regular or special election. A town meeting home rule city may
20 exclude, exempt, or partially exempt residential property from taxa-
21 tion by ordinance adopted at a town council meeting. An exclusion or
22 exemption authorized by this section may not exceed \$10,000 for any
23 one residence.

24 * Sec. 36. AS 29.63.065(b) is amended to read:

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

29 (1) the claimant must file the initial application during

1 the period of time between the date the assessment roll is certified
2 and the time of payment fixed by the governing body [ASSEMBLY OR
3 COUNCIL]; within one year of the date the assessment roll is certi-
4 fied the governing body [ASSEMBLY OR COUNCIL] for good cause shown may
5 waive the claimant's failure to make timely initial application for
6 the exemption and authorize the assessor to accept the application as
7 if timely filed;

8 (2) a claimant receiving the exemption must file with the
9 department by March 15 of each subsequent year a separate application
10 proving eligibility as of January 1 in order to retain the exemption;
11 within the same year the department for good cause shown may waive the
12 claimant's failure to make timely application and approve the applica-
13 tion as if timely filed;

14 (3) if an application is filed within the required time
15 under this subsection and is approved by the governing body [ASSEMBLY
16 OR COUNCIL], the exemption shall be allowed in accordance with the
17 provisions of this section; if a waiver under this subsection is
18 granted and the application for exemption approved, the amount of any
19 assessment, penalty or interest that [WHICH] the claimant may have
20 already paid on the assessment shall be refunded; the municipality may
21 at any time require proof in the form considered necessary of the
22 right and amount of an exemption claimed under this section.

23 * Sec. 37. AS 29.78.010 is amended by adding a new paragraph to read:

24 (20) "governing body" means a borough assembly, city coun-
25 cil, or the voters of a town meeting home rule city acting in a town
26 council meeting.

27 * Sec. 38. AS 29.95.020(a) is amended to read:

28 (a) A municipality qualifying for an entitlement under AS 29.88
29 or AS 29.89.010 - 29.89.100 shall receive a minimum payment of \$25,000

1 plus an area cost-of-living differential for each fiscal year if:

2 (1) during the fiscal year preceding the year for which
3 payment of an entitlement is authorized under AS 29.88 or AS 29.89.-
4 010 - 29.89.100, the municipality has conducted a regular

5 (A) election under AS 29.28.010 - 29.28.050 [DURING
6 THE FISCAL YEAR PRECEDING THE YEAR FOR WHICH PAYMENT OF AN EN-
7 TITLEMENT IS AUTHORIZED BY AS 29.88.010 - 29.88.045 or 29.89.-
8 010 - 29.89.100] and has reported the results of the election to
9 the commissioner of the Department of Community and Regional
10 Affairs; or

11 (B) town council meeting if it is a town meeting home
12 rule city;

13 (2) unless it is a town meeting home rule city, regular
14 council meetings are held in the municipality in accordance with the
15 requirements of AS 29.23.210 during the fiscal year preceding the year
16 for which payment of an entitlement is authorized by AS 29.88 or
17 AS 29.89.010 - 29.89.100 and a record of the proceedings is main-
18 tained;

19 (3) a municipal budget has been adopted for the fiscal year
20 during which payment of an entitlement is authorized by AS 29.88 or
21 AS 29.89.010 - 29.89.100 and an audit or financial statement for the
22 preceding fiscal year has been prepared and furnished to the Depart-
23 ment of Community and Regional Affairs in accordance with AS 29.-
24 23.560(a); and

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

27 * Sec. 39. AS 35.15.120(2) is amended to read:

28 (2) "governing body" means in the case of a municipality,
29 its assembly or council, or, if it is a town meeting home rule city,

1 the voters acting in a town council meeting, and, in the case of a
2 regional educational attendance area, its regional school board;

3 * Sec. 40. AS 39.20.340(a) is amended to read:

4 (a) An employee of the state, or a municipality [POLITICAL
5 SUBDIVISION,] with the approval of the governing body [CITY COUNCIL OR
6 BOROUGH ASSEMBLY], who is a member of a reserve or auxiliary component
7 of the United States Armed Forces is entitled to a leave of absence
8 without loss of pay, time or efficiency rating on all days during
9 which the employee is ordered to training duty, as distinguished from
10 active duty, with troops or at field exercises, or for instruction, or
11 when under direct military control in the performance of a search and
12 rescue mission. The leave of absence may not exceed 16 1/2 working
13 days in any 12-month period.

14 * Sec. 41. AS 39.20.350 is amended to read:

15 Sec. 39.20.350. RESTORATION OF RESERVE MEMBERS TO FORMER POSI-
16 TIONS. A member of a reserve component of the United States Armed
17 Forces employed by the state, a political subdivision, or a municipal
18 corporation with the approval of the governing body [CITY COUNCIL] who
19 is ordered to duty by proper authority, shall, when relieved from
20 duty, be restored to the position the employee held when ordered to
21 duty.

22 * Sec. 42. AS 39.50.145 is amended to read:

23 Sec. 39.50.145. PARTICIPATION BY MUNICIPALITIES. A municipality
24 may exempt its municipal officers from the requirements of this chap-
25 ter if a majority of the voters voting on the question at any regular
26 election, as defined by AS 29.78.010(14), or a special municipality-
27 wide election, vote to exempt its municipal officers from the require-
28 ments of this chapter. The question of exemption from the require-
29 ments of this chapter may be submitted by the governing body [CITY

1 COUNCIL OR BOROUGH ASSEMBLY] by ordinance or by initiative ordinance.

2 * Sec. 43. AS 42.30.030 is amended to read:

3 Sec. 42.30.030. BOOKS OF ACCOUNT. Every person installing,
4 operating or maintaining a public service plant for the purpose of
5 supplying the city or the inhabitants of the city with telephone
6 service, water, power, lighterage, wharfage, dockage, storage, heat or
7 light, or rendering other kindred public service shall keep correct
8 books of account in permanent convenient form showing in detail the
9 volume of business done, the character of the business done, the
10 quantity and kind of service rendered, rates charged, and all expenses
11 incurred in connection with the operation of the enterprise, showing
12 the items of expense in detail. The books shall be open to inspection
13 by the mayor, [AND THE] city council and [BY] an accredited agent,
14 auditor, or representative appointed by the mayor, [AND] city council,
15 or voters at a town meeting home rule city at a town council meeting.

16 * Sec. 44. AS 42.30.040 is amended to read:

17 Sec. 42.30.040. ANNUAL STATEMENT. (a) During April of each
18 year, each person engaged in furnishing a public service, except a
19 rural electrification or telephone cooperative or nonprofit asso-
20 ciation receiving financial assistance from the federal government
21 under the Rural Electrification Act, shall file with the city council
22 a written statement under oath, sworn to by the person having the
23 management and control of the business or other person familiar with
24 all the facts. The statement shall contain a detailed list of all
25 property used in connection with the enterprise and shall give the
26 valuation of each piece of property listed. It shall also contain a
27 statement of the receipts and disbursements during the year, and the
28 profits or losses. The statement of disbursements shall show to whom
29 each item was paid and what for. The statement shall be for the

1 calendar year preceding and shall be for the use of the governing body
2 of the city [COUNCIL].

3 [(b) THE CITY COUNCIL IS NOT BOUND BY THE STATEMENT BUT MAY
4 INQUIRE INTO ITS TRUTH.]

5 * Sec. 45. AS 44.47.145(d) is amended to read:

6 (d) Before a grant is made under this section, the governing
7 body [CITY COUNCIL] or, if the community is not incorporated, a rea-
8 sonable representative body in the community shall agree in writing to
9 maintain and operate the bulk storage facility to be constructed with
10 the proceeds of the grant.

11 * Sec. 46. AS 44.88.220(5) is amended to read:

12 (5) "governing body of a political subdivision" means, when
13 used with respect to the location of a project, the council or the
14 voters of a town meeting home rule city acting in a town council
15 meeting if the project is to be located in a city in the unorganized
16 borough, or the assembly if the project is to be located in an or-
17 ganized borough or a unified municipality;

18 * Sec. 47. AS 46.40.130(a) is amended to read:

19 (a) Organization of a coastal resource service area may be
20 initiated

21 (1) by submission to the council of a petition signed by a
22 number of registered voters equal to 15 percent of the number of votes
23 cast within the coastal resource service area at the last state gener-
24 al election;

25 (2) by submission to the council of a resolution approved
26 by the governing body [CITY COUNCIL] or traditional village council of
27 not less than 25 percent of the number of cities and villages within
28 the coastal service area; or

29 (3) at the direction of a majority of the members of the

1 council in the manner set out in AS 46.40.160.

2 * Sec. 48. AS 46.40.180(a) is amended to read:

3 (a) Before adoption by a coastal resource service area board, or
4 by the Department of Community and Regional Affairs under AS 46.40.-
5 170, a district coastal management program shall be submitted for
6 review to each city or village within the coastal resource service
7 area. The governing body [COUNCIL] of a city or traditional village
8 council shall consider the program submitted for review. Within 60
9 days of submission, the governing body [COUNCIL] of a city or tra-
10 ditional village council shall either approve the program or enter
11 objections to all or any portion of the program.

12 * Sec. 49. AS 46.40.180(c) is amended to read:

13 (c) Objection by a city [COUNCIL] under (b) of this section is
14 limited to objection to elements of the program affecting resources or
15 the use of resources within the corporate limits of the city. Objec-
16 tion by a traditional village council under (b) of this section is
17 limited to objection to elements of the program affecting resources or
18 the use of resources within the village or within two miles of the
19 village.

20 * Sec. 50. This Act takes effect January 1, 1986.

21

Introduced: 3/25/85
Referred: Community & Regional
Affairs and Judiciary

*amendments
marked
page 9
Sharon.*

1 IN THE HOUSE BY KOPONEN, HURLEY AND MARROU
2 HOUSE BILL NO. 325
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - FIRST SESSION
5 A BILL
6 For an Act entitled: "An Act relating to home rule municipalities, author-
7 izing the incorporation of town meeting home rule
8 cities; and providing for an effective date."
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
10 * Section 1. AS 04.11.090(e) is amended to read:
11 (e) A holder of a beverage dispensary license may not maintain
12 upon the licensed premises more than one room in which there is regu-
13 larly maintained a fixed counter or service bar at which alcoholic
14 beverages are sold or served to members of the public for consumption
15 unless the holder of a beverage dispensary license [HE] is issued by
16 the board, after investigation, a duplicate of the original license
17 for each of the rooms. The holder of the beverage dispensary license
18 shall pay to the board with each application for a duplicate license
19 an amount equal to the fee payable for the original beverage dispen-
20 sary license under (b) of this section. If the licensed premises are
21 located within a municipality a duplicate beverage dispensary license
22 may not be issued unless approved by the local governing body [COUNCIL
23 OR ASSEMBLY, AS APPROPRIATE].
24 * Sec. 2. AS 04.21.080(b)(10) is amended to read.
25 (10) "local governing body" means, as appropriate, a city
26 council, a borough assembly, the voters of a town meeting home rule
27 city acting in a town council meeting, or a traditional village coun-
28 cil, but does not include a corporation established under the Alaska
29 Native Claims Settlement Act;

1 * Sec. 3. AS 08.60.060 is amended to read:

2 Sec. 08.60.060. CERTIFICATE OF LOCATION. A person using or
3 proposing to use a location for a commercial or public junk yard must
4 obtain a certificate of approval for the location. If the location is
5 in a city of any class, the certificate shall be procured from the
6 governing body [CITY COUNCIL] or its designee. If the location is
7 outside the city limits but within the boundaries of an organized
8 borough, the certificate shall be procured from the assembly of the
9 organized borough or its designee. If the location is outside an
10 incorporated city or borough, the certificate of location shall be
11 obtained from the commissioner of public safety.

12 * Sec. 4. AS 08.60.070 is amended to read:

13 Sec. 08.60.070. STANDARDS FOR LOCATION AND REGULATION. The
14 commissioner of public safety and the governing body of a municipality
15 [, THE CITY COUNCIL, AND ORGANIZED BOROUGH ASSEMBLY], in considering
16 applications and regulations, shall take into account

17 (1) the nature and development of surrounding property;

18 (2) the need to protect the local economy, adjacent land
19 owners, and the motoring public from economically depressing and
20 unsightly roadside locations;

21 (3) the proximity of churches, schools, hospitals, public
22 buildings, recreation areas, or other places of public gathering;

23 (4) the sufficiency in number of other similar business
24 establishments in the vicinity;

25 (5) the adequacy of fences and other types of enclosures to
26 prevent the unsightly display of a junk yard;

27 (6) the health, safety, and general welfare of the public;

28 (7) the suitability of the applicant to establish, main-
29 tain, or operate the business under AS 08.60.050 - 08.60.10C.

1 * Sec. 5. AS 14.12.010 is amended to read:

2 Sec. 14.12.010. DISTRICTS OF STATE PUBLIC SCHOOL SYSTEM. The
3 districts of the state public school system are as follows:

4 (1) each representative home rule city and each first class
5 city in the unorganized borough is a city school district;

6 (2) each organized borough is a borough school district;

7 (3) the area outside organized boroughs and outside first
8 class cities is divided into regional educational attendance areas.

9 * Sec. 6. AS 15.13.010(a) is amended to read:

10 (a) This chapter applies in every election for governor, lieu-
11 tenant governor, a member of the state legislature, a delegate to a
12 constitutional convention, or judge seeking electoral confirmation.
13 It also applies to every candidate for election to a municipal office
14 in a city or borough with a population of more than 1,000 inhabitants
15 according to the latest United States census figures or estimates of
16 population certified as correct for administrative purposes by the
17 Department of Community and Regional Affairs. A municipality may
18 exempt its elected municipal officers from the requirements of this
19 chapter if a majority of the voters voting on the question at any
20 regular election, as defined by AS 29.78.010(14), or a special munic-
21 ipality-wide election called for that purpose, vote to exempt its
22 elected municipal officers from the requirements of this chapter. The
23 question of exemption from the requirements of this chapter may be
24 submitted by [THE CITY COUNCIL OR BOROUGH ASSEMBLY BY] ordinance
25 adopted by the governing body or by initiative ordinance. Nothing in
26 this chapter prohibits a municipality from regulating by ordinance
27 campaign contributions and expenditures.

28 * Sec. 7. AS 29.08.010 is amended to read:

29 Sec. 29.08.010. HOME RULE. A home rule municipality is a

1 municipal corporation and political subdivision and is a unified
2 municipality, representative or town meeting home rule city, [OF THE
3 FIRST CLASS] or an organized borough that has adopted a home rule
4 charter. It has all legislative powers not prohibited by law or
5 charter.

6 * Sec. 8. AS 29.13.010 is amended to read:

7 Sec. 29.13.010. MUNICIPAL CHARTER ADOPTION. (a) A first class
8 municipality, [OR] second class borough, or second class city may
9 adopt a charter for its own government in accordance with AS 29.13.-
10 025 - 29.13.070. [A HOME RULE MUNICIPALITY MAY AMEND ITS CHARTER OR
11 ADOPT A NEW ONE.]

12 (b) A proposed charter for an existing municipality is framed by
13 a charter commission of seven members chosen by the municipal voters
14 at a regular or special election. A candidate for the commission
15 shall be a qualified voter of the municipality and a resident of the
16 municipality for three years immediately preceding the election.

17 (c) A charter commission election is called by filing a petition
18 with the borough assembly or the city council, or by resolution of the
19 borough assembly or city council. The petition shall be signed by a
20 number of municipal voters equal to 15 percent of the vote cast in
21 the last regular election of the municipality.

22 * Sec. 9. AS 29.13.010 is amended by adding new subsections to read:

23 (d) Upon adoption of a charter a

24 (1) first class city shall become a representative home
25 rule city or town meeting home rule city; and

26 (2) second class city shall become a town meeting home rule
27 city.

28 (e) At an election to incorporate as a city, an unincorporated
29 community may adopt a charter for its own government and incorporate

1 as a town meeting home rule city. The proposed charter for an unin-
2 corporated community shall be prepared by the petitioners and filed
3 with the petition to incorporate a town meeting home rule city under
4 AS 29.18.050.

5 (f) A home rule municipality may adopt a new charter.

6 * Sec. 10. AS 29.13.030 is amended to read:

7 Sec. 29.13.030. ELECTION. At the charter commission election
8 the voters of the existing municipality shall consider the question
9 "Shall a charter commission be elected to frame a proposed new char-
10 ter?" and shall select the members of the commission. If the question
11 is approved, the seven candidates receiving the highest number of
12 votes shall immediately organize as a charter commission.

13 * Sec. 11. AS 29.13.070 is amended to read:

14 Sec. 29.13.070. CHARTER ADOPTION OR REJECTION. (a) If a major-
15 ity of those voting in an existing municipality [ON THE QUESTION]
16 favor the proposed charter or if a majority of those voting in an
17 unincorporated community favor incorporation of a town meeting home
18 rule city, the charter, [IT] becomes the organic law of the municipal-
19 ity. Thereafter, the court shall take judicial notice of the charter.
20 The municipality shall file the indicated number of copies of the
21 charter with the

22 (1) lieutenant governor - two copies;

23 (2) Department of Community and Regional Affairs - two
24 copies;

25 (3) district recorder - one copy;

26 (4) municipal clerk - one copy.

27 (b) If a proposed charter for an existing municipality is re-
28 jected, the charter commission shall prepare another proposed charter
29 to be submitted to the voters at a regular or special election to be

1 held within one year after the date of the first charter election. If
2 the second proposed charter is also rejected, the charter commission
3 shall be dissolved and the question of adoption of a charter shall be
4 treated as if it had never been proposed or approved.

5 * Sec. 12. AS 29.13.070 is amended by adding a new subsection to read:

6 (c) If incorporation of a town meeting home rule city is reject-
7 ed by the voters in an unincorporated community, the proposed charter
8 is rejected.

9 * Sec. 13. AS 29.13 is amended by adding a new section to read:

10 Sec. 29.13.072. CHARTERS FOR TOWN MEETING HOME RULE CITIES. A
11 town meeting home rule city shall be governed as a direct democracy
12 through town council meetings. In addition to other requirements for
13 a home rule charter, the charter of a town meeting home rule city
14 shall provide for

15 (1) regular town council meetings to be held at least once
16 each year;

17 (2) a procedure for calling a special town council meeting
18 by the voters;

19 (3) the preparation of an agenda for each town council
20 meeting, including a procedure to enable any voter to insert an item
21 into the agenda;

22 (4) the election and term of office of a ~~moderator~~ *mayor* to
23 preside over town council meetings;

24 (5) procedures for conducting town council meetings, in-
25 cluding procedures for voting and adopting ordinances and resolutions;

26 (6) preparation and distribution to the voters of a report
27 of actions taken at each town council meeting;

28 (7) the election and term of office of at least three
29 council members to provide for the administration of the city and

mayor *AM*
#1

1 carry out the duties prescribed by law or charter; and

2 (8) the appointment or election of a finance committee that
3 shall be responsible for the preparation of the city budget for each
4 fiscal year, submit the budget to the voters at a town council meeting
5 for approval, and perform other duties prescribed by charter or ordi-
6 nance.

7 * Sec. 14. AS 29.13.080 is amended to read:

8 Sec. 29.13.080. CHARTER AMENDMENT. A municipal charter may be
9 amended as provided in the charter or by initiative or referendum [AS
10 PROVIDED IN AS 29.28.060 - 29.28.110], except that an amendment is not
11 effective unless

12 (1) ratified by the voters; or

13 (2) in a town meeting home rule city, approved by the
14 voters at a town council meeting.

15 * Sec. 15. AS 29.18.011 is amended by adding a new subsection to read:

16 (c) A community that meets the standards established in (a)(2) -
17 (4) of this section may incorporate as a town meeting home rule city.

18 * Sec. 16. AS 29.18.050 is amended to read:

19 Sec. 29.18.050. PETITION. Municipal incorporation is proposed
20 by filing a petition with the Department of Community and Regional
21 Affairs. The petition shall include the following information about
22 the proposed municipality:

23 (1) class;

24 (2) name;

25 (3) boundaries;

26 (4) unless the proposed municipality is a town meeting home
27 rule city, composition and apportionment of the assembly or council;

28 (5) for a first class borough, a designation of areawide
29 powers to be exercised;