

ALASKA LEGISLATURE COMMITTEE FILES 1987-88 8672

4446 HCRA HB 1 (FILE 1)

18

specific terms. the Assembly may make emergency appropriations. Such appropriations may be made by emergency ordinance.

Section 9.11 Reduction and transfer of appropriations

If during the fiscal year it appears that revenues available will be insufficient to meet the amount appropriated, the mayor shall report to the Assembly without delay. The Assembly, by ordinance, may reduce any appropriation, except for debt service. No appropriation may be reduced by more than the amount of the unencumbered balance.

Section 9.12 Lapse of appropriations and surpluses

At the end of the fiscal year, an unencumbered appropriation shall lapse into the fund from which appropriated; provided that an appropriation for a capital improvement, or in connection with requirements of federal or state grants, shall not lapse until its purpose has been accomplished or abandoned.

Section 9.13 Administration of budget

1. No payment may be made and no obligation incurred against the borough except in accordance with appropriations duly made. No payment may be made and no obligation incurred against any appropriation unless the mayor ascertains that there is a sufficient unencumbered balance in the appropriation and that sufficient funds are or will be available to cover the obligation.
2. Every obligation incurred and every authorization of payment in violation of this Charter shall be void. Every payment made in violation of the provisions of this charter shall be illegal. All officers or employees of the borough who knowingly authorize or make such payment shall be jointly and severally liable to the borough for the full amount so paid.
3. The Assembly by ordinance may authorize a contract, lease or obligation requiring funds from future appropriations, including appropriations in future fiscal years, subject to the annual appropriation of funds for that purpose.
4. The Borough Assembly may by ordinance require that all school money be deposited in a centralized treasury with all other borough money. The borough administrator shall have the custody of, invest, and manage all money in the centralized treasury. However, the Borough Assembly, with the consent of the Borough School Board, may by ordinance delegate to the Borough School Board the responsibility of a centralized treasury.
5. When the borough school board by resolution consents, the borough Assembly may by ordinance provide a centralized accounting system for school and all other borough operations. The system shall be operated in accordance with accepted principles of governmental accounting. However, the Assembly, with the consent of the borough school board, may by ordinance delegate to the borough school board the responsibilities of the accounting system.

Section 9.14

Purchasing: contract approval

1. The Assembly by ordinance shall provide for competitive bidding for purchase of goods and services by the borough and sales of surplus borough property, and for any exceptions thereto.
2. The Assembly by ordinance shall establish provisions for Assembly approval of borough contracts and exceptions thereto.

Section 9.15

Enterprise funds

Revenues from a borough enterprise whether established before or after ratification of this Charter shall be first used for debt retirement, construction, acquisition, operation, maintenance, repair and capital improvement of the enterprise. Other uses of such revenues shall be only as authorized by ordinance.

Section 9.16

Independent audit

The Assembly shall provide for an annual audit of all borough accounts by an independent certified public accountant, and may require additional duties that it deems necessary.

Section 9.17

Northwest Arctic Borough investment fund

A investment fund is hereby created from appropriations to be made by the Assembly by ordinance. The investment fund shall be maintained separate and apart from all other funds and accounts of the borough. The principal of the fund shall be invested in such types of income producing investments as are hereafter specifically designated by ordinance. All income from the investment fund shall be deposited in the General Fund.

ARTICLE X BORROWING

Section 10.01

Authority

The borough may borrow money and issue such evidence thereof, herein called obligations, as the Assembly may determine necessary.

Section 10.02

Restrictions on borrowing

1. General obligations of the borough. No general obligation, bonded indebtedness, may be incurred unless authorized by the Assembly for capital improvements and ratified by a majority vote of those in the borough voting on the question.
2. General obligations of service areas. No obligation secured by a pledge of taxes to be levied in a service area may be issued unless authorized for capital improvements by the Assembly and ratified by a majority of the qualified voters in the service area voting on the question. In a service area where there are no qualified voters to vote on the question, voter ratification shall not be required.

Section 10.03

Notice of bond election

1. In calling any election required by this article, the Assembly shall cause a notice to be published at least 30 days prior to the election in a newspaper of general circulation in each community of the borough. The notice shall contain the following information:

- A. the maximum amount of the bonds, purpose of their issuance, and maximum length of time within which the bonds shall mature;
- B. the estimated annual debt service on the proposed bonds and its estimated effect per \$100,000 dollars of assessed valuation;
- C. the current total general obligation indebtedness of the borough, including authorized but unsold general obligation bonds and its estimated effect per \$100,000 dollars of assessed valuation;
- D. the current year's debt service on the outstanding general obligation bonds of the borough and its estimated effect per \$100,000 dollars of assessed valuation; and
- E. the current assessed valuation within the borough.

2. For bonds secured by a pledge of taxes to be levied in a service area the notice shall also contain the information required in subsection 1 above, C, D and E relative to the service area.

3. Errors contained in information required in subsection 1 above B, C, D and E with regard to the borough or a service area shall not invalidate any election unless such errors are material. Actions challenging the sufficiency of any notice of election must be brought within the time provided in Section 10.06 of this Charter.

Section 10.04

Manner of sale

General obligation bonds and bonds secured by a pledge of taxes to be levied in the service area may be sold in such manner as the Assembly shall provide.

Section 10.05

Sale to financial consultant prohibited

No person retained by the borough to perform services relating to financial programming or the issuance and sale of obligations may bid on such obligations, directly or indirectly. In the event any such person violates this provision, his or her contract for such services shall be null and void and he or she shall not be entitled to any services rendered; and, in addition, he or she shall be liable for any damages sustained by the borough in connection with such purchases and sale. Violation of the provisions of this section shall not invalidate the obligations.

Section 10.06

Actions challenging the validity of obligations

No action challenging the validity of any obligations may be maintained unless instituted within 30 days from the effective date of certification of the results of the election ratifying the issuance of such obligation or 30 days from the effective date of the ordinance authorizing the issuance of such obligation when ratification is not required.

Section 10.07

General obligations not requiring ratification

The Assembly may authorize general obligation bonds or notes without ratification of the qualified voters for disaster bonds or notes to be issued only in case of calamity which has caused great loss. In this instance, obligations are to be used for the preservation, rehabilitation, or reconstruction of borough capital improvements.

Section 10.08

Interest and profits from investments

All interests and profits derived from the investment of the proceeds from the sale of any obligation shall be used solely for the purpose for which such obligations were issued, or for their retirement.

ARTICLE XI TAXATION

Section 11.01

Tax Procedures

1. The Assembly shall prescribe by ordinance the procedures for tax assessment and collection.
 - A. Property assessment. such procedures shall provide for the assessment of property at its full and true value and for notice of assessment, administrative appeal and judicial review.
 - B. Property tax first lien. any property tax together with collection charges, penalties, and interest, is a first lien upon property.
 - C. Sales and use tax. any sales or use tax or change in rate thereof shall be by ordinance ratified by a majority of the qualified voters voting on the question.
2. No lien authorized by this charter or by law precludes the borough from exercising any other lawful remedy for the collections of taxes.

Section 11.02

Private interests taxable

Private leaseholds, contracts or interests in land or property owned or held by the United States, the State or other political subdivisions, shall be taxable to the extent of the fair market value of the private interests.

Section 11.03

Property tax

1. Property tax shall not go into effect prior to a popular vote in which the majority of voters approve the property tax, except that this provision shall not apply either to taxes to pay or secure payment of principal and interest on bonded indebtedness as per A.S. 29.45.100 and actions taken pursuant to Section 10.07 of this Charter.
2. Property taxes to pay or secure bonded indebtedness shall be enacted by Assembly ordinance.

ARTICLE XII SERVICE AREAS

Section 12.01

Purpose

Service areas may be established to provide services not provided on an areawide basis or to provide a higher level of service than that provided on an areawide basis.

Section 12.02

Establishment

1. By Ordinance. the Assembly by ordinance may establish, alter, consolidate, or abolish service areas. The Assembly by ordinance may add or eliminate services to a service area. The ordinance shall contain the following:

- A. boundaries and area to be included;
- B. service to be provided or be eliminated; and
- C. other provisions the Assembly includes.

2. By Petition. procedures for the establishment by petition of a service area shall be in accordance with Section 6.01 of this Charter as it would apply to the area in question.

Section 12.03

Criteria

Service areas shall be established according to criteria of need and economic operating efficiency and shall comprise the area to which the services shall be provided. A new service area shall be established only after Assembly determination that such services cannot be provided reasonably by an existing service area or by alteration of an existing service area.

Section 12.04

Financing

The Assembly may levy taxes, assessments or other charges within a service area to finance the services, and funds thereby raised shall not be used for any purpose outside of the service area.

ARTICLE XIII LOCAL IMPROVEMENT DISTRICTS

Section 13.01

Purpose

Local improvement districts may be established in a limited and determinable area to confer the special benefits of any borough improvement. All or any part of the costs of the improvement may be paid out of the proceeds of special assessments levied against the benefited property.

Section 13.02

Local improvement procedure

The Assembly by ordinance shall prescribe procedures for establishment of local improvement districts and for agreements for furnishing capital improvements and the extension thereof in lieu of assessments.

Section 13.03

Assessment in proportion to benefit

The Assembly by ordinance shall establish the method of apportioning and assessing the cost of improvements upon real property specially benefited in proportion to the benefits.

Section 13.04

Lien

A special assessment, together with collection and interest charges, is a lien on the property assessed second in priority only to property taxes and prior special assessments. The assessment lien shall be enforceable in the same manner as a lien for borough taxes.

Section 13.05

Protests

If protests as to the necessity for any local improvements are made within the time allowed by ordinance by the owners of real property that will bear at least fifty percent of the estimated cost to be borne by the benefited property, the improvement shall not proceed until the protests have been reduced below fifty percent.

Section 13.06

Limitation on actions

No special assessment procedure may be contested by an action at law or in equity unless commenced within sixty days after the confirmation of the special assessment roll.

Section 13.07

Property liable

Except as otherwise provided by law all real property, including property exempt from taxation as provided by law, shall be liable for the cost of local improvements unless specifically exempted by ordinance of general application.

Section 13.08

Receipts

Accounts for local improvement districts shall be kept separate from other borough accounts. Revenues from a special assessment shall be used solely to pay the cost of the improvements or the principal and interest on indebtedness incurred for the improvements.

ARTICLE XIV CHARTER AMENDMENT

Section 14.01

Proposal

1. Amendments to this Charter may be proposed:

- A. by ordinance of the Assembly containing the full text of the proposed amendment, or

CORRECTION

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Proposal

1. Amendments to this Charter may be proposed:

A. by ordinance of the Assembly containing the full text of the proposed amendment, or

- B. by report of an elected Charter Commission created by Assembly ordinance or by initiative ordinance, or
- C. by initiative petition.

Section 14.02

Election

Proposed amendments shall be submitted to the qualified voters of the borough at the next regular or special election occurring more than forty-five days after adoption of the ordinance, the final report of the Charter Commission, or certification of the initiative petition. A notice containing the full text of each proposed amendment shall be published.

Section 14.03

Effective date

If a majority of the qualified voters voting on a proposed amendment approve, the amendment shall become effective at the time fixed therein or, if no time is so fixed, thirty days after certification of the election.

ARTICLE XV GENERAL PROVISIONS

Section 15.01

Personal financial interest

1. Prohibition. no elected official may vote on any question on which he/she has a substantial financial interest. Any borough officer, employee, or Assembly member who has a substantial financial interest in any contract with the borough, or in the sale of land, material, supplies or services to the borough or to a contractor supplying the borough shall make known that interest and shall refrain from participating in his/her capacity as a borough officer, employee, or Assembly member in the making of such sale or in the making or performance of such contract.
2. Punishment. any borough officer, employee or Assembly member who violates the requirements of this section shall forfeit his/her office or employment. Violation of this section with the knowledge express or implied of the person contracting with or making a sale to the borough shall render the contract or sale to the borough voidable by the administrator or the Assembly.
3. Additional rules. the Assembly by ordinance may prescribe additional rules and penalties to prevent conflicts of interest.

Section 15.02

Prohibitions

1. Discrimination. no person shall be discriminated against in any borough appointment, employment, or promotion because of race, sex, color, political or religious affiliation, or national origin.
2. Personnel regulations. no person shall willfully falsify any test, certification or appointment under the personnel regulations, or in any manner commit or attempt to commit any fraud to prevent the impartial execution of such regulations.
3. Undue influence. no person shall offer, give or receive any money, service, or other valuable thing to influence

or attempt to influence any action of an officer or employee in the performance of his/her municipal duties.

4. Solicitation. no Assembly person, borough officer or administrative employee shall directly or indirectly solicit a contribution for any political party or purpose from any person holding a compensated borough position.

5. Campaigning. no borough officer or Assembly person shall campaign while on official business.

Section 15.03

Surety bonds

The borough administrator, the borough clerk or such other officers and employees as the Assembly may designate, before entering upon their duties, shall be bonded, by individual or group bonds, for the faithful performance of their respective duties, payable to the borough, in such form and in such amounts as the Assembly may prescribe, with a surety company authorized to operate within the state. The borough shall pay the premiums on such bonds.

Section 15.04

Oath of office

Every officer of the borough, before entering upon his duties, shall take the oath or affirmation required by Section 5 of Article XII, Constitution of the State of Alaska. The Assembly may require designated employees to take such oath before entering upon their employment. Oaths of office shall be filed with the borough clerk.

Section 15.05

Continued office

Every officer who is elected or appointed for a term ending at a definite time shall continue to serve until his successor qualifies and takes office, except in the case of death, resignation or termination by law or this Charter.

Section 15.06

Borough proceedings

The Assembly by ordinance shall establish procedures governing administrative proceedings in which the legal rights, duties, privileges or penalties of persons are to be determined; insure fair and equal treatment of all persons involved in such proceedings; and provide for the conduct of such proceedings in an orderly and uniform manner.

Section 15.07

Records to be public

All records of the borough shall be public except as otherwise provided by law. Records shall be available at borough offices for public inspection and for distribution at such reasonable cost. Copies certified by the clerk shall be prima facie evidence of their contents.

Section 15.08

Notice of lien

When any lien other than for ad valorem taxes or special assessments is placed by the borough on any real property, notification of the lien shall be sent by registered or other special mail to the person whose name appears as owner of the property on the most recent tax assessment roll.

Section 15.09

Dedication of borough property

Dedication of streets, right-of-ways, easements or other areas for public use by the Assembly may not be construed to require the borough to maintain, improve or provide for borough services in the area dedicated and the dedication does not impose any liability on the borough for the condition of the area dedicated.

Section 15.10

Definitions

Words used in this Charter shall have their ordinary dictionary meanings, except where defined otherwise in this Charter or in Title 29 of the Alaska Statutes.

Section 15.11

Separability

If any provision of this Charter is held invalid, other provisions shall not be affected. If the application of this charter or any of its provisions to a person or circumstance is held invalid, the application of this Charter or any of its provisions to other persons or circumstances shall not be affected.

ARTICLE XVI TRANSITIONAL PROVISIONS

Section 16.01

Effective date

This Charter shall be effective immediately on ratification.

Section 16.02

Composition of Assembly upon adoption of this Charter

All those persons comprising the Assembly of the borough existing immediately before the adoption of this Charter shall be deemed to have been elected to the Assembly until the next regular election held in October 1988. In October 1988, seats A, C, D, E & F shall be up for election and any other seats that would be up for election following the terms of office as previously set by the Assembly under rule of a First Class Borough. District II, Seat D it is hereby designated District 2, Seat B and the elected official serving that district will not be up for election in October 1988 unless it would normally be under the staggered terms of office. All seats shall continue with the staggered terms of office of three years set by this charter.

Section 16.03

Organization of Assembly

The Assembly shall meet on the first Monday of the month following the election at which this Charter is approved. The Assembly shall elect from its membership a President and a Vice-President and conduct other business as may be required for its organization.

Section 16.04

Transitional provisions for borough mayor

That person occupying the office of Borough Mayor immediately before the adoption of this Charter shall be deemed to have been elected to the office of mayor of the borough under this Charter. The term of mayor elected under this section shall not be altered due to enactment of this Charter.

Section 16.05 Transitional provisions for school board

All persons comprising the School Board of the borough existing immediately before the adoption of this Charter shall be deemed to have been elected to the School Board, until the next regular election held in October 1988. In October 1988, seats A, C, D, E & F shall be up for election and any other seats that would be up for election following the terms of office as previously set by the Assembly under rule of a First Class Borough. District II, Seat D it is hereby designated District 2. Seat B and the elected official serving that district will not be up for election in October 1988 unless it normally would be under the staggered terms of office. All seats shall continue with the staggered terms of office of three years set by this charter.

Section 16.06 Continuation of employment

All employees of the borough shall continue in employment until the Assembly, as the case may be, provides otherwise. Salaries and benefits enjoyed by current employees shall continue unless provisions are made to the contrary.

Section 16.07 Boards, committees and commissions

Except for those provided for by this Charter, all appointed committees, commissions and boards in effect at the time this Charter is ratified shall be dissolved one year after the effective date of this Charter unless sooner abolished or specifically continued by ordinance.

Section 16.08 Assets and liabilities

The borough, as a home rule borough, shall succeed to all the assets and liabilities of the previously existing first class borough.

Section 16.09 Ordinances and resolutions

To the extent not inconsistent with this Charter, ordinances, resolutions and orders of the borough shall continue in full force and effect until no later than two years after ratification of this Charter when they shall expire, unless after review by the Assembly, each ordinance, resolution or order has been expressly reaffirmed, revised or repealed.

Section 16.10 Budget

Following adoption of this Charter, the borough shall operate under the budget of the borough in effect at adoption and under the budget for the following fiscal year, if one has been adopted by the Assembly.

Section 16.11 Continuance of actions

The adoption of this Charter shall not abate or otherwise affect any action, cause of action, claim, proceeding, civil or criminal, by or against the borough and which had accrued at the time of the effective date of this Charter. The applications, petitions, hearings, and other proceedings pending on the effective date before the borough, shall be continued.

CERTIFICATE

We, the undersigned members of the _____ Borough Charter Commission, duly elected in accordance with Title 29, Alaska Statutes, state that the Charter Commission has prepared the above charter of the _____ Home Rule Borough, and do hereby adopt this Charter and direct that this Charter be submitted to the qualified voters of the _____ Borough at a regular election which shall be held for approval or rejection in accordance with law.

In witness whereof, we hereunto subscribe our names on this _____ day of _____ Signed by:

Chairman of this
Charter Commission

I hereby certify that the _____ Home Rule Borough Charter was filed with me on this _____ day of _____.

Signed
Borough Clerk

(16) SSHB 1

APR 21 1987

ST. MARY'S SCHOOL DISTRICT

April 13, 1987

Representative Heinrich Springer, Chairman
House Community and Regional Affairs Committee
House of Representatives
P.O. Box V
Juneau, Alaska 99811

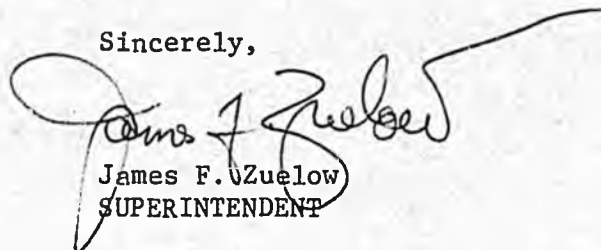
Re: S.S.H.B. #1

Dear Representative Springer:

Enclosed is a copy of the testimony of School Board President Flora Paukan and a copy of the resolution read by St. Mary's Mayor Andrew Paukan during your audio conference concerning S.S.H.B. #1 on Friday, April 10, 1987. Mr. Paul Dixon, General Manager of the St. Marys Native Corporation also took part in the teleconference. The topics he reviewed are, for the large part, included in the attachment to Mrs. Paukan's letter.

We appreciated very much being able to take part in the audioconference. We wish you continued success.

Sincerely,



James F. Zuelow
SUPERINTENDENT

JFZ/ams

ST. MARY'S SCHOOL DISTRICT

P.O. Box 171 • St. Mary's, Alaska 99658

To: Representative Heinrich Springer, Chairman
House Community and Regional Affairs Committee

From: Flora Paukan, President
St. Mary's School Board

Date: April 9, 1987

Re: S.S.H.B. #1

S.S.H.B. #1 as presently written would reverse a decades long trend toward increased local responsibility and control in Alaska. It would eliminate first class cities such as St. Marys and force them to join areas that are currently less organized and be governed by individuals who have far less experience in managing their own affairs. St. Marys is the only community in the Yukon-Kuskokwim delta region that has achieved first class city status. We are proud of our city government and independent school district. For twenty years the people of this city have exercised local control and assumed the responsibilities of their status, taxing themselves, as needed to make programs work.

S.S.H.B. #1 in its present form would greatly reduce our degree of responsibility for, and control over local affairs. It seems to be a major step away from encouraging local control and responsibility and instead seems to promote a forced regionalization of questionable quality that could lead to even more inefficient community services and schools.

We believe it is the best interest of all Alaskans to encourage more communities to assume a greater degree of responsibility for local matters by strengthening, not weakening, first class cities such as Dillingham, Galena, Nome, and St. Marys. An alternative might be to encourage a transition from city to borough status as has been accomplished by the Bristol Bay Borough for communities and regions that are presently more organized than may be true of many of their neighboring communities. S.S.H.B. #1 does not presently specifically address either governmental changes needed to enhance local responsibility, nor does it deal with the problem of improving educational opportunities for our youth.

Attached are various specific concerns which, if addressed, we believe would make the proposal more positive towards encouraging local responsibility and control while at the same time more adequately recognizing the great diversity among Alaska's regions and communities. We would be happy to provide more information on each concern, if you so desire.

ST. MARY'S SCHOOL DISTRICT

P.O. Box 171 • St. Mary's, Alaska 99658

Concerns from St. Mary's Concerning
S.S.H.B. #1

A. General Concerns

- 1.) The purpose of the proposed legislation is not clear. We assume one purpose is to save money that the State spends on rural school and communities. If true, then this purpose needs to be openly and clearly stated.
 - a.) If the purpose (or a main purpose) is to save money that now goes to rural schools or to Alaskan schools in general, then state practices and policies that are contradictory to a broader policy of creating 3rd class boroughs need to be examined and suggestions for changes developed. For example, continued State of Alaska operation of the Mt. Edgecumbe High School is contradictory both to the development of 3rd class boroughs and/or to continued strengthening of local control. Over $3\frac{1}{2}$ million dollars could be saved by closing Mt. Edgecumbe. After all, everything available at Mt. Edgecumbe is also available elsewhere in Alaska such as Japanese language courses, etc. The most direct way to address school finance would be to focus directly on school finance legislation.
 - b.) If the purpose is to save money that currently goes to cities, we suggest that the possibility of requiring local communities above a certain size to institute a sales tax be considered. St. Mary's, for example, pays the lions share of local sewer and water maintenance cost out of a 3% local sales tax. 3rd class borough status with a mandatory property tax could easily result in less local revenue being raised with the result of increasing the need for State dollars. H.B. 20, introduced by Representative Larson, could be another less direct approach to this issue.
- 2.) If the purpose is to improve governmental services in the Unorganized Borough and small cities, then this issue needs to be directly addressed. Radical structural changes such as doing away with 1st class cities in favor of 3rd class boroughs could easily result in a lower level of services and poorer schools. Such things as the effectiveness of the existing REAA system, inter-agency coordination and cooperative agreements between districts, intermediate school district, and so on need to be studied before radical changes are implemented. More effective ways of bringing governmental services to portions of rural Alaska is a need that has been recognized by Governor Cowper and others. For example, we believe local communities could have a greater say over matters currently handled by the State Court system at great cost; local communities could likely assume some functions at lower cost to the State.

3. If a purpose of H.B. #1 is to shift the responsibility for funding governmental services from the State to the local and regional levels, then a regional analysis of the ability to raise local and regional revenue needs to be made before changes are made that could result in even poorer services and schools. Alaska's wealth varies widely from area to area and among the various communities. For example, most of the property in St. Mary's will not be taxable for quite some time to come due to land claims and other Federal governmental restrictions. The creation of a 3rd class borough and the reduction in power of 1st class cities could easily lead to less local revenue being raised to deal with local needs and desires. At present, for example, the 3% local sales tax raises revenue for St. Mary's that is the equivalent of a 15.73 mill rate on property. The adequacy and accuracy of property values in rural areas as determined by Community and Regional Affairs also needs to be given serious study before the 3rd class borough plan is implemented. For example, we find the property value estimate for St. Mary's to be excessively high while those for some other rural communities seem to be quite low.

B. Specific Concerns

Section 1(a) (b) & (c)

No mention is made of 1st class cities such as Dillingham, Galena, Nome or St. Mary's. Is it the intent of H.B. #1 to abolish local school systems in these communities? Is it really the intent of H.B. #1 to reduce the scope of other governmental services and powers from 1st class city levels to 3rd class borough levels?

Section 1 (d)

No provision is made to insure that at least one assembly member is from each 1st class city taken into a 3rd class borough.

Section 2 (a) (1)

What happens to State property used by an REAA according to the terms of a use permit from the State? Similarly, what happens to city school district property that is owned by either existing cities or school districts?

Section 2 (a) (2)

Would special appropriations be made to cover the cost of assuming contracts and obligations by the new 3rd class borough? A large fiscal note would seem to be implied along with many changes in school foundation program funding.

RESOLUTION 87-11
OF THE CITY COUNCIL OF
ST. MARY'S, ALASKA

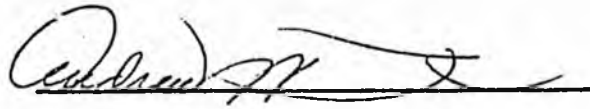
WHEREAS, House Bill 1 would create borough governmental units out of the unorganized areas in the state roughly equivalent to the present Rural Educational Attendance Areas; and

WHEREAS, The City of St. Mary's is situated in an unorganized area within the state; and

WHEREAS, The arbitrary imposition of borough units of government on areas such as ours would impinge upon the autonomy and the integrity of first class cities with independent school districts and would frustrate long-standing efforts at self-government and local control;

THEREFORE, BE IT RESOLVED: The City Council for the City of St. Mary's opposes House Bill 1 and respectfully suggests that the proposed governmental reorganization contemplated by the bill goes far beyond what is necessary in order to address educational funding issues.

PASSED AND APPROVED by a duly constituted quorum of the City Council for the City of St. Mary's this 7th day of April, 1987.



Mayor

ATTEST:



City Clerk



Alaska State Legislature

House of Representatives

Committee on Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4833

April 27, 1987

Mr. James F. Zuelow, Superintendent
St. Mary's School District
P.O. Box 171
St. Mary's, Alaska 99658

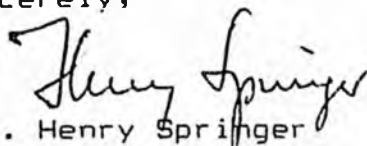
Re: SSHB 1

Dear Mr. Zuelow:

Thank you for sending us a copy of Mrs. Paukan's testimony on SSHB 1. It will be made a part of the legislative history of the bill. The Committee appreciated the testimony.

We will examine the issues raised in SSHB 1 over the summer legislative interim. I assure you that our deliberation will consider points raised in Mrs. Paukan's and Mr. Dixon's testimony.

Sincerely,


Rep. Henry Springer

ST. MARY'S SCHOOL DISTRICT

P.O. Box 171 • St. Mary's, Alaska 99658

APR 17 1987
all committee

member file

(15) HB 1

4 pgs.

Representative F. Kay Wallis
P.O. Box V
Juneau, Alaska 99811

To: Representative Heinrich Springer, Chairman
House Community and Regional Affairs Committee

From: Flora Paukan, President
St. Mary's School Board

Date: April 9, 1987

Re: S.S.H.B. #1

S.S.H.B. #1 as presently written would reverse a decades long trend toward increased local responsibility and control in Alaska. It would eliminate first class cities such as St. Marys and force them to join areas that are currently less organized and be governed by individuals who have far less experience in managing their own affairs. St. Marys is the only community in the Yukon-Kuskokwim delta region that has achieved first class city status. We are proud of our city government and independent school district. For twenty years the people of this city have exercised local control and assumed the responsibilities of their status, taxing themselves, as needed to make programs work.

S.S.H.B. #1 in its present form would greatly reduce our degree of responsibility for, and control over local affairs. It seems to be a major step away from encouraging local control and responsibility and instead seems to promote a forced regionalization of questionable quality that could lead to even more inefficient community services and schools.

We believe it is the best interest of all Alaskans to encourage more communities to assume a greater degree of responsibility for local matters by strengthening, not weakening, first class cities such as Dillingham, Galena, Nome, and St. Marys. An alternative might be to encourage a transition from city to borough status as has been accomplished by the Bristol Bay Borough for communities and regions that are presently more organized than may be true of many of their neighboring communities. S.S.H.B. #1 does not presently specifically address either governmental changes needed to enhance local responsibility, nor does it deal with the problem of improving educational opportunities for our youth.

Attached are various specific concerns which, if addressed, we believe would make the proposal more positive towards encouraging local responsibility and control while at the same time more adequately recognizing the great diversity among Alaska's regions and communities. We would be happy to provide more information on each concern, if you so desire.

APR 24 1987

ST. MARY'S SCHOOL DISTRICT

P.O. Box 171 • St. Mary's, Alaska 99658

Concerns from St. Mary's Concerning
S.S.H.B. #1

A. General Concerns

- 1.) The purpose of the proposed legislation is not clear. We assume one purpose is to save money that the State spends on rural school and communitites. If true, then this purpose needs to be openly and clearly stated.
 - a.) If the purpose (or a main purpose) is to save money that now goes to rural schools or to Alaskan schools in general, then state practices and policies that are contradictory to a broader policy of creating 3rd class boroughs need to be examined and suggestions for changes developed. For example, continued State of Alaska operation of the Mt. Edgecumbe High School is contradictory both to the development of 3rd class boroughs and/or to continued strengthening of local control. Over 3½ million dollars could be saved by closing Mt. Edgecumbe. After all, everthing available at Mt. Edgecumbe is also available elsewhere in Alaska such as Japanese language courses, etc. The most direct way to address school finance would be to focus directly on school finance legislation.
 - b.) If the purpose is to save money that currently goes to cities, we suggest that the possibility of requiring local communities above a certain size to institute a sales tax be considered. St. Mary's, for example, pays the lions share of local sewer and water maintenance cost out of a 3% local sales tax. 3rd class borough status with a manditory property tax could easily result in less local revenue being raised with the result of increasing the need for State dollars. H.B. 20, introduced by Representative Larson, could be another less direct approach to this issue.
- 2.) If the purpose is to improve governmental services in the Unorganized Borough and small cities, then this issue needs to be directly addressed. Radical structural changes such as doing away with 1st class cities in favor of 3rd class boroughs could easily result in a lower level of services and poorer schools. Such things as the effectiveness of the existing REAA system, inter-agency coordination and cooperative agreements between districts, intermediate school district, and so on need to be studied before radical changes are implemented. More effective ways of bringing governmental services to portions of rural Alaska is a need that has been recognized by Governor Cowper and others. For example, we believe local communities could have a greater say over matters currently handled by the State Court system at great cost; local communities could likely assume some functions at lower cost to the State.

3. If a purpose of H.B. #1 is to shift the responsibility for funding governmental services from the State to the local and regional levels, then a regional analysis of the ability to raise local and regional revenue needs to be made before changes are made that could result in even poorer services and schools. Alaska's wealth varies widely from area to area and among the various communities. For example, most of the property in St. Mary's will not be taxable for quite some time to come due to land claims and other Federal governmental restrictions. The creation of a 3rd class borough and the reduction in power of 1st class cities could easily lead to less local revenue being raised to deal with local needs and desires. At present, for example, the 3% local sales tax raises revenue for St. Mary's that is the equivalent of a 15.73 mill rate on property. The adequacy and accuracy of property values in rural areas as determined by Community and Regional Affairs also needs to be given serious study before the 3rd class borough plan is implemented. For example, we find the property value estimate for St. Mary's to be excessively high while those for some other rural communities seem to be quite low.

B. Specific Concerns

Section 1(a) (b) & (c)

No mention is made of 1st class cities such as Dillingham, Galena, Nome or St. Mary's. Is it the intent of H.B. #1 to abolish local school systems in these communities? Is it really the intent of H.B. #1 to reduce the scope of other governmental services and powers from 1st class city levels to 3rd class borough levels?

Section 1 (d)

No provision is made to insure that at least one assembly member is from each 1st class city taken into a 3rd class borough.

Section 2 (a) (1)

What happens to State property used by an REAA according to the terms of a use permit from the State? Similarly, what happens to city school district property that is owned by either existing cities or school districts?

Section 2 (a) (2)

Would special appropriations be made to cover the cost of assuming contracts and obligations by the new 3rd class borough? A large fiscal note would seem to be implied along with many changes in school funding in program funding.

RESOLUTION 87-11
OF THE CITY COUNCIL OF
ST. MARY'S, ALASKA

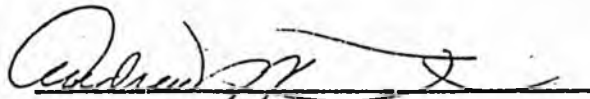
WHEREAS, House Bill 1 would create borough governmental units out of the unorganized areas in the state roughly equivalent to the present Rural Educational Attendance Areas; and

WHEREAS, The City of St. Mary's is situated in an unorganized area within the state; and

WHEREAS, The arbitrary imposition of borough units of government on areas such as ours would impinge upon the autonomy and the integrity of first class cities with independent school districts and would frustrate long-standing efforts at self-government and local control;

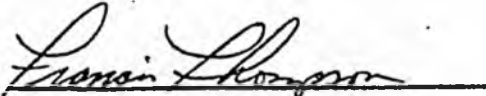
THEREFORE, BE IT RESOLVED: The City Council for the City of St. Mary's opposes House Bill 1 and respectfully suggests that the proposed governmental reorganization contemplated by the bill goes far beyond what is necessary in order to address educational funding issues.

PASSED AND APPROVED by a duly constituted quorum of the City Council for the City of St. Mary's this 7th day of April, 1987.



Mayor

ATTEST:



City Clerk

LEGISLATIVE INTENT
ORGANIZATION OF THE UNORGANIZED BOROUGH

The Legislature directs the Department of Community and Regional Affairs to fully examine the merits of forming regional municipal governments in the Unorganized Borough. This effort will develop several options for consideration by communities and residents of the Unorganized Borough and the 2nd Session of the 15th Alaska Legislature. These options will be considered as third class borough definition options as referenced in Sponsor Substitute for House Bill 1 (introduced in the 1st Session of the 15th Alaska Legislature). The efforts of the Department shall be coordinated with other state agencies, particularly the Departments of Education and Revenue. The efforts shall also be coordinated with the House and Senate Committees on Health, Education & Social Services, and Community & Regional Affairs.

Once these options are completed, it is intended that the Department, in conjunction with the above mentioned parties, conduct a series of meetings in the Unorganized Borough to exchange information and ideas with residents of the Unorganized Borough. The meetings will be conducted in the locations listed below, and at least two meetings will be conducted statewide via the legislative teleconference network. The communities in which meetings will be conducted include:

- | | | | |
|------------|----------|----------------|------------|
| Fort Yukon | McGrath | Nome | Bethel |
| Dillingham | Unalaska | Delta Junction | Tok |
| Glennallen | Valdez | Cordova | Nenana |
| Craig | Yakutat | Galena | St. Mary's |
| St. Paul | Angoon | Aniak | |

Issues to be addressed at each meeting include:

POWERS - Identification of the duties and responsibilities which are essential for a municipal regional government to possess. These would include, at a minimum, education.

VIABILITY - Identification of the human and financial resources which exist to support municipal government.

BOUNDARIES - Identification of boundaries of prospective regional municipal governments.

The efforts of the Department shall be completed by January 1, 1988. A report on this matter, along with specific recommendations, shall be submitted to the Legislature by the tenth legislative day of the 2nd Session of the 15th Alaska Legislature.

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST _____
Revision Date: _____
Title: An Act Converting REAA into
Third Class Boroughs
Sponsor: Representative Larson
Requestor: (H) C & R A

Bill Version: SS HB 1
Publish Date: _____
Agency Affected: Revenue
BRU: Operating
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

ANALYSIS: Attach a separate page if necessary

The fiscal impact of the bill cannot be determined. (No assumptions were made as to what mill rate(s) may be levied in the newly created boroughs.) See attachment.

Prepared By: Royce Weller
Division: Office of the Commissioner/Revenue

Phone: 465-2300
Date: April 8, 1987

Approved by Commissioner: Hugh Malone
Agency: Department of Revenue

Date: April 8, 1987

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

Continuation of Fiscal Note/Bill Analysis

SS HB 1

Boroughs created by this legislation would have the authority to levy taxes against 43.56 properties (oil and gas exploration, production and pipeline transportation properties) located within their boundaries. Pipeline as well as local properties would constitute the property types.

The numbers below relate to oil and gas properties only.

Value of transportation property
(unorganized boroughs)

			Potential Loss to State
FY 87	\$3,415,624,870	at 20 mills (state levy)	\$68,312,498
FY 88	\$3,084,000,000		\$61,700,000
FY 89	\$2,752,000,000		\$55,040,000
FY 89	\$2,419,000,000		\$48,380,000

NOME PUBLIC SCHOOLS
Box 131, Nome, Alaska 99762 • Telephone (907) 443-2231

(12) SSHB 1

for
CRA Committee
file

April 2, 1987



APR 6 1987

Representative Heinrich Springer
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811

Dear Henry,

I would like to express my support for S.S.H.B.1 which would create 3rd class boroughs out of REAA School Districts.

I can understand people being unwilling to tax themselves, especially if basic services are going to be provided by the State without a local effort requirement.

The most discussed issue in this area still seems to be money and i.e. the amount of taxes that would be raised in different REAA areas. The primary issue goes much deeper than potential tax revenue. It ties in to the whole issue of tax equity and the development of a true state-wide foundation program for education. Until REAA school district tax at the same basic rate (the proposed 4 mills) that is required in city and borough school districts, any attempt at equalization in a foundation formula is not really equitable.

The second related issue of city school districts being consolidated into the third class boroughs is really more of a political decision. City school districts such as Nome have a long history of service to their community dating back to the time when other agencies still expressed little concern about public schools. However, we also realize that it is important for education to be more economically administered even if this means the consolidation of some less economical districts and the elimination of schools which are too small to be viable.

Sincerely,

Larry D. LaBolle

Larry D. LaBolle
Superintendent

/im

11

PUBLIC OPINION MESSAGE

Temp
Copy committee file.

DEAR: REPRESENTATIVE SPRINGER

NAME: LEIGH B. DENNISON
TITLE:
ADDRESS: P.O. BOX 873
CITY: DELTA JCT.
PHONE: 895-4555

ZIP: 99737

⑪
SSHB 1

BILL NO: HB 1
SUBJECT: CONVERT REAA'S INTO 3RD CLASS BOROUGHS
MESSAGE: THE LAST THING ALASKA NEEDS IS MORE BRANCHES OF GOVERNMENT TO SUPPORT. WE ARE ALREADY OVER GOVERNED AND OVERTAXED. THIS PROPOSED BOROUGHS IS NEARLY 100% VIOLENTLY OPPOSED IN THIS AREA. YOUR VOTE AGAINST THIS INFAMOUS BILL WILL BE GREATLY APPRECIATED, STATEWIDE.

POMID: 02114201
DATE: 03/30/87
TIME: 11:42:01
LIONAME: DELTA JUNCTION LIO
RESPOND: NO

COPIES: REPRESENTATIVES REPRESENTATIVES

- | | |
|-------------|-----------|
| ADAMS | BARNES |
| BOUCHER | BOYER |
| BROWN | CATO |
| COLLINS | COTTEN |
| DAVIDSON | DAVIS |
| DONLEY | ELLIS |
| FRANK | FURNACE |
| GOLL | GRUENBERG |
| GRUSSENDORF | HANLEY |
| HERRMANN | HOFFMAN |
| HUDSON | KOPONEN |
| LARSON | MARTIN |
| MENARD | MILLER |
| NAVARRE | PEARCE |
| PETTYJOHN | PHILLIPS |
| POURCHOT | RIEGER |
| SHULTZ | SUND |
| SWACKHAMMER | TAYLOR |
| ULMER | WALLIS |
| ZAWACKI | |

11

9
SHB1

5-0971A
Levy
3/26/87

1 IN THE HOUSE

BY LARSON

2 HOUSE BILL NO.

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the unorganized borough, school
7 districts, and third class boroughs; and providing
8 for an effective date."

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

10 * Section 1. AS 04.11.400(a) is amended to read:

11 (a) Except as provided in (g), (h), (i), and (j) of this sec-
12 tion, a new license may not be issued and the board may prohibit
13 relocation of an existing license

14 (1) [OUTSIDE AN ESTABLISHED VILLAGE, INCORPORATED CITY,
15 UNIFIED MUNICIPALITY, OR ORGANIZED BOROUGH IF AFTER THE ISSUANCE OR
16 RELOCATION THERE WOULD BE MORE THAN ONE RESTAURANT OR EATING PLACE
17 LICENSE FOR EACH 1,500 POPULATION OR FRACTION OF 1,500 POPULATION OR
18 MORE THAN ONE LICENSE OF EACH OTHER TYPE, INCLUDING LICENSES THAT HAVE
19 BEEN ISSUED UNDER (g) OR (h) OF THIS SECTION, FOR EACH 3,000 POPULA-
20 TION OR FRACTION OF 3,000 POPULATION IN A RADIUS OF FIVE MILES OF THE
21 LICENSED PREMISES OR LOCATION OF PREMISES SOUGHT TO BE LICENSED,
22 EXCLUDING THE POPULATIONS OF ESTABLISHED VILLAGES, INCORPORATED
23 CITIES, UNIFIED MUNICIPALITIES, AND ORGANIZED BOROUGHES THAT ARE WHOLLY
24 OR PARTLY INCLUDED WITHIN THE RADIUS;

25 (2)] inside an established village, incorporated city, or
26 unified municipality if after the issuance or relocation there would
27 be inside the established village, incorporated city, or unified
28 municipality more than one restaurant or eating place license for each
29 1,500 population or fraction of 1,500 population or more than one

1 license of each other type, including licenses that have been issued
2 under (g) or (h) of this section, for each 3,000 population or frac-
3 tion of 3,000 population inside the established village, incorporated
4 city, or unified municipality;

5 (2) [(3)] inside a [AN ORGANIZED] borough but outside an
6 established village or incorporated city located within the borough,
7 if after the issuance or relocation there would be inside the borough,
8 but outside the established villages and incorporated cities located
9 within the borough, more than one restaurant or eating place license
10 for each 1,500 population or fraction of 1,500 population or more than
11 one license of each other type, including licenses that have been
12 issued under (g) or (h) of this section, for each 3,000 population or
13 fraction of 3,000 population inside the borough, excluding the popula-
14 tion of those established villages that have conducted an election on
15 a question set out in AS 04.11.490, 04.11.496, or 04.11.500, and
16 excluding the population of incorporated cities located within the
17 organized borough.

18 * Sec. 2. AS 04.11.490(b) is amended to read:

19 (b) If a majority of the voters vote "yes" on the question set
20 out in (a) of this section, the board shall be notified immediately
21 after certification of the results of the election and thereafter the
22 board may not issue, renew, or transfer between holders or locations a
23 license for licensed premises located within the boundaries of a
24 municipality [AND IN UNINCORPORATED AREAS WITHIN FIVE MILES OF THE
25 BOUNDARIES OF THE MUNICIPALITY] or within the perimeter of an estab-
26 lished village. Licenses that may not be renewed because of a local
27 option election held under this section are void 90 days after the
28 results of the election are certified. A license that will expire
29 during the 90 days after the results of a local option election under

1 this section are certified may be extended, until it is void under
2 this subsection, by payment of a prorated portion of the annual li-
3 cense fee.

4 * Sec. 3. AS 04.11.492(b) is amended to read:

5 (b) If a majority of the voters vote "yes" on the question set
6 out in (a) of this section, the board shall be notified immediately
7 after certification of the results of the election and thereafter may
8 not issue, renew, or transfer between holders or locations a license
9 for licensed premises located within the boundaries of a municipality
10 [AND IN UNINCORPORATED AREAS WITHIN FIVE MILES OF THE BOUNDARIES OF
11 THE MUNICIPALITY], with the exception of a beverage dispensary or
12 package store operated under a community liquor license held by the
13 municipality. Licenses in effect are void 90 days after the results
14 of the election are certified. A license that will expire during the
15 90 days after the results of a local option election under this sec-
16 tion are certified may be extended, until it is void under this sub-
17 section, by payment of a prorated portion of the annual license fee.

18 * Sec. 4. AS 04.11.496(b) is amended to read:

19 (b) If a majority of the voters vote "yes" on the question set
20 out in (a) of this section, a person, beginning on the first day of
21 the month following certification of the results of the election, may
22 not knowingly send, transport, or bring an alcoholic beverage into the
23 municipality or established village, unless the alcoholic beverage is
24 sacramental wine to be used for bona fide religious purposes based on
25 tenets or teachings of a church or religious body, is limited in
26 quantity to the amount necessary for religious purposes, and is dis-
27 pensed only for religious purposes by a person authorized by the
28 church or religious body to dispense the sacramental wine. The board
29 shall be notified immediately after certification of the results of

1 the election and thereafter may not issue, renew, or transfer between
2 holders or locations a license for licensed premises located within
3 the boundaries of the municipality [AND WITHIN UNINCORPORATED AREAS
4 WITHIN FIVE MILES OF THE BOUNDARIES OF THE MUNICIPALITY] or within the
5 perimeter of the established village. Licenses that may not be re-
6 newed because of a local option election held under this section are
7 void 90 days after the results of the election are certified. A
8 license that will expire during the 90 days after the results of a
9 local option election under this section are certified may be extend-
10 ed, until it is void under this subsection, by payment of a prorated
11 portion of the annual license fee.

12 * Sec. 5. AS 04.11.498(d) is amended to read:

13 (d) If a majority of the voters of a municipality vote "yes" on
14 the question set out in (a) of this section, and the sale of alcoholic
15 beverages, or the sale and importation of alcoholic beverages, has
16 been previously prohibited in the municipality in accordance with
17 AS 04.11.490 or 04.11.496, an ordinance is adopted that becomes effec-
18 tive beginning on the first day of the month following certification
19 of the results of the election, and a person may not knowingly possess
20 an alcoholic beverage in the municipality, unless the alcoholic bever-
21 age is wine to be used for bona fide religious purposes based on
22 tenets or teachings of a church or religious body, is limited in
23 quantity to the amount necessary for religious purposes, and is dis-
24 pensed only for religious purposes, by a person recognized by the
25 church or religious body as authorized to dispense the wine. The
26 board shall be notified immediately after certification of the results
27 of the election and thereafter may not issue, renew, or transfer
28 between holders or locations a license for licensed premises located
29 within the boundaries of the municipality [AND WITHIN UNINCORPORATED

1 AREAS WITHIN FIVE MILES OF THE BOUNDARIES OF THE MUNICIPALITY].

2 * Sec. 6. AS 04.11.498(e) is amended to read:

3 (e) If the majority of the voters of a municipality vote "yes"
4 on the question set out in (a) of this section and the sale of alco-
5 holic beverages, or the sale and importation of alcoholic beverages,
6 has not been previously prohibited in the municipality in accordance
7 with AS 04.11.490 or 04.11.496, an ordinance is adopted that becomes
8 effective beginning 90 days after certification of the results of the
9 election, and a person may not knowingly possess an alcoholic beverage
10 in the municipality, unless the alcoholic beverage is wine to be used
11 for bona fide religious purposes based on tenets or teachings of a
12 church or religious body, is limited in quantity to the amount neces-
13 sary for religious purposes, and is dispensed only for religious
14 purposes by a person recognized by the church or religious body as
15 authorized to dispense the wine. The board shall be notified immedi-
16 ately after the adoption of the ordinance and thereafter may not
17 issue, renew, or transfer between holders or locations a license for
18 licensed premises located within the boundaries of the municipality
19 [AND WITHIN UNINCORPORATED AREAS WITHIN FIVE MILES OF THE BOUNDARIES
20 OF THE MUNICIPALITY]. Licenses that may not be renewed because of a
21 local option election held under this section are void 90 days after
22 the results of the election are certified. A license that will expire
23 during the 90 days after the results of a local option election under
24 this section are certified may be extended, until it is void under
25 this section, by payment of a prorated portion of the annual fee.

26 * Sec. 7. AS 04.11.500(b) is amended to read:

27 (b) If a majority of the voters vote "yes" on the question set
28 out in (a) of this section, the board shall be notified immediately
29 after certification of the results of the election and thereafter may

1 not issue, renew, or transfer between holders or locations a license
2 for licensed premises located within the boundaries of the municipi-
3 pality [AND IN UNINCORPORATED AREAS WITHIN FIVE MILES OF THE BOUND-
4 ARIES OF THE MUNICIPALITY] or within the perimeter of the established
5 village, except those types of licenses listed on the ballot.
6 Licenses in effect within the boundaries of the municipality or
7 perimeter of the established village, [AND IN AN UNINCORPORATED AREA
8 OUTSIDE OF BUT WITHIN FIVE MILES OF THE BOUNDARIES OF THE MUNICIPAL-
9 ITY,] except those types of licenses listed on the ballot, are void 90
10 days after the results of the election are certified. A license that
11 will expire during the 90 days after the results of a local option
12 election under this section are certified may be extended, until it is
13 void under this subsection, by payment of a prorated portion of the
14 annual license fee.

15 * Sec. 8. AS 04.11.500(c) is amended to read:

16 (c) If the majority of the voters vote "no" on the question set
17 out in (a) of this section or vote "yes" on the questions set out in
18 AS 04.11.490, 04.11.492, 04.11.496, or this section if different types
19 of licenses are listed on the ballot in an election conducted in
20 accordance with AS 04.11.502 after an election in which the voters
21 voted "yes" on the question set out in (a) of this section, the board
22 shall be notified immediately after certification of the results of
23 the election. Licenses in effect in the municipality [, IN THE UNIN-
24 CORPORATED AREA OUTSIDE OF BUT WITHIN FIVE MILES OF THE BOUNDARIES OF
25 THE MUNICIPALITY] or established village that were excepted from the
26 prohibition on sale in accordance with the results of the earlier
27 election are void 90 days after the results of the election are cer-
28 tified. Thereafter the board may not issue, renew, or transfer be-
29 tween holders or locations a license for licensed premises located

1 within the boundaries of the municipality or within the perimeter of
2 an established village, [OR IN AN UNINCORPORATED AREA WITHIN FIVE
3 MILES OF THE BOUNDARIES OF THE MUNICIPALITY,] except a license that
4 may be issued to a municipality or to one of the types of licenses
5 listed on the ballot as a result of a majority of the voters voting
6 "yes" on the question set out in AS 04.11.492 or this section, respec-
7 tively. A license that will expire during the 90 days after the
8 results of a local option election under this section are certified
9 may be extended, until it is void under this subsection, by payment of
10 a prorated portion of the annual license fee.

11 * Sec. 9. AS 04.21.080(b)(9) is amended to read:

12 (9) "established village" means

13 (A) an unincorporated community that is in a third
14 class [THE UNORGANIZED] borough and that has 25 or more permanent
15 residents; or

16 (B) an unincorporated community that is in a borough
17 other than a third class [AN ORGANIZED] borough, has 25 or more
18 permanent residents, and

19 (i) is on a road system and is located more than
20 50 miles outside the boundary limits of a unified munici-
21 pality, or

22 (ii) is not on a road system and is located more
23 than 15 miles outside the boundary limits of a unified
24 municipality;

25 * Sec. 10. AS 05.35.070(4) is amended to read:

26 (4) "municipality" means a [AN ORGANIZED] borough of any
27 class or a first class city in a third class [OUTSIDE AN ORGANIZED]
28 borough;

29 * Sec. 11. AS 08.60.060 is amended to read:

1 Sec. 08.60.060. CERTIFICATE OF LOCATION. A person using or
2 proposing to use a location for a commercial or public junk yard must
3 obtain a certificate of approval for the location. If the location is
4 in a city of any class, the certificate shall be procured from the
5 city council or its designee. If the location is outside the city
6 limits [BUT WITHIN THE BOUNDARIES OF AN ORGANIZED BOROUGH], the certi-
7 ficate shall be procured from the assembly of the [ORGANIZED] borough
8 or its designee. [IF THE LOCATION IS OUTSIDE AN INCORPORATED CITY OR
9 BOROUGH, THE CERTIFICATE OF LOCATION SHALL BE OBTAINED FROM THE COM-
10 MISSIONER OF PUBLIC SAFETY.]

11 * Sec. 12. AS 09.55.275 is amended to read:

12 Sec. 09.55.275. REPLAT APPROVAL. No agency of the state or
13 municipality may acquire property located within a municipality exer-
14 cising the powers conferred by AS 29.35.180 [OR 29.35.260(c)] that
15 results in a boundary change unless the agency or municipality first
16 obtains from the municipal platting authority preliminary approval of
17 a replat showing clearly the location of the proposed public streets,
18 easements, rights-of-way, and other taking of private property. Final
19 approval of replat shall be similarly obtained. However, if a state
20 agency clearly demonstrates an overriding state interest, a waiver to
21 the approval requirements of this section may be granted by the gover-
22 nor. The platting authority shall treat applications for replat made
23 by state or local governmental agencies in the same manner as replat
24 petitions originated by private landowners.

25 * Sec. 13. AS 11.81.430(a)(2) is amended to read:

26 (2) When and to the extent reasonably necessary and appro-
27 priate to maintain order and when the use of force is consistent with
28 the welfare of the students, a teacher may, if authorized by school
29 regulations and the principal of the school, use reasonable and

1 appropriate nondeadly force upon a student. If authorized by school
2 regulations and the principal of the school, a teacher may use
3 nondeadly force under this paragraph in any situation in which the
4 teacher is responsible for the supervision of students. A teacher
5 employed by a school board [, INCLUDING A REGIONAL EDUCATIONAL
6 ATTENDANCE AREA SCHOOL BOARD,] may use nondeadly force under this
7 paragraph only if the school regulations authorizing the use of force
8 have been adopted by the school board.

9 * Sec. 14. AS 14.11.010(a) is amended to read:

10 (a) The assembly [OR COUNCIL OF A MUNICIPALITY THAT IS A SCHOOL
11 DISTRICT OR A REGIONAL SCHOOL BOARD] may submit a request to the
12 department for a school or education-related facility construction,
13 rehabilitation, or improvement project together with a report evaluat-
14 ing the condition of school or education-related facilities in the
15 municipality [OR REGIONAL EDUCATIONAL ATTENDANCE AREA] and a deter-
16 mination of the need for the project.

17 * Sec. 15. AS 14.11.010(b) is amended to read:

18 (b) With regard to projects requested under (a) of this section
19 the department shall

20 (1) rank each project in the order of priority that serves
21 the best interests of the state;

22 (2) prepare an estimate of the amount of money needed to
23 finance each project approved by the department and recommend to the
24 governor appropriations for projects to be included in the budget
25 submitted to the legislature;

26 (3) provide the governor with a copy of the report of the
27 assembly [, COUNCIL, OR REGIONAL SCHOOL BOARD] that requested each
28 project approved by the department;

29 (4) provide to the legislature within the first 10 days of

1 each regular session a summary of the projects requested by each
2 assembly [, COUNCIL, OR REGIONAL SCHOOL BOARD].

3 * Sec. 16. AS 14.11.010(c) is amended to read:

4 (c) In establishing priorities among requested projects the
5 department shall evaluate at least the following factors:

6 (1) priorities assigned by the assembly [, COUNCIL, OR
7 SCHOOL BOARD] to the projects requested;

8 (2) emergency requirements;

9 (3) the number of students without classroom space;

10 (4) new local elementary or secondary programs;

11 (5) existing regional, community, and school facilities and
12 the condition of the facilities;

13 (6) the economic and social stability of the municipality
14 or region.

15 * Sec. 17. AS 14.11.020 is amended to read:

16 Sec. 14.11.020. ASSUMPTION OF RESPONSIBILITIES. (a) The assem-
17 bly [OR COUNCIL OF A MUNICIPALITY THAT IS A SCHOOL DISTRICT OR A
18 REGIONAL SCHOOL BOARD] may, by resolution or majority vote of the
19 body, assume the responsibilities relating to the planning, design,
20 and construction of a school or an education-related facility located
21 within the boundaries or operating area of the municipality [OR RE-
22 GIONAL EDUCATIONAL ATTENDANCE AREA]. After receipt of a request by an
23 assembly [OR COUNCIL] under this subsection, the department shall
24 provide for the assumption of the responsibilities requested. [AFTER
25 RECEIPT OF A REQUEST BY A REGIONAL SCHOOL BOARD UNDER THIS SUBSECTION,
26 THE DEPARTMENT MAY PROVIDE FOR THE ASSUMPTION OF THE RESPONSIBILITIES
27 REQUESTED.]

28 (b) If a municipality [THAT IS A SCHOOL DISTRICT OR A REGIONAL
29 EDUCATIONAL ATTENDANCE AREA] assumes the responsibilities under this

1 section, the department shall grant to the municipality [OR REGIONAL
2 EDUCATIONAL ATTENDANCE AREA] money appropriated for the school or
3 education-related facility. The department may transfer the appro-
4 priations to a special construction account in the state treasury.
5 Under the fiscal control of the department, a municipality [OR REGION-
6 AL EDUCATIONAL ATTENDANCE AREA] that assumes responsibilities for the
7 project as provided in this section may draw on the account for costs
8 of the project.

9 (c) The construction management costs of a project assumed under
10 this section may not exceed four percent of the amount of appropria-
11 tions for the facility if the amount of appropriations is \$500,000 or
12 less. The construction management costs of a project assumed under
13 this section may not exceed three percent of the amount of appropria-
14 tions for the facility if the amount of appropriations is over
15 \$500,000 but less than \$5,000,000. The construction management costs
16 of a project assumed under this section may not exceed two percent of
17 the amount of appropriations for the facility if the amount of appro-
18 priations is \$5,000,000 or more. For purposes of this subsection
19 "construction management" means management of the project's schedule,
20 quality, and budget during any phase of the planning, design, and
21 construction of the facility by a private contractor engaged by the
22 municipality [OR REGIONAL EDUCATIONAL ATTENDANCE AREA].

23 (d) The commissioner shall adopt necessary regulations imple-
24 menting this section, and setting out the requirements for agreements
25 between the department and a municipality [OR REGIONAL EDUCATIONAL
26 ATTENDANCE AREA] relating to the assumption by the municipality [OR
27 REGIONAL EDUCATIONAL ATTENDANCE AREA] of responsibilities for the
28 planning, design, and construction of a project.

29 * Sec. 18. AS 14.11.100(b) is amended to read:

1 (b) The commissioner shall administer the program of reimburse-
2 ment authorized under this section and shall provide by regulation for
3 the filing of applications for reimbursement, the form of proof of
4 costs for which application for reimbursement is made, and other
5 regulations necessary to administer the program. The commissioner
6 shall exclude from the total school construction cost of the local
7 district all state and federal funds included in these costs except
8 funds provided under this section and AS 43.50.140. In approving
9 applications for reimbursement, the commissioner shall [(1)] offset
10 against the amount of reimbursement authorized the amount of any funds
11 distributed to the municipality [BOROUGH OR CITY] in the second pre-
12 ceding fiscal year from the school fund provided for in AS 43.50.140
13 [;

14 (2) REPEALED].

15 * Sec. 19. AS 14.11.100(c) is amended to read:

16 (c) The school construction account is established. Funds to
17 carry out the provisions of this section may be appropriated annually
18 by the legislature to the account. If amounts in the account are
19 insufficient for the purpose of providing the share to which a munici-
20 ipality [BOROUGH OR CITY] is entitled under this section, those funds
21 that are available shall be distributed pro rata among the eligible
22 local governments.

23 * Sec. 20. AS 14.11.105 is amended to read:

24 Sec. 14.11.105. PUBLIC SCHOOL FACILITIES CONSTRUCTION ADVANCE
25 ACCOUNT. The public school facilities construction advance account is
26 established. The account consists of appropriations for distribution
27 under AS 14.11.105 - 14.11.135 to municipalities that [BOROUGH AND
28 CITIES WHICH] are school districts to assist in paying the costs of
29 public school facilities projects approved under AS 14.07.020(11) for

1 which construction is commenced after June 30, 1978, and for which no
2 bonding, notes, or other indebtedness was incurred before July 1,
3 1978.

4 * Sec. 21. AS 14.11.120(b) is amended to read:

5 (b) A borough or unified municipality [CITY WHICH IS A SCHOOL
6 DISTRICT] seeking construction cost aid shall apply to the department
7 by October 15 of the prior fiscal year.

8 * Sec. 22. AS 14.11.125(a) is amended to read:

9 (a) Funds distributed to a municipality [BOROUGH OR CITY WHICH
10 IS A SCHOOL DISTRICT] during a school year under AS 14.11.105 -
11 14.11.135 shall be received, held, and expended by the school district
12 in accordance with the applicable provisions of law and of regulations
13 adopted by the department. Funds provided under AS 14.11.105 -
14 14.11.135 that [, BUT WHICH] are not required for the project for
15 which they were granted or that [WHICH] are in excess of that [BOR-
16 OUGH'S OR CITY WHICH IS A] district's entitlement for aid under
17 AS 14.11.115 shall be returned to the department and deposited in the
18 general fund.

19 * Sec. 23. AS 14.11.125(b) is amended to read:

20 (b) Each municipality that [BOROUGH OR CITY WHICH] is a school
21 district shall maintain financial records of the receipt and disburse-
22 ment of state funds received under AS 14.11.105 - 14.11.135 and money
23 provided toward local effort. The records shall be in the form pre-
24 scribed by the department and are subject to audit by it at any time.

25 * Sec. 24. AS 14.11.125(d) is amended to read:

26 (d) Municipalities [BOROUGH AND CITIES] that are school dis-
27 tricts shall secure and maintain in full force and effect adequate
28 property loss insurance for the replacement cost of all facilities
29 constructed after July 1, 1978, and for which state funds are

1 available under AS 14.11.100 - 14.11.135.

2 * Sec. 25. AS 14.11.130(b) is amended to read:

3 (b) Funds to carry out the provisions of AS 14.11.105 - 14.11.-
4 135 may be appropriated annually by the legislature into the public
5 school facilities construction advance account. If amounts in the
6 account are insufficient to meet the allocations authorized by the
7 commissioner under AS 14.11.105 - 14.11.135, the [SUCH] funds that
8 [AS] are available shall be distributed pro rata among each borough
9 and unified municipality [CITY WHICH IS A SCHOOL DISTRICT] based upon
10 its computed entitlement.

11 * Sec. 26. AS 14.12.010 is repealed and reenacted to read:

12 Sec. 14.12.010. DISTRICTS OF STATE PUBLIC SCHOOL SYSTEM. Each
13 borough and unified municipality in the state is a school district of
14 the state public school system.

15 * Sec. 27. AS 14.12.020(b) is amended to read:

16 (b) Each [BOROUGH OR CITY] school district shall be operated on
17 a district-wide basis under the management and control of a school
18 board.

19 * Sec. 28. AS 14.12.020(c) is amended to read:

20 (c) [THE LEGISLATURE SHALL PROVIDE THE STATE MONEY NECESSARY TO
21 MAINTAIN AND OPERATE THE REGIONAL EDUCATIONAL ATTENDANCE AREAS.] The
22 [BOROUGH] assembly for a [BOROUGH] school district [, AND THE CITY
23 COUNCIL FOR A CITY SCHOOL DISTRICT,] shall provide the money that
24 [WHICH] must be raised from local sources to maintain and operate the
25 district.

26 * Sec. 29. AS 14.12.030(a) is amended to read:

27 (a) Each [BOROUGH AND CITY] school district with an average
28 daily membership of 5,000 or less has a school board of five members,
29 except that the assembly [GOVERNING BODY OF THE BOROUGH OR CITY] may

1 by ordinance, concurred in by a majority of the district school board,
2 provide for a school board of seven members.

3 * Sec. 30. AS 14.12.030(b) is amended to read:

4 (b) Each [BOROUGH AND CITY] school district with an average
5 daily membership exceeding 5,000 has a school board of seven, nine, or
6 eleven members, as established by ordinance.

7 * Sec. 31. AS 14.12.030(d) is amended to read:

8 (d) [THE PROVISIONS OF (a) AND (b) OF THIS SECTION DO NOT APPLY
9 TO A REGIONAL EDUCATIONAL ATTENDANCE AREA THAT CONVERTS TO A CITY OR
10 BOROUGH SCHOOL DISTRICT.] The number of school board members may be
11 changed by the qualified voters in a district by placing the question
12 on the ballot at a regular school board election in the manner pre-
13 scribed by law.

14 * Sec. 32. AS 14.12.030(e) is amended to read:

15 (e) Each [CITY OR BOROUGH] school district that is operating
16 schools on a military reservation [UNDER AS 14.12.020(a)] has one
17 nonvoting delegate from the military reservation or reservations to
18 the school district board to advise and assist the board in matters
19 relating to the military reservation schools operated by the school
20 district and to act as liaison between the board and the military
21 community. The nonvoting delegate shall be appointed by the school
22 district board, shall serve at the pleasure of the school district
23 board, and must be an inhabitant of the area served by the military
24 reservation schools operated by the school district by contract. If
25 an elected community school committee is established on a military
26 reservation, the only inhabitants of that military reservation who are
27 eligible for appointment as the nonvoting delegate are those inhabi-
28 tants who are members of the elected school committee.

29 * Sec. 33. AS 14.12.050(a) is amended to read:

1 (a) The term of office of a member of a [BOROUGH OR CITY] school
2 board is three years and until a successor takes office. However, the
3 members of a newly created five-member school board hold office for
4 initial terms as follows: two for a term of three years, two for a
5 term of two years, and one for a term of one year, the terms being
6 assigned to the members by lot. The members of a newly created seven-
7 member school board hold office for initial terms as follows: three
8 for a term of three years, two for a term of two years, and two for a
9 term of one year, the terms being assigned to the members by lot.

10 * Sec. 34. AS 14.12.180 is amended to read:

11 Sec. 14.12.180. REGULATIONS. The department may adopt regula-
12 tions necessary to implement the provisions of AS 14.12.150 - 14.12.-
13 160 [AS 14.12.150 - 14.12.170].

14 * Sec. 35. AS 14.14.110(c) is amended to read:

15 (c) A contract for the operation of schools on military reser-
16 vations by a [CITY OR BOROUGH] school district under [AS 14.12.020(a)
17 AND IN] (a) of this section shall include, in addition to the terms
18 and conditions prescribed by the department under (b) of this section,
19 provisions for the following:

20 (1) the educational program provided by the school district
21 in the schools on the military reservation shall be comparable to the
22 program provided by the school district in its nonmilitary reservation
23 schools; and

24 (2) the school district shall be fully reimbursed for the
25 cost of operation of the schools on a military reservation.

26 * Sec. 36. AS 14.14.310(1) is amended to read:

27 (1) "board" means the school board [GOVERNING BODY] of a
28 [BOROUGH OR CITY] school district [OR REGIONAL EDUCATIONAL ATTENDANCE
29 AREA];

1 * Sec. 37. AS 14.17.021(c) is amended to read:

2 (c) The equalized percentage for each [CITY/BOROUGH] school
3 district is computed according to formula $P_i = 1 - K \frac{V_i}{V_s}$ in
4 which

5 (1) P_i (equalized percentage) = percent of need to be
6 provided by the state;

7 (2) K (minimum level of state support of basic need) = 97
8 percent;

9 (3) V_i (valuation per pupil in average daily membership in
10 the district) = full and true value of taxable real and personal
11 property within the [CITY/BOROUGH] district divided by the average
12 daily membership of the district;

13 (4) V_s = average of the valuation per pupil in average
14 daily membership for all the [CITY/BOROUGH] districts of the state;

15 (5) state aid as computed under this section constitutes at
16 least 97 percent of the basic need, of each school district;

17 (6) for the purpose of calculating the amount of equalized
18 percentage under this section, V_i/V_s may not exceed 1.00.

19 * Sec. 38. AS 14.18.060(a) is amended to read:

20 (a) School boards shall have textbooks and instructional mate-
21 rials reviewed for evidence of sex bias in accordance with [AS 14.-
22 08.111(9) AND] AS 14.14.090(7). School boards shall use educationally
23 sound, unbiased texts and other instructional materials as they become
24 available. Nothing in this section prohibits use of literary works.

25 * Sec. 39. AS 14.18.090 is amended to read:

26 Sec. 14.18.090. ENFORCEMENT BY BOARD OF EDUCATION. (a) The
27 board shall enforce compliance by school districts [AND REGIONAL
28 EDUCATIONAL ATTENDANCE AREAS] with the provisions of this chapter and
29 the regulations and procedures adopted under it by appropriate order

1 made in accordance with AS 44.62. After hearing and a finding that a
2 district [OR A REGIONAL EDUCATIONAL ATTENDANCE AREA] is not in compli-
3 ance with this chapter and is not actively working to come into com-
4 pliance, the board shall institute appropriate proceedings to abate
5 the practices found by the board to be a violation of this chapter.

6 (b) After a finding by the board that a district [OR REGIONAL
7 EDUCATIONAL ATTENDANCE AREA] has not complied with AS 14.18.020 -
8 14.18.070, and that the measures taken under (a) of this section have
9 been ineffective, the board shall withhold state funds in accordance
10 with AS 14.07.070.

11 * Sec. 40. AS 14.30.030 is amended to read:

12 Sec. 14.30.030. REPORT OF VIOLATIONS AND PROCEDURES. The chief
13 administrative officer of a school district [SCHOOL OR REGIONAL EDUCA-
14 TIONAL ATTENDANCE AREA] shall report all apparent violations of AS
15 14.30.010 to the school board [GOVERNING BODY OF THE DISTRICT]. The
16 school board [GOVERNING BODY] shall, on receiving the report or on the
17 complaint of any person, provide for a full and impartial investiga-
18 tion of all charges of violation. In private or federal schools, the
19 chief administrative officer shall make a full and impartial investi-
20 gation of all apparent violations. If it reasonably appears upon
21 investigation that a person has violated AS 14.30.010, the [GOVERNING
22 BODY OF A DISTRICT] school board [OR REGIONAL EDUCATIONAL ATTENDANCE
23 AREA], or the chief administrative officer of a private or federal
24 school, shall make and file with the district court a complaint
25 against the person, charging the violation. The judge or magistrate
26 may issue a warrant for the arrest of the person and may act upon the
27 complaint.

28 * Sec. 41. AS 14.30.186(a) is amended to read:

29 (a) A [BOROUGH OR CITY] school district shall provide special

1 education and related services for exceptional children residing in
2 the district.

3 * Sec. 42. AS 14.30.400 is amended to read:

4 Sec. 14.30.400. BILINGUAL-BICULTURAL EDUCATION. The school
5 board [CITY OR BOROUGH DISTRICT SCHOOL BOARDS AND REGIONAL EDUCATIONAL
6 ATTENDANCE AREA BOARDS] shall provide a bilingual-bicultural education
7 program for each school in a [CITY OR BOROUGH SCHOOL] district that
8 [OR REGIONAL EDUCATIONAL ATTENDANCE AREA WHICH] is attended by at
9 least eight pupils of limited English-speaking ability and whose
10 primary language is other than English. A bilingual-bicultural educa-
11 tion program shall be provided under a plan of service that [WHICH]
12 has been developed in accordance with regulations adopted by the
13 department. Nothing in this section precludes a bilingual-bicultural
14 education program from being provided for less than eight pupils in a
15 school.

16 * Sec. 43. AS 14.33.010 is amended to read:

17 Sec. 14.33.010. REQUIREMENTS FOR SCHOOL SAFETY PATROLS. The
18 school board of a [BOROUGH OR CITY] school district [OR REGIONAL
19 EDUCATIONAL ATTENDANCE AREA,] or a private or denominational school
20 may require that school safety patrols be established to assist pupils
21 to cross streets and highways adjacent to schools in safety.

22 * Sec. 44. AS 14.56.120(c) is amended to read:

23 (c) The center is also a depository for publications of munic-
24 ipalities [AND REGIONAL EDUCATIONAL ATTENDANCE AREAS], including sur-
25 veys and studies produced by a municipality [OR REGIONAL EDUCATIONAL
26 ATTENDANCE AREA,] or produced for it on contract. Four copies of each
27 publication produced for a municipality [OR REGIONAL EDUCATIONAL
28 ATTENDANCE AREA] may be deposited with the center for record and
29 distribution purposes.

1 * Sec. 45. AS 14.56.120(d) is amended to read:

2 (d) Each municipality [OR REGIONAL EDUCATIONAL ATTENDANCE AREA]
3 may notify the center of the creation of all data published or com-
4 piled by or for it at public expense and provide for its accessibility
5 through the center, unless the data is protected by the constitutional
6 right to privacy or is of a type stated by law to be confidential or
7 the municipality [OR REGIONAL EDUCATIONAL ATTENDANCE AREA] is other-
8 wise prohibited by law from doing so.

9 * Sec. 46. AS 14.56.120(e) is amended to read:

10 (e) When a research project or study is conducted for a person
11 by a state agency or [,] a municipality, [OR A REGIONAL EDUCATIONAL
12 ATTENDANCE AREA,] even though no state funding is involved, the state
13 agency or [,] municipality [OR REGIONAL EDUCATIONAL ATTENDANCE AREA]
14 shall ask [REQUEST] that person for permission to make copies of its
15 final report available to the center under AS 14.56.090 - 14.56.180.
16 If permission is granted, the report shall be deposited with the
17 center.

18 * Sec. 47. AS 14.56.123 is amended to read:

19 Sec. 14.56.123. LIAISON WITH CENTER. Each state agency shall
20 and each municipality [AND REGIONAL EDUCATIONAL ATTENDANCE AREA] may
21 designate one of its employees to be responsible for depositing the
22 materials and information specified in AS 14.56.120.

23 * Sec. 48. AS 14.56.125(a) is amended to read:

24 (a) Upon notification of the creation of data under AS 14.56.-
25 120, a state agency shall and a municipality [OR REGIONAL EDUCATIONAL
26 ATTENDANCE AREA] may prepare an abstract or summary of it.

27 * Sec. 49. AS 14.56.150 is amended to read:

28 Sec. 14.56.150. DEPOSITORY LIBRARY CONTRACTS. The center may
29 enter into depository contracts with municipal, [REGIONAL EDUCATIONAL

1 ATTENDANCE AREA,) university, or community college libraries, publ:
2 library associations, state library agencies, the Library of Congress
3 and other state and federal library systems. The requirements fo
4 eligibility to contract as a depository library shall be establishe
5 by the Department of Education upon the recommendation of the stat
6 librarian and shall include and take into consideration the type o
7 library, its ability to preserve publications or data and to make the
8 available for public use, and the geographical location of the library
9 for ease of access to residents in all areas of the state.

10 * Sec. 50. AS 14.60.010(5) is amended to read:

11 (5) "governing body" means the school board of a [BOROUGH
12 OR CITY] school district [OR A REGIONAL EDUCATIONAL ATTENDANCE AREA];

13 * Sec. 51. AS 15.60.010(13) is amended to read:

14 (13) "local election" means a regular or special election
15 held by a municipality [BOROUGH, CITY, SCHOOL DISTRICT, OR REGIONAL
16 EDUCATIONAL ATTENDANCE AREA];

17 * Sec. 52. AS 18.31.020 is amended to read:

18 Sec. 18.31.020. DUTIES OF THE DEPARTMENT OF LABOR. In order to
19 abate asbestos health hazards from public schools and from the Univer-
20 sity of Alaska the Department of Labor shall

21 (1) in a school district [OR REGIONAL EDUCATIONAL ATTEN-
22 DANCE AREA] that has not complied with Environmental Protection Agency
23 asbestos regulations (40 C.F.R. Part 763), inspect school buildings to
24 determine the presence of asbestos, take samples as needed, answer
25 inquiries on the subject, ensure quality control of asbestos sampling,
26 or enter into contracts for these purposes;

27 (2) distribute, retrieve, and store training materials
28 concerning inspection and sampling for asbestos;

29 (3) establish guidelines, in conformity with Environmental

CORRECTION

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TO ASSURE LEGIBILITY**

1 ATTENDANCE AREA,] university, or community college libraries, public
2 library associations, state library agencies, the Library of Congress,
3 and other state and federal library systems. The requirements for
4 eligibility to contract as a depository library shall be established
5 by the Department of Education upon the recommendation of the state
6 librarian and shall include and take into consideration the type of
7 library, its ability to preserve publications or data and to make them
8 available for public use, and the geographical location of the library
9 for ease of access to residents in all areas of the state.

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21 (1) in a school district [OR REGIONAL EDUCATIONAL ATTEN-
22 DANCE AREA] that has not complied with Environmental Protection Agency
23 asbestos regulations (40 C.F.R. Part 763), inspect school buildings to
24 determine the presence of asbestos, take samples as needed, answer
25 inquiries on the subject, ensure quality control of asbestos sampling,
26 or enter into contracts for these purposes;

27 (2) distribute, retrieve, and store training materials
28 concerning inspection and sampling for asbestos;

29 (3) establish guidelines, in conformity with Environmental

1 Protection Agency asbestos regulations (40 C.F.R. Part 763), for
2 abating asbestos health hazards, for inspecting and collecting samples
3 of suspected asbestos, and for analyzing the samples;

4 (4) evaluate analysis results and distribute the results to
5 affected schools;

6 (5) coordinate efforts by state departments and agencies
7 and by school officials to identify and abate asbestos health hazards;

8 (6) cooperate with the Department of Education to adminis-
9 ter state money appropriated for the asbestos health hazard abatement
10 program;

11 (7) establish classifications of asbestos health hazards
12 according to the severity of the hazard and determine on the basis of
13 those classifications the order in which abatement projects should
14 proceed;

15 (8) review and approve all asbestos health hazard abatement
16 projects relating to respirator use and employee training, including
17 training materials;

18 (9) oversee an employee certification program;

19 (10) establish guidelines and procedures to prevent damage
20 to asbestos products in daily operations;

21 (11) whenever the department is informed of scheduled work
22 to abate an asbestos health hazard, inform the contractors and other
23 concerned persons of the health hazards of asbestos;

24 (12) assist the University of Alaska in its efforts to abate
25 asbestos health hazards; and

26 (13) adopt regulations necessary to implement the provisions
27 of this chapter.

28 ~~Section 18.31.040~~ AS 18.31.040 is amended to read:

29 Sec. 18.31.040. DUTIES OF SCHOOL OFFICIALS. To assist in

1 implementing the asbestos health hazard abatement program, each [CITY
2 OR BOROUGH] school district [AND EACH REGIONAL EDUCATIONAL ATTENDANCE
3 AREA] shall

4 (1) maintain records of all inspections, including sample
5 dates, location, condition, and analysis of materials;

6 (2) notify school personnel of the location of asbestos
7 materials and ways to reduce exposure;

8 (3) notify the parents of students about the results of
9 asbestos inspections in their children's schools;

10 (4) either

11 (A) contract for the inspection of its school build-
12 ings in compliance with Environmental Protection Agency asbestos
13 regulatic.as (40 C.F.R. Part 763) and in accordance with guide-
14 lines established by the Department of Labor and under the super-
15 vision of the Department of Labor; or

16 (B) notify the Department of Labor that the school
17 district [OR REGIONAL EDUCATIONAL ATTENDANCE AREA] has not en-
18 tered and does not intend to enter into a contract for an inspec-
19 tion for asbestos health hazards; and

20 (5) contract for renovating school buildings to abate
21 asbestos health hazards, and supervise and monitor the renovation
22 contracts, applying the standards in AS 18.60.075 to protect the
23 health of persons who renovate the school buildings.

24 * Sec. 54. AS 18.31.050 is amended to read:

25 Sec. 18.31.050. REPAYMENT OF GRANT FUNDS. A school district [OR
26 REGIONAL EDUCATIONAL ATTENDANCE AREA] that receives a state grant for
27 the abatement of asbestos health hazards in schools shall repay the
28 grant from [ANY] money the district [OR THE REGIONAL EDUCATIONAL
29 ATTENDANCE AREA] recovers from asbestos manufacturers or other parties

1 in a claim for damages arising from the use of asbestos in a school.
2 Repayment shall be made after deducting legal fees and other costs
3 associated with the claim for damages.

4 * Sec. 55. AS 19.30.141 is amended to read:

5 Sec. 19.30.141. ACQUISITION AND CONSTRUCTION PROGRAMS. Before
6 October 1 of each fiscal year each local government eligible for
7 allocation of funds under AS 19.30.131 shall submit to the commis-
8 sioner for approval a five-year plan for the acquisition and con-
9 struction of local service roads and trails. Before December 1 of each
10 fiscal year the commissioner shall submit to the governor a five-year
11 plan for the acquisition and construction of local service roads and
12 trails, including the approved local government programs. A [AN
13 ORGANIZED] borough shall include in its five-year plan local service
14 road acquisition and construction programs for all cities other than
15 home rule cities within the boundaries of the borough. [THE COMMIS-
16 SIONER SHALL INCLUDE IN THE FIVE-YEAR PLAN LOCAL SERVICE ROAD AND
17 TRAIL ACQUISITION AND CONSTRUCTION WITHIN THE UNORGANIZED BOROUGH.]

18 * Sec. 56. AS 29.05.031(a) is amended to read:

19 (a) An area that meets the following standards may incorporate as
20 a home rule [, FIRST CLASS,] or general law [SECOND CLASS] borough:

21 (1) the population of the area is interrelated and inte-
22 grated as to its social, cultural, and economic activities, and is
23 large and stable enough to support borough government;

24 (2) the boundaries of the proposed borough conform general-
25 ly to natural geography and include all areas necessary for full
26 development of municipal services;

27 (3) the economy of the area includes the human and finan-
28 cial resources capable of providing municipal services; evaluation of
29 an area's economy includes land use, property values, total economic

1 base, total personal income, resource and commercial development,
2 anticipated functions, expenses, and income of the proposed borough;

3 (4) land, water, and air transportation facilities allow
4 the communication and exchange necessary for the development of inte-
5 grated borough government.

6 * Sec. 57. AS 29.05.060 is amended to read:

7 Sec. 29.05.060. PETITION. Municipal incorporation is proposed
8 by filing a petition with the department. The petition shall include
9 the following information about the proposed municipality:

10 (1) class;

11 (2) name;

12 (3) boundaries;

13 (4) maps, documents, and other information required by the
14 department;

15 (5) composition and apportionment of the governing body;

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

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

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

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

26 (8) [FOR A FIRST CLASS BOROUGH, A DESIGNATION OF AREAWIDE
27 POWERS TO BE EXERCISED;

28 (9)] for a general law [SECOND CLASS] borough, a designation
29 of areawide and nonareawide powers to be exercised;

1 (9) [(10)] for a first or second class city, a designation
2 of the powers to be exercised;

3 (10) [(11)] for a first class city, based on the number who
4 voted in the area in the last general election, the signatures and
5 resident addresses of 50 voters in the proposed city or of 15 percent
6 of the voters in the proposed city, whichever is greater;

7 (11) [(12)] for a second class city, based on the number who
8 voted in the area in the last general election, the signatures and
9 resident addresses of 25 voters in the proposed city or of 15 percent
10 of the voters in the proposed city, whichever is greater;

11 (12) [(13)] for a home rule borough, a proposed home rule
12 charter.

13 * Sec. 58. AS 29.06.040 is amended by adding a new subsection to read:

14 (e) Territory may not be detached from a borough or unified
15 municipality unless it is included in another borough or unified
16 municipality upon detachment.

17 * Sec. 59. AS 29.06.090(a) is amended to read:

18 (a) Two or more municipalities may merge or consolidate to form a
19 single municipality [, EXCEPT A THIRD CLASS BOROUGH MAY NOT BE FORMED
20 THROUGH MERGER OR CONSOLIDATION].

21 * Sec. 60. AS 29.06.450(c) is amended to read:

22 (c) A borough is dissolved when its entire territory is included
23 in another borough or unified municipality [A HOME RULE OR FIRST CLASS
24 CITY OR CITIES]. A city is dissolved when all its powers become
25 areawide borough powers.

26 * Sec. 61. AS 29.06.470(b) is amended to read:

27 (b) Voters of a city [IN A BOROUGH] may only petition for disso-
28 lution of the city if the borough in which the city is located con-
29 sents to assume the city's rights, powers, duties, assets, and

1 liabilities. The consent must be ratified by a majority of borough
2 voters voting on the question. Voters of a borough or unified
3 municipality may only petition for dissolution if the entire area of
4 the borough or unified municipality will be included in one or more
5 other boroughs or unified municipalities.

6 * Sec. 62. AS 29.10.010(c) is amended to read:

7 (c) Upon detachment from a borough or unified municipality, at
8 [AT] an election for borough incorporation, an area [IN THE UNOR-
9 GANIZED BOROUGH] may adopt a charter for its own government and incor-
10 porate as a home rule borough.

11 * Sec. 63. AS 29.10.010(f) is amended to read:

12 (f) The proposed charter for a proposed new home rule [AN AREA
13 OF THE UNORGANIZED] borough shall be prepared by the petitioners and
14 filed under AS 29.05.060 with the petition to incorporate a home rule
15 borough.

16 * Sec. 64. AS 29.10.070 is amended to read:

17 Sec. 29.10.070. CHARTER ELECTION. The proposed home rule char-
18 ter for an existing municipality shall be submitted to the voters at
19 an election held not less than 30 days or more than 90 days after the
20 proposed charter is published. The proposed home rule charter for an
21 area proposed to be incorporated as a home rule [IN THE UNORGANIZED]
22 borough shall be submitted to the voters at an incorporation election
23 held under AS 29.05.110.

24 * Sec. 65. AS 29.10.080(a) is amended to read:

25 (a) If a majority of those voting in an existing municipality
26 favor the proposed charter or if a majority of those voting in an area
27 proposed to be incorporated as a home rule [IN THE UNORGANIZED] bor-
28 ough favor incorporation [OF A HOME RULE BOROUGH], the proposed char-
29 ter becomes the organic law of the municipality effective on the date

1 the election is certified. Thereafter, a court shall take judicial
2 notice of the charter. The new home rule municipality shall file the
3 indicated number of copies of the charter with

4 (1) the lieutenant governor - two copies;

5 (2) the department - two copies;

6 (3) the district recorder - one copy;

7 (4) the municipal clerk - one copy.

8 * Sec. 66. AS 29.10.090(b) is amended to read:

9 (b) If incorporation of a home rule borough is rejected by the
10 voters [IN AN AREA IN THE UNORGANIZED BOROUGH], the proposed charter
11 is rejected and the area may not be detached from the existing borough
12 or unified municipality.

13 * Sec. 67. AS 29.20.060(b) is amended to read:

14 (b) The assembly of a newly incorporated general law borough is,
15 after incorporation and until the adoption of an ordinance providing
16 for a change in composition or apportionment, composed of seven [THE
17 NUMBER OF] members elected at large [AND APPORTIONED AS SET OUT IN THE
18 INCORPORATION PETITION APPROVED BY THE VOTERS]. If the borough is
19 already incorporated, the assembly shall be composed and apportioned
20 in a manner that is consistent with the requirements of this section
21 and prescribed by charter or ordinance.

22 * Sec. 68. AS 29.20.500 is amended to read:

23 Sec. 29.20.500. POWERS AND DUTIES OF A MANAGER. The manager may
24 hire necessary administrative assistants and may authorize an adminis-
25 trative official to appoint, suspend, or remove subordinates. As
26 chief administrator the manager shall

27 (1) appoint, suspend, or remove municipal employees and
28 administrative officials, except as provided otherwise in this title
29 [AND AS 14.14.065];

1 (2) supervise the enforcement of municipal law and carry
2 out the directives of the governing body;

3 (3) prepare and submit an annual budget and capital im-
4 provement program for consideration by the governing body, and execute
5 the budget and capital improvement program adopted;

6 (4) make monthly financial reports and other reports on
7 municipal finances and operations as required by the governing body;

8 (5) exercise custody over all real and personal property of
9 the municipality, except property of the school district;

10 (6) perform other duties required by law or by the govern-
11 ing body; and

12 (7) serve as personnel officer, unless the governing body
13 authorizes the manager to appoint a personnel officer.

14 * Sec. 69. AS 29.35.160(a) is amended to read:

15 (a) Each borough constitutes a [BOROUGH] school district and
16 establishes, maintains, and operates a system of public schools on an
17 areawide basis as provided in AS 14.14.060. A military reservation in
18 a borough is not part of the [BOROUGH] school district until the
19 military mission is terminated or until inclusion in the [BOROUGH]
20 school district is approved by the Department of Education. However,
21 operation of the military reservation schools by the [BOROUGH] school
22 district may be required by the Department of Education under AS 14.-
23 14.110. If the military mission of a military reservation terminates
24 [OR CONTINUED MANAGEMENT AND CONTROL BY A REGIONAL EDUCATIONAL ATTEN-
25 DANCE AREA IS DISAPPROVED BY THE DEPARTMENT OF EDUCATION], operation,
26 management, and control of schools on the military reservation trans-
27 fers to the [BOROUGH] school district in which the military reserva-
28 tion is located.

29 * Sec. 70. AS 29.35.250(a) is amended to read:

1 (a) A city [INSIDE A BOROUGH] may exercise any power not other-
2 wise prohibited by law.

3 * Sec. 71. AS 29.60.100 is amended to read:

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

7 [(1)] to a municipality or other eligible recipient that
8 has the power to provide the services described in AS 29.60.110 -
9 29.60.120 [AS 29.60.110 - 29.60.130] and exercises the power in the
10 manner required by AS 29.60.100 - 29.60.180 [;

11 (2) TO AN UNINCORPORATED COMMUNITY UNDER AS 29.60.140].

12 * Sec. 72. AS 29.60.160(a) is amended to read:

13 (a) Payments to a municipality or other eligible recipient under
14 AS 29.60.110 - 29.60.120 [AS 29.60.110 - 29.60.130] shall reflect area
15 cost-of-living differentials. Payments shall be based on the sum of
16 per capita, per mile, and per bed or facility grants due each munici-
17 pality or other recipient multiplied by the appropriate area cost-of-
18 living differential. The area cost-of-living differential for each
19 recipient shall be determined annually by election district under the
20 provisions of AS 39.27.030. Application of the area cost-of-living
21 differential may not result in distribution of an amount less than the
22 amount of the payment determined without reference to application of
23 this section.

24 * Sec. 73. AS 35.15.080(d) is amended to read:

25 (d) Provisions of this title governing planning, design, and
26 construction of public works by the department, and regulations adopt-
27 ed under the provisions, govern the administration of projects assumed
28 by a municipality [OR REGIONAL EDUCATIONAL ATTENDANCE AREA] under this
29 section. For that purpose the provisions supersede any conflicting

1 provisions of ordinance or charter of a municipality.

2 * Sec. 74. AS 35.15.080(f) is amended to read:

3 (f) To carry out the purpose of this section, the commissioner
4 of transportation and public facilities shall adopt regulations relat-
5 ing to the application for and the making and the conditions of agree-
6 ments and the local assumption of responsibilities for the planning,
7 design, and construction of public works under this section. [HE
8 SHALL INCLUDE IN GRANT CONTRACTS TERMS AND CONDITIONS REQUIRING A
9 REGIONAL SCHOOL BOARD AND ITS CONTRACTORS TO ADHERE TO THE PROVISIONS
10 OF AS 36.05.010 WITH RESPECT TO THE PAYMENT OF WAGE RATES ON CON-
11 STRUCTION PROJECTS, AND AS 36.10.010 WITH RESPECT TO EMPLOYMENT PREF-
12 ERENCE, AND MAY REQUIRE DIFFERENT TERMS IN AGREEMENTS FOR DIFFERENT
13 PROJECTS TO MEET LOCAL CONDITIONS AND UNIQUE REQUIREMENTS AND TO
14 ASSURE COMPLIANCE WITH THE PUBLIC FACILITIES PROCUREMENT POLICIES
15 DEVELOPED BY THE DEPARTMENT UNDER AS 35.10.160 - 35.10.200.] If
16 necessary, the commissioner may require as a condition of an agreement
17 approval of the agreement by the federal government. Regulations
18 adopted, amended, or repealed by the department under this section
19 which relate to educational facilities shall be developed in conjunc-
20 tion with the Alaska Association of School Boards and the Alaska
21 Association of School Administrators and reviewed by those associa-
22 tions before final action on the regulations is taken by the depart-
23 ment.

24 * Sec. 75. AS 35.15.100 is amended to read:

25 Sec. 35.15.100. RESPONSIBILITY OF DEPARTMENT. When a municipal-
26 ity [OR REGIONAL EDUCATIONAL ATTENDANCE AREA] has assumed responsibil-
27 ity for a public works project in accordance with AS 35.15.080 -
28 35.15.120, the department is relieved of responsibility to the extent
29 it is assumed by the municipality [OR REGIONAL EDUCATIONAL ATTENDANCE

1 AREA]. The department may provide technical assistance on the respon-
2 sibility assumed if requested to do so by the municipality [OR AREA]
3 and shall be reasonably compensated for that assistance from the
4 account established under AS 35.15.090.

5 * Sec. 76. AS 35.15.110(a) is amended to read:

6 (a) Before advertisement for bids or construction contract
7 negotiations, the department shall approve both the project site and
8 the land interest in the site, except that, if the project involves
9 construction of an educational facility, title or sufficient interest
10 determined acceptable by the department to an approved site for a
11 school building shall be vested in the municipality [, THE REGIONAL
12 EDUCATIONAL ATTENDANCE AREA] or the state before advertisement for
13 bids or initiation of construction contract negotiations.

14 * Sec. 77. AS 35.15.120(2) is amended to read:

15 (2) "governing body" means the assembly or council [IN THE
16 CASE] of a municipality [, ITS ASSEMBLY OR COUNCIL, AND, IN THE CASE
17 OF A REGIONAL EDUCATIONAL ATTENDANCE AREA, ITS REGIONAL SCHOOL BOARD];

18 * Sec. 78. AS 35.30.040(3) is amended to read:

19 (3) "village" means an unincorporated community of a third
20 class [THE UNORGANIZED] borough where at least 25 people reside as a
21 social unit.

22 * Sec. 79. AS 40.15.070 is amended to read:

23 Sec. 40.15.070. PLATTING AUTHORITY. If land proposed to be
24 subdivided or dedicated is situated within a first or second class
25 borough the proposed subdivision or dedication shall be submitted to
26 the borough planning commission for approval. If the land is situated
27 within a city in a [THE UNORGANIZED BOROUGH OR THE] third class bor-
28 ough the proposed subdivision or dedication shall be submitted to the
29 city planning commission for approval. The borough planning

1 commission is the platting authority for the first or second class
2 borough, the city planning commission is the platting authority for
3 the city, and the division of lands is the platting authority in a
4 [THE REMAINING AREAS OF THE STATE AND] third class borough for the
5 change or vacation of existing plats or a portion of such plats, as
6 provided in AS 40.15.075. If the borough or the city does not have a
7 planning commission, the borough assembly or the city governing body,
8 respectively, is the platting authority and the proposed subdivision
9 or dedication shall be submitted to it. A [NO] subdivision may not be
10 filed for record until it is approved by the platting authority.

11 * Sec. 80. AS 40.15.075 is amended to read:

12 Sec. 40.15.075. AUTHORITY IN THE UNORGANIZED BOROUGH AND THIRD
13 CLASS BOROUGH. The division of lands is the platting authority in
14 the area outside [ORGANIZED BOROUGH AND OUTSIDE] cities in a [THE
15 UNORGANIZED BOROUGH AND IN THE] third class borough for only the
16 purposes of hearing and acting on petitions for the change or vacation
17 of plats and shall execute this function substantially in conformity
18 with the provisions of AS 29.40.130 - 29.40.160. Costs of publication
19 and mailing authorized in AS 29.40.130 shall be paid to the division
20 by the petitioner. The Department of Natural Resources shall adopt
21 reasonable regulations governing the exercise of the authority con-
22 ferred by this section upon the division of lands.

23 * Sec. 81. AS 43.75.130(a) is amended to read:

24 (a) The commissioner of revenue shall pay

25 (1) to each unified municipality [AND TO EACH CITY LOCATED
26 IN THE UNORGANIZED BOROUGH], 50 percent of the amount of tax revenue
27 collected in the municipality from taxes levied by this chapter;

28 (2) to each city located within a borough, 25 percent of
29 the amount of tax revenue collected in the city from taxes levied by

1 this chapter; and

2 (3) to each borough

3 (A) 50 percent of the amount of tax revenue collected
4 in the area of the borough outside cities from taxes levied by
5 this chapter; and

6 (B) 25 percent of the amount of tax revenue collected
7 in cities located within the borough from taxes levied by this
8 chapter.

9 * Sec. 82. AS 44.19.155(a) is amended to read:

10 (a) There is created in the Office of the Governor the Alaska
11 Coastal Policy Council. The council consists of the following:

12 (1) nine public members appointed by the governor from a
13 list comprised of at least three names from each region, nominated by
14 the municipalities of each region; the nominees shall be the mayor or
15 member of the assembly or council of a municipality; one public member
16 shall be appointed from each of the following general regions:

17 (A) northwest Alaska, including, generally, the area
18 of the North Slope Borough and the Northwest Arctic Borough
19 [REGIONAL EDUCATIONAL ATTENDANCE AREA];

20 (B) Bering Straits, including, generally, the area of
21 the borough formed from the Bering Straits regional educational
22 attendance area;

23 (C) southwest Alaska, including, generally, the area
24 within the boroughs formed from the Lower Yukon, Lower Kuskokwim,
25 Southwest, and Lake-Peninsula regional educational attendance
26 areas and the Bristol Bay Borough;

27 (D) Kodiak-Aleutians, including the area of the Kodiak
28 Island Borough and the boroughs formed from the Aleutian, Adak,
29 and Pribilof regional educational attendance areas;

1 (E) Upper Cook Inlet, including the Municipality of
2 Anchorage and the Matanuska-Susitna Borough;

3 (F) Lower Cook Inlet, including, generally, the area
4 within the Kenai Peninsula Borough;

5 (G) Prince William Sound, including, generally, the
6 area east of the Kenai Peninsula Borough to 141° W. longitude;

7 (H) northern Southeast Alaska, including the area
8 southeast of 141° W. longitude and north of 57° N. latitude,
9 including the entirety of the City and Borough of Sitka; and

10 (I) southern Southeast Alaska, including that portion
11 of southeastern Alaska not contained within the area described in
12 (H) of this paragraph;

13 (2) each of the following:

14 (A) the director of the office of management and
15 budget;

16 (B) the commissioner of the Department of Commerce and
17 Economic Development;

18 (C) the commissioner of the Department of Community
19 and Regional Affairs;

20 (D) the commissioner of the Department of Environ-
21 mental Conservation;

22 (E) the commissioner of the Department of Fish and
23 Game;

24 (F) the commissioner of the Department of Natural
25 Resources; and

26 (G) the commissioner of the Department of Transporta-
27 tion and Public Facilities.

28 * Sec. 83. AS 44.42.055(d) is amended to read:

29 (d) In this section, "public facility"

1 (1) means a capital improvement within one of the cate-
2 gories described in (b) of this section that is constructed

3 (A) for subsequent occupancy or operation by the
4 state, a public corporation of the state, the University of
5 Alaska, or a political subdivision [, OR A REGIONAL EDUCATIONAL
6 ATTENDANCE AREA];

7 (B) by a political subdivision or any private party
8 with the assistance of financial support provided by the state if
9 funds appropriated or paid by way of a grant or loan in advance
10 of construction of the facility, or any part of it, are 50 per-
11 cent or more of the estimated costs of construction of the facil-
12 ity;

13 (2) does not include projects constructed with the proceeds
14 of one or more loans issued by a loan program administered by the
15 Department of Commerce and Economic Development.

16 * Sec. 84. AS 44.47.998 is amended to read:

17 Sec. 44.47.998. DEFINITIONS. In this chapter

18 (1) "commissioner" means the commissioner of community and
19 regional affairs;

20 (2) "community" means home rule cities and boroughs, cities
21 and boroughs of any class, and [UNORGANIZED BOROUGHES AND] villages
22 that [WHICH] are social units;

23 (3) "department" means the Department of Community and
24 Regional Affairs;

25 (4) "region" means an area larger than a community, or
26 including all or part of more than one community, but sufficiently
27 integrated that it may be treated as a unit for administration of
28 particular services.

29 * Sec. 85. AS 44.88.220(5) is amended to read:

1 (5) "governing body of a political subdivision" means, when
2 used with respect to the location of a project, the council of a city
3 if the project is to be located in a city in a third class [THE UN-
4 ORGANIZED] borough, or the assembly if the project is to be located in
5 a [AN ORGANIZED] borough other than a third class borough or a unified
6 municipality;

7 * Sec. 86. AS 46.03.900(15) is amended to read:

8 (15) "municipality" means a [AN ORGANIZED] borough or an
9 incorporated city in a third class [OUTSIDE AN ORGANIZED] borough, and
10 includes all classes of boroughs and cities whether home rule or
11 otherwise;

12 * Sec. 87. AS 46.40.210(2) is amended to read:

13 (2) "coastal resource district" means each of the following
14 that [WHICH] contains a portion of the coastal area of the state:

15 (A) unified municipalities;

16 (B) organized boroughs of any class that [WHICH]
17 exercise planning and zoning authority;

18 (C) home rule and first class cities [OF THE UNORGAN-
19 IZED BOROUGH OR] within boroughs that [WHICH] do not exercise
20 planning and zoning authority;

21 (D) second class cities [OF THE UNORGANIZED BOROUGH,
22 OR] within boroughs that [WHICH] do not exercise planning and
23 zoning authority, that [WHICH] have established a planning com-
24 mission, and that [WHICH], in the opinion of the commissioner of
25 the Department of Community and Regional Affairs, have the ca-
26 pability of preparing and implementing a comprehensive district
27 coastal management program under AS 46.40.030;

28 [(E) COASTAL RESOURCE SERVICE AREAS ESTABLISHED AND
29 ORGANIZED UNDER AS 29.03.020 and 46.40.110 - 46.40.180;]

1 * Sec. 88. The revisor of statutes shall substitute the word "borough"
2 for the phrases "organized borough" and "organized or unorganized borough"
3 in the following statutes: AS 03.35.010; AS 03.55.070; AS 04.11.400(f),
4 04.11.520; AS 05.03.070; AS 05.35.050; AS 08.60.070, 08.60.080; AS 09.35.
5 330; AS 09.55.240(a), 09.55.260; AS 10.25.570; AS 14.56.190(2); AS 15.25.
6 090; AS 15.40.130; AS 15.45.670; AS 18.72.060; AS 19.30.131(b), 19.30.
7 131(c), 19.30.241(5); AS 28.10.431(f); AS 30.15.020(a); AS 35.15.080(e);
8 AS 41.15.180(a), 41.15.180(b); AS 41.21.455(b); AS 41.98.175(d); AS 43.35.-
9 050, 43.35.130; and AS 46.03.210(a).

10 * Sec. 89. AS 14.07.030(9); AS 14.08.011, 14.08.021, 14.08.031, 14.-
11 08.041, 14.08.051, 14.08.061, 14.08.071, 14.08.081, 14.08.091, 14.08.101,
12 14.08.111, 14.08.115, 14.08.131, 14.08.151; AS 14.12.020(a), 14.12.100,
13 14.12.170; AS 14.14.065, 14.14.310(2); AS 14.17.210, 14.17.250(4); AS 14.-
14 20.555; AS 14.30.186(b), 14.30.350(7); AS 14.60.010(6), 14.60.010(10);
15 AS 16.10.380(c); AS 19.30.131(d); AS 29.03.010, 29.03.020, 29.03.030;
16 AS 29.05.021(a), 29.05.031(b); AS 29.10.200(36); AS 29.35.260; AS 29.60.-
17 100(2), 29.60.130, 29.60.140; AS 30.13.010, 30.13.020, 30.13.030, 30.13.-
18 040, 30.13.050, 30.13.055, 30.13.060, 30.13.070, 30.13.080, 30.13.090,
19 30.13.100, 30.13.110, 30.13.120, 30.13.125, 30.13.130, 30.13.140, 30.13.-
20 150, 30.13.900; AS 38.05.037(b)(1), 38.05.830; AS 39.25.110(6); AS 44.47.-
21 050(8), 44.47.050(9), 44.47.250(b)(4), 44.47.700, 44.47.710, 44.47.720,
22 44.47.730; AS 44.88.174; AS 46.40.110, 46.40.120, 46.40.130, 46.40.140,
23 46.40.150, 46.40.160, 46.40.170, and 46.40.180 are repealed.

24 * Sec. 90. This Act takes effect July 1, 1989, if a version of an Act
25 entitled "An Act converting regional educational attendance areas into
26 third class boroughs," with or without an effective date clause, is passed
27 by the legislature during the Fifteenth Alaska State Legislature and
28 enacted into law.

29

ALASKA'S URBAN AND RURAL GOVERNMENTS

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UNIVERSITY
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rd meeting.

ngs, p. 2757; Committee Proposal/6a/Enrolled
s, pp. 2673-74.

is not going to be an overnight transition. This
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4 The State Establishes the Boroughs

There were few organized local governments in the Territory of Alaska. At the time of statehood, only about 40 cities and 20 special districts existed in an area of 586,400 square miles.¹ Fewer than half of the cities had populations of 1,000 or more. Anchorage and Fairbanks, the two largest cities, accounted for more than a fifth of Alaska's total population. In 1960, Anchorage and Fairbanks had populations of 44,000 and 13,000, respectively, and nearly another third of Alaskans lived in special districts and state-serviced areas around the borders of these two large cities. A local tax base was all but nonexistent except in the few populous areas, and most of the service, protection, and regulatory needs of settlements outside the larger cities were barely met by federal and territorial agencies. The political and local fact of statehood did not change these population and economic characteristics of Alaska. Thus, there was the risk that the new local government structures called for in the constitution might be created in the absence of the population and economic resources needed to support them.

Writers of the local government article provided only the most general directions for those subsequently charged with establishing the new system of boroughs and cities. Left unresolved were specifics as to how boroughs should come into being, what their territorial jurisdictions might be, whether they were to be urban or rural governments or some combination of both, how many should be created, what functions they should perform, how they would relate to cities and school organizations, and what kinds of state incentives and community supports would be needed to create and sustain them.

This chapter describes how the legislature and a handful of state administrators dealt with the problem of creating boroughs under these unpromising conditions.

The Problem of Implementation

During the first few years after statehood, neither citizens nor officials paid much attention to the problem of creating new local government institutions. The legislature had other priorities—setting up and launching a new state government—and residents of Alaska's scattered cities and villages had little knowledge of or interest in the abstractions of Article X of their new constitution. Thus, a small group of state-level administrators and their consultants were left to decipher Article X and prepare the grounds for legislation that eventually would implement the borough system outlined in the constitution.

Even as late as 1963, two years after the legislature had passed a law authorizing borough incorporations and providing broad guidelines for local action, "opposition or apathy to the incorporation of borough governments . . . was widespread."² And two former administrative officials, who were deeply involved in implementation activities at state and local levels, report:

Basic informational questions were continually being asked: "What is a borough? Why don't we have counties? Why didn't the constitution or the legislature stipulate borough boundaries? Why do we need a borough anyway?"³

The author of the 1963 act, which finally required borough incorporation in urban areas, reported the first reactions of his legislative colleagues to his efforts:

My fellow legislators were somewhat bored with my apparent interest in boroughs. One of the most intelligent, and probably my closest confidant in that session of the legislature, expressed amazement at my interest and gave me cause to wonder about it myself.⁴

After statehood, then, the course of establishing borough governments began with academic studies and apathy, but opposition and hostility toward the local institutional changes represented by boroughs were never very far from the surface.

In a report to the first state legislature in 1959, the Public Administration Service identified several issues requiring further study before the governor and legislature adopted long range policies for local government and state-local relations.⁵ These included: (1) borough powers and incorporation, (2) relationships between boroughs, school districts, and cities, (3) use of boundary change powers, (4) use of service areas, (5) use of home rule powers, and (6) state-local fiscal and administrative relations. According to the PAS report, "there has probably been more speculation and less consensus on the future of the borough . . . than on any other subject connected with local government."⁶

The PAS consultant saw two contrasting approaches to local government organization in the urban areas of the state. The borough could be established with a view toward eventual absorption of the major city within it. Alternatively, the jurisdiction of the city could be expanded through annexation of the urban areas around it. In most of urban Alaska, there appeared to be no need for more than one unit of local government. Population and economic bases were small, and duplication of governmental machinery would be wasteful. "By all odds," reported the PAS consultant, "the most direct and least complicated line of evolution for many communities would be expansion of the central city with all of its existing plant, political structure, credit and fiscal base, and political know-how." But, "if this line of reasoning is valid, what foreseeable use is there for organized boroughs . . . ?" The consultant then answered his own question: "It may be that the best solution for the problems of urban government in most areas will be to concentrate the full responsibility in a single level, the city, or the completely consolidated city-borough."⁷

Still, no one solution would fit the diverse geography, local economies, and settlement patterns of Alaska. While the extended city or consolidated city-borough might fit several urban areas, another form of borough might cover large regions consisting of scattered small settlements, or an urban center and a sparsely settled hinterland, or some other of the array of settlement patterns that could be found throughout Alaska. Clearly, the powers of boroughs, their tax bases, and their relationships to the state and to the communities within them would differ substantially under such different conditions.

One of the strengths of the borough concept—its adaptability—was also one of its weaknesses. This is because its adaptability was a function of the abstractness of the concept, which committed no one to any specific action. But its adaptability also made it potentially applicable both in compact urban areas and in extensive

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rural and semi-rural regions. The legislature and administration were thus faced with giving substance and form to a concept that might be applied in different forms almost anywhere. They would need to discriminate carefully between borough-city forms in different regions, and they would need to provide guidance to local groups ultimately charged with putting the concept into practice. Above all, they would need to be aware of local sentiments and local conflicts, and they would need to be skillful in dealing with them.

The first state legislature in 1959 authorized home rule status for cities and established the Local Boundary Commission and Local Affairs Agency in the Office of the Governor. One of the first responsibilities of the Local Affairs Agency was to provide staff support to the boundary commission. The legislature also directed the Local Affairs Agency and the Alaska Legislative Council—a standing interim committee of both houses of the legislature—to study the problem of establishing boroughs and to make recommendations. In carrying out their charges, these state agencies tended to follow a reactive, ad hoc approach with little or no support from the governor. They concentrated on eliminating tax inequities and special districts in urban areas, and their course shifted sporadically with currents of local conflict and opposition.

Borough Legislation

At the time of statehood, cities and special districts covered all of the state's urban areas and 80 to 90 percent of the population and taxable wealth. These areas clearly had the capabilities to build and support the new local government structure outlined in the constitution. On the other hand, except for fringes of settlement outside both city and independent school district boundaries, these areas already were organized, serviced, and regulated locally. Consequently, if boroughs were to be created in these areas, they would have to come to terms with the cities, accommodate public utility and independent school districts, and confront local opposition to borough controls and taxes in outlying areas served tax-free by the state.⁸

During the first two years after Alaska became a state, the Local Boundary Commission held hearings on borough formation, focusing primarily on the populous southcentral and southeastern regions of the state. Here were concentrated the public utility and independent school districts which, by constitutional requirement, were eventually to become parts of borough or city governments.⁹

The independent school districts were carrying out the single most costly and visible local function, and they became prime target areas for the state's borough formation efforts. These were Alaska's only "areawide" public jurisdictions, and they taxed areawide for a local public service. Borough formation proponents sought to extend borough taxation beyond the boundaries of the school districts to additional residents on the urban fringe. Here, as in rural areas throughout the state, residents paid no property taxes for education or other services, such as police protection provided by the state troopers. These state services in local areas were paid for out of state general revenues, which in part came from both urban and rural areas. But urban residents, unlike rural residents, also paid local property taxes to support their own local services. This was the "tax equity" problem that would be a force for borough legislation and incorporation not only during this early period of statehood, but for the indefinite future in Alaska.

Another reason for the state's focus on areas served by independent school districts was that municipal bond underwriters were raising questions about the districts' legal and fiscal status under the new constitution. The governor in 1960 vetoed a law dealing with public utility districts on the grounds that all laws affecting special districts, including independent school districts, were "frozen" by the constitution pending the establishment of boroughs.¹⁰ Thus, the ability of the districts to sell bonds, as well as the legislature's authority to pass any laws affecting district matters, were legally clouded.

The result was that state officials defined the borough formation issue as (1) a tax equity problem—the need to apply to additional groups of citizens the principle of paying taxes for public benefits received and (2) a special district problem—the need to "integrate" the special districts into borough or city governments, as required by the constitution. A further result was that subsequent borough legislation made education the overriding function of boroughs and mandated borough incorporation in all urban areas but one with independent school districts.

Borough Act of 1961

Two years of hearings and studies provided the basis for the Borough Act of 1961.¹¹ This act required that all special service districts, including independent school districts, be integrated with organized boroughs (or cities, in the case of certain public utility districts) by July 1, 1963. Further, the act defined standards for the incorporation of organized boroughs in terms hardly more specific than those in the constitution itself.

Neither the legislature nor the administration elected to confront the special problems of local government in rural Alaska. There would be but one unorganized borough covering all parts of the state not incorporated as organized boroughs. The unorganized borough was simply a residual category after organized boroughs were incorporated.

The boundary commission would accept local petitions for borough incorporation after review by the Local Affairs Agency. The commission would then hold hearings and approve, disapprove, or change locally recommended boundaries and governmental structures and powers. Finally, it would arrange for local elections on the incorporation of the borough. The law provided two sets of options in organized boroughs: Voters could select first- or second-class status, and they could adopt an elected chairman or appointed manager form of executive. These two forms of borough executive corresponded to mayor and manager, the two basic forms of city executive.

All incorporated boroughs would perform three mandatory areawide functions—education, planning and zoning, and property tax assessment and collection. Like education and the taxation to support it, planning and zoning was considered an essential areawide power. This, at least, was a tenet of the contemporary planning literature, and it fit well with borough proponents' notions of rational, modern areawide government.

A borough could assume additional areawide powers, but this could occur only by an areawide vote or by voluntary transfer of powers from the city or cities within the borough. The borough assembly could also establish service areas within the

focus on areas served by independent school districts. Underwriters were raising questions about the new constitution. The governor in 1960 proposed special districts on the grounds that all laws affecting independent school districts, were "frozen" by the constitution of boroughs.¹⁰ Thus, the ability of the legislature's authority to pass any laws affecting

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to accept local petitions for borough incorporation by the State Agency. The commission would then hold hearings to change locally recommended boundaries and finally, it would arrange for local elections on the law provided two sets of options in organization—first-class or second-class status, and they could adopt either mayor or manager form of executive. These two forms of city government, the two basic forms of city

to perform three mandatory areawide functions—education, property tax assessment and collection. To support it, planning and zoning was considered essential, was a tenet of the contemporary planning movement. The proponents' notions of rational, modern

areawide powers, but this could occur only through the transfer of powers from the city or cities within which they could also establish service areas within the

borough, levy taxes or assessments for the special services, and establish elective or appointed service area boards. In second-class boroughs, service area powers would have to be approved by a vote of the people residing in the service area.

The basic difference between the two classes of boroughs was and remains that a first-class borough can perform any non-areawide (outside city) function that a first-class city has power to perform, while a second-class borough can assume additional non-areawide powers only by a favorable vote of borough residents outside of the cities. (See Appendix B for a complete listing of borough powers.)

The most significant borough areawide power—education—would remain under the control of elected school boards, subject to limited budgetary review and approval authority of borough assemblies. Essentially, very little would change insofar as local school organization and authority were concerned; the independent school districts had been subject to similar budget approval powers of first-class cities within them before boroughs were organized.

Like the constitution writers, the legislators and administrators who wrote the 1961 act assumed that Alaskans, especially in the urban regions, would want to establish boroughs. And, like the constitution writers, the authors of the 1961 act were wrong. The boundary commission, in its hearings around the state in 1959 and 1960, had already found little support for this unknown and untried form of local government. Along with much apathy, they also found some scattered but intense local opposition in tax-free areas beyond the boundaries of independent school districts.

Only one borough was incorporated by local initiative before the 1963 deadline for the integration of special districts, but it contained no special districts itself. This was the small Bristol Bay Borough (1,200 square miles, about 1,000 people) in rural southwestern Alaska. The people in this area wanted to control the state schools serving their area, and to tax the salmon canneries located there. The Local Boundary Commission received petitions for incorporation from two other areas—from the Homer-Ninilchik area on the Kenai Peninsula and from the Ketchikan area—but the state agencies could not agree with the local interests on boundaries. In these and other cases, the state sought boroughs covering much larger areas than those proposed by local study groups—essentially groups of civic volunteers attracted to the issue—who wanted borough boundaries no more extensive than those of the independent school districts.

What the boundary commission and Local Affairs Agency encountered at the local level was this: School district officials wanted to avoid loss of autonomy, city residents saw no need for a new layer of government and taxation, and Alaskans living outside cities and school districts wanted to preserve their tax-free status while receiving school and other state services. State efforts to establish boroughs were stalemated both by opposition and inaction at the local level.

Mandatory Borough Act of 1963

The July 1963 deadline for integrating special districts into boroughs was approaching when the legislature met in January 1963, but it was likely that there would be no boroughs with which the districts could "integrate." As a result,

The 1963 legislature was . . . faced with two salient problems on the issue of organized borough government: (1) much of the public was either confused, hostile, or both, and (2) under the provisions of the Borough Act of 1963, special districts could operate under existing law only until July 1, 1963. If new legislation were not forthcoming by that time, it was assumed that the functions and property of districts not located within borough or city government would escheat to the state. To most members of the thinking public and the legislature this was intolerable. The legislature thus had only two practical options: (1) to extend the life of the special districts or (2) to require the incorporation of organized boroughs.¹²

The 1963 legislature exercised both options: it extended the life of the special districts for one year, and it passed the Mandatory Borough Act. But the legislature did this only after first disposing of a bill, written by public school interests and introduced at the request of the governor, which would have established "school boroughs"—boroughs providing public education only—in the absence of borough incorporation by local option.

In the end, the Mandatory Borough Act, the "most debated bill" in the 1963 session, had the eleventh-hour support of the governor—who did not want his administration to be too closely identified with such a controversial issue—along with the virtually unanimous support of the leaders of local borough study groups. But it passed the senate by only one vote.¹³ According to Chase and Saroff:

The Mandatory Borough Act was one of the most controversial statutes ever passed by an Alaskan legislature. It was bitterly criticized throughout the state from its introduction by Representative John L. Rader. Many critics maintained that they were not opposed to borough government, but resented what they considered state eagerness to "stuff boroughs down their throats." Others indicated their opposition to the borough per se.¹⁴

The act required incorporation of boroughs in eight areas of the state containing public utility and independent school districts as of January 1, 1964. Election district boundaries were to be used as borough boundaries, even though state legislators and administrators believed that the districts were in some cases too large and in others too small. The people in these areas, however, had the option of initiating incorporation and proposing borough boundaries in the time remaining before the deadline.

To encourage formation of large boroughs and to provide tax resources, the act permitted organized boroughs to select 10 percent of the open and unreserved state lands located within their boundaries.¹⁵ In addition, the law authorized nominal "transition grants" to the new boroughs. But these provisions did not assuage local opponents of boroughs. The problems were still the definition of borough roles and functions, their boundaries, and political conflicts surrounding them.

Four "local option" boroughs—in the Ketchikan, Sitka, Juneau, and Kodiak Island areas—were established in 1963 elections under the threat of mandatory incorporation by the state. Incorporation proposals were defeated in the Fairbanks and Anchorage areas. These two areas plus the Kenai Peninsula and Matanuska-Susitna Valley areas were then mandatorily incorporated as boroughs on January 1,

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both options: it extended the life of the special Mandatory Borough Act. But the legislature passed a bill, written by public school interests and the governor, which would have established "school districts for public education only—in the absence of borough government."¹³

Borough Act, the "most debated bill" in the 1963 session of the governor—who did not want his name identified with such a controversial issue—along with the leaders of local borough study groups. Note.¹³ According to Cease and Saroff:

It is one of the most controversial statutes ever passed in Alaska. It was bitterly criticized throughout the state by Representative John L. Rader. Many critics maintained that it was a step toward borough government, but resented what they called "stuffing boroughs down their throats." Others called it a "borough per se."¹⁴

Boroughs in eight areas of the state containing 10 special districts as of January 1, 1964. Election of borough boundaries, even though state legislation provided that the districts were in some cases too large and in some areas, however, had the option of initiating new boundaries in the time remaining before the

boroughs and to provide tax resources, the act provided that 10 percent of the open and unreserved state lands be set aside for boroughs. In addition, the law authorized nominal state bonds for boroughs. But these provisions did not assuage local concerns over the definition of borough roles and the conflicts surrounding them.

In the Ketchikan, Sitka, Juneau, and Kodiak elections under the threat of mandatory borough incorporation, proposals were defeated in the Fairbanks area plus the Kenai Peninsula and Matanuska-Susitna, which were incorporated as boroughs on January 1,

1964.¹⁶ In these four cases the election district boundaries generally came closer to the desires of local groups than did the more extended boundaries sought by the state agencies.¹⁷

With the exception of Juneau residents, voters in the eight newly incorporated areas chose second rather than first-class status for their new boroughs; they apparently felt that if boroughs had to be, their powers should be limited. Further, a majority of voters in all areas preferred an elected chairman (later redesignated mayor in all boroughs) to the appointed manager form of borough executive. It appears that the rejected manager form was at the time popularly associated with more activist city governments than was the chairman (mayor) form. Most voters likely preferred the traditionally passive and weak mayor for their new boroughs.¹⁸

Almost immediately after the 1963 legislative session, several efforts were begun to repeal the law: calls for a special session of the legislature, a referendum petition, and several court cases. The legislative council rejected a request to poll legislators on the question of a special session "on a straight party vote" with the Democratic majority prevailing.¹⁹ Neither they nor the Democratic administration wanted to prolong the public conflict over a measure that they had supported, if only tepidly. The petition and court cases both ultimately failed when the Alaska Supreme Court upheld a lower court ruling that the constitution required the establishment of boroughs. Finally, in the 1964 legislative session, borough opponents introduced two bills to repeal the mandatory provisions of the borough act, but they attracted no real support. The "bills were 'political,' and neither was considered serious legislation by most members. A majority of the lawmakers had no desire to further agitate the borough conflict."²⁰

State Agencies: Lack of Political Support

The legislature created the Local Affairs Agency and the Local Boundary Commission in 1959 and placed them in the Office of the Governor. They were to conduct studies and generally prepare the way for borough legislation, with the Local Affairs Agency serving as staff to the five-member boundary commission appointed by the governor. Throughout the borough formation period of 1959-1964, however, neither agency had the legal, financial, or political resources necessary to accomplish the difficult tasks thrust upon them.

The more deeply the Local Affairs Agency became involved in the borough formation controversy, the more it alienated city and school interests and the residents of unincorporated areas unencumbered by local taxes or land use controls. Boroughs had no political constituencies, and neither the governor nor the legislature was eager to alienate friends and supporters by promoting boroughs and new local taxes and regulations. The Local Affairs Agency thus lacked not only staff and funds, but more important, the political support of the governor and the legislature.²¹

The constitution gave the Local Boundary Commission broad authority to set and change boundary lines, but it did not say specifically how this authority should be executed. The Public Administration Service consultants had suggested that, before any borough legislation was passed, the commission should devote at least a year or two "to developing a basic pattern for borough boundaries and making a

thorough study of the standards and procedures applicable to the setting and alteration of city boundaries." They warned the commission, however, that such matters would involve "what are essentially political decisions of the most basic kind." The commission should thus pay close attention to "expressions of judgment and sentiment by the public officials and citizens most directly concerned."²² Then the legislature could make its own "political decisions" on these matters in an attempt to limit, but not eliminate, further argument over boundaries.

The boundary commission proceeded cautiously from the beginning. Boundary setting involved tax equity and other issues that were likely to stimulate strong local reactions. Thus, soon after its creation, the commission sought explicit authority from the state legislature to delineate the boundaries of organized and unorganized boroughs for the whole state.²³ But the legislature failed to respond at all to this request, thereby clouding commission authority for the determination of boundaries. Having made its request for a specific grant of power, and given the legislature's failure to act, the commission was effectively and permanently limited in its initiative for setting borough boundaries.²⁴

The constitution states that boroughs "shall be established . . . according to standards provided by law" and that "the standards shall include population, geography, economy, transportation, and other factors."²⁵ The Local Affairs Agency and the boundary commission did little to elaborate this statement during their first two years of study and hearings, nor did the legislature in the Borough Act of 1961. The statutory standards drafted by the Local Affairs Agency and the staff of the legislative council were very general:

- (1) The population of the area proposed for incorporation shall be interrelated and integrated as to its social, cultural, and economic activities . . .
- (2) The boundaries of the proposed organized borough shall conform generally to the natural geography of the area proposed for incorporation, [and] shall include all areas necessary and proper for the full development of integrated local government services . . .
- (3) The economy of the proposed organized borough shall encompass a trading area with the human and financial resources capable of providing an adequate level of government services . . .
- (4) The transportation facilities in the area proposed for incorporation shall be of such a unified nature as to facilitate the communication and exchange necessary for the development of integrated local government and a community of interest . . .²⁶

While the 1961 act left great discretion to the local affairs and boundary agencies, it provided them with little legislative guidance and support for the borough formation task. Consequently, an unrealistic burden was placed on state administrative agencies denied the legal base and political support that could be provided only by the legislature and the governor.

The agency and commission made a first pass at the problem of drawing boundaries for boroughs statewide. They used the broad constitutional criteria

cedures applicable to the setting and altering of the commission, however, that such matters be political decisions of the most basic kind." The attention to "expressions of judgment and sentiment by the citizens most directly concerned."²² Then the political decisions" on these matters in an attempt to argue over boundaries.

ceeded cautiously from the beginning. Boundaries and other issues that were likely to stimulate strong reaction, the commission sought explicit authorization to create the boundaries of organized and unorganized boroughs. But the legislature failed to respond at all to the commission authority for the determination of boundaries for a specific grant of power, and given the commission was effectively and permanently limited in its boundaries.²⁴

boroughs "shall be established . . . according to the standards shall include population, geography and other factors."²⁵ The Local Affairs Agency was to elaborate this statement during their first meeting with the legislature in the Borough Act of 1961. The Local Affairs Agency and the staff of the

proposed for incorporation shall be interrelated with cultural, and economic activities . . .

organized borough shall conform to the geography of the area proposed for incorporation, and be necessary and proper for the full development of services . . .

organized borough shall encompass a trading area with financial resources capable of providing an adequate . . .

the area proposed for incorporation shall be designed to facilitate the communication and exchange of information between integrated local government and a com-

retion to the local affairs and boundary issues. Legislative guidance and support for the borough was unrealistic burden was placed on state base and political support that could be provided by the governor.

a first pass at the problem of drawing boundaries used the broad constitutional criteria

relating to population, geography, economy, and transportation, without committing either the state or local interests to any permanent set of boundaries.²⁷ This initial work was to be followed by studies carried out by the state, local groups, consultants, and others in rural and urban Alaska. But the few "studies" conducted by the Local Affairs Agency for the boundary commission were performed by a small staff in selected urban areas only after enactment of the 1961 law. And rather than assuming the initiative after the law was passed, the commission only reacted—mostly negatively—to local proposals for borough boundaries.²⁸

During the borough formation period of 1959-64, the local affairs and boundary agencies were faced with divisive political issues left unresolved by the Constitutional Convention and by the state legislature and the governor. These agencies tried to assume responsibilities and make decisions beyond their political and administrative capacities. Lacking adequate political support and effective strategies for borough formation, they were left exposed and vulnerable to borough opponents.

In later years, particularly after the Local Affairs Agency was upgraded to departmental status in 1972 as the Department of Community and Regional Affairs, the agency's staffing and financing limits were eased. But DCRA, like the earlier Local Affairs Agency, continued to lack a significant political constituency. Boroughs and the larger cities looked to other state departments, such as Education, Revenue, and Administration, and to the legislature itself, for their main sources of financial support. And the Local Boundary Commission would, with some exceptions, continue to play a conservative and reactive role in regulating local incorporations, annexations, and other forms of boundary change.

The important developments in Alaska local affairs during the next decade and a half—after the boroughs were established in 1964—were occurring at the local level itself, where boroughs, cities, and school districts were resolving their differences and responding to the challenges and opportunities presented by Alaska's rapid growth and the onset of petroleum wealth.

NOTES

¹There were also about 30 federally-chartered Indian Reorganization Act villages in rural Alaska. Most of the approximately 200 Native villages were "traditional" villages without formal legal status under federal or state law. See Chapter 10 below for discussion of governments and quasi-governments in rural Alaska.

²Ronald C. Cease and Jerome R. Saroff, "The Borough," in *The Metropolitan Experiment in Alaska*, ed. by Cease and Saroff (New York: Frederick R. Praeger, 1968), p. 21.

³Ibid.

⁴John L. Rader, "Legislative History," in *Metropolitan Experiment*, p. 97.

⁵John E. Bebout, *Local Government Under the Alaska Constitution* (Chicago: Public Administration Service, 1959), p. x.

⁶Ibid., p. 44.

⁷Ibid., p. 71.

⁸See Rader, "Legislative History," pp. 87-93.

⁹Alaska Local Boundary Commission, *First Report*, to the Second Session of the

First State Legislature, February 2, 1960.

¹⁰Article XV, Section 3 of the constitution stated that "Cities, school districts, health districts, public utility districts, and other local subdivisions of government existing on the effective date of this constitution shall continue to exercise their powers and functions under *existing* laws, pending enactment of legislation to carry out the provisions of this constitution. New local subdivisions of government shall be created only in accordance with this constitution [emphasis added]." City laws were apparently exempt from the freeze applied to special districts, since cities were constitutionally recognized forms of local government. See Rader, "Legislative History," p. 89, and Alaska Legislative Council, *Report on School Support*, January 1961, pp. 67-68.

¹¹Chapter 146 *Session Laws of Alaska*, 1961. In addition to the boundary commission hearings previously noted, the Local Affairs Agency and legislative council staffs prepared a study reviewing local government history, problems and needs, the deliberations of the convention and its local government committee, and various alternatives for legislative action. See Alaska Legislative Council and Local Affairs Agency, *Final Report on Borough Government* (June 1961). Also see Cease and Saroff, "The Borough," pp. 16-20.

¹²Cease and Saroff, "The Borough," p. 22.

¹³Chapter 52, *Session Laws of Alaska*, 1963. For an account of the legislative history by the principal author of the act, see John L. Rader, "Legislative History," pp. 83-134; also see Cease and Saroff, "The Borough," pp. 20-27; and Ronald C. Cease "Areawide Local Government in The State of Alaska: The Genesis, Establishment, and Organization of Borough Government" (unpublished Ph.D. dissertation, Claremont Graduate School, 1964), pp. 36-54.

¹⁴Cease and Saroff, "The Borough," p. 32.

¹⁵The legislature extended similar land selection rights to cities in 1970.

¹⁶Since they contained no special districts except city-school districts entirely within city boundaries, the Valdez-Cordova-Copper River Valley, Petersburg, and Wrangell areas were not included in the borough legislation, and no boroughs have since been established in these areas of urban Alaska.

¹⁷Election districts are relatively compact and contiguous, and they contain "as nearly as practicable . . . relatively integrated socioeconomic area(s)." District boundaries sometimes follow local government boundaries, as well as drainage and other geographic features. See *Constitution*, Article VI, Legislative Apportionment, Section 6. Currently, there are 27 election districts in the state.

¹⁸Local chapters of the League of Women Voters, for instance, were strongly pro-borough; they also urged adoption of the manager form. Also, most of Alaska's larger, and therefore more active, city governments operated under the council-manager plan. In such cases, the mayor typically plays a secondary passive role as council chairman and ceremonial leader. Elsewhere, mayoral offices in Alaska were generally of the weak-mayor type.

¹⁹Cease and Saroff, "The Borough," p. 34.

²⁰Cease and Saroff, "The Borough," p. 34. For a full account of the repeal efforts, see Cease, "Areawide Local Government," pp. 89-116.

²¹The agency began in 1959 with one full-time employee and a budget of only \$25,000. Its high point during the period of borough formation was 1963-64, when it had a budget of \$110,000 and eight positions. The agency operated at about this

, 1960.

constitution stated that "Cities, school districts, and other local subdivisions of government this constitution shall continue to exercise their laws, pending enactment of legislation to carry out this constitution [emphasis added]." City laws were applied to special districts, since cities were of local government. See Rader, "Legislative Council, *Report on School Support*, January

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p. 22.

1963. For an account of the legislative history of the act, see John L. Rader, "Legislative History," *Report*, "The Borough," pp. 20-27; and Ronald C. Rader, "The State of Alaska: The Genesis, Establishment, and Development of Government" (unpublished Ph.D. dissertation, 1963), p. 36-54.

p. 32.

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compact and contiguous, and they contain "as nearly as possible an integrated socioeconomic area(s)." District boundaries, as well as drainage and watershed boundaries, Article VI, Legislative Apportionment, and school district boundaries in the state.

Women Voters, for instance, were strongly in favor of the manager form. Also, most of Alaska's local governments operated under the council-manager form, which typically plays a secondary passive role as compared to the mayor. Elsewhere, mayoral offices in Alaska were

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34. For a full account of the repeal efforts, see Rader, "The Borough," pp. 89-116.

full-time employee and a budget of only \$100,000 for the study of borough formation was 1963-64, when the agency operated at about this

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staffing and funding level throughout the 1960s.

22 Public Administration Service, *Proposed Organization of the Executive Branch—State of Alaska* (Chicago, 1958), pp. 146-47.

23 See Local Boundary Commission, *First Report*; also, Cease, "Areawide Local Government," p. 27.

24 It is not now possible to state with certainty what an alternative course by the commission, such as seizing the initiative and carving out a set of boundaries on its own, would have achieved. There can be little doubt, however, that a clear expression of legislative purpose and support would have strengthened the commission.

25 Constitution, Article X, Section 3.

26 Alaska Statutes, Section 07.10.030, 1961.

27 See Local Boundary Commission, *First Report*, 1960.

28 The recommendations of the Local Affairs Agency to the boundary commission on the Kodiak Island Borough incorporation petition are illustrative of the approach taken: "The Local Affairs Agency recommends that the petition be accepted. The area proposed for incorporation needs a borough. It can support borough responsibilities. The Agency, however, also recommends that the Commission consider closely the suggested borough boundaries. Are the limited communities of the outlying Kodiak-Afognak Island areas part of the greater Kodiak community of interests? If they are, they should be included within the Kodiak Island Borough." The agency did not attempt to answer this question in its report. (Alaska Local Affairs Agency, "Incorporation of the Kodiak Island Borough," Juneau, July 1963, p. 10.)

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5 Borough Government and Politics

The state forced the creation of borough governments in eight urban areas, but borough opponents wanted to limit their powers and functions. Except for a new set of public officers—mayors, tax assessors, planners, and assembly members—the boroughs at first appeared to consist of little more than refurbished independent school districts. Over the years, however, borough powers have expanded substantially, generally at city expense, and in most of them service areas have proliferated (see Table 3).

Rapid population growth and turnover have meant that most of Alaska's current urban residents were not even in the state (or yet born) during the borough formation conflicts. Many of these new residents brought urban service standards and expectations with them from the more developed parts of the United States. Consequently, the controversy over the existence of boroughs is little more than an unpleasant memory in most places, and newer residents are especially inclined to look to boroughs for a growing array of urban facilities and services.

In this chapter we discuss the growth and transformation of borough governments since the mid-1960s from four angles: first, we review the expansion of the powers of boroughs and changes in their structures; second, we examine patterns of conflict and accommodation between boroughs and cities, and between boroughs and school districts; third, we describe and explain some of the dynamics of borough governments by looking at their distinctive political geographies; finally, we comment on the roles played by state agencies as the local government system took shape during the past two decades.

Expansion of Borough Powers

In three urban areas—Juneau, Sitka, and Anchorage—dissatisfaction with duplicative and conflicting borough and city governments led in the early and mid-1970s to the merging of the two kinds of local governments into single urban areawide city-boroughs or “unified home-rule municipalities.” Each of these municipalities, operating under home-rule charters, possesses the full range of “legislative” powers granted in the state constitution. (See Appendix B for a complete description of the powers of unified and other municipalities.)

In six areas—Bristol Bay, Fairbanks, the Kenai Peninsula, Ketchikan, Kodiak, and the Matanuska-Susitna Valley—second-class boroughs have taken on additional areawide powers, and they have created service areas with road, fire protection, water, sewer, and other powers. Even in Haines—the only third-class borough, created in 1968 and limited to education and taxing powers—several service areas have been created, and recreation and cultural activities offered in school facilities (under the borough's education power) have become community-wide services and amenities.

The last of the eleven current boroughs was created on the 88,000 square-mile North Slope in rural Alaska in 1972. And the home-rule North Slope Borough's access to the Prudhoe Bay oil property tax base has endowed it with wealth sufficient to support a \$1 billion capital improvements program, a full employment

Table 3. Structural Characteristics of Boroughs and Unified Municipalities, 1982

Place	Class	Executive	Assembly	Area-wide Powers*	Service Areas
Municipality of Anchorage	Unified Home Rule	Strong mayor	11 members, by district	Education, Taxation, Planning and Zoning, Animal Control, Fireworks Control, Health, Environmental Protection, Library, Transit, Taxi Regulation, R-O-W Regulation, Parking	27
Bristol Bay Borough	Second Class	Manager	5 members, at large	Education, Taxation, Planning and Zoning, Harbors, Wharves, Fire, Police, Solid Waste, Telephone, Library, Health, Cemeteries	2
52 Fairbanks North Star Borough	Second Class	Strong mayor	11 members, at large	Education, Taxation, Planning and Zoning, Parks and Recreation, Animal Control, Library, Transit, Air Quality, Solid Waste, Hospital, Civil Defense, Flood Control, Day-Care Assistance, Fireworks Control, Housing Finance	56
Haines Borough	Third Class	Weak mayor	6 members, by district	Education, Taxation	4
City and Borough of Juneau	Unified Home Rule	Manager	8 members, at large/district	Education, Taxation, Planning and Zoning, Streets, Buildings, Fire, Library, Parks and Recreation	7
Kenai Peninsula Borough	Second Class	Strong mayor	16 members, by district	Education, Taxation, Planning and Zoning, Solid Waste	11

Star Borough		Strong mayor	11 members, at large	Education, Taxation, Planning and Zoning, Parks and Recreation, Animal Control, Library, Transit, Air Quality, Solid Waste, Hospital, Civil Defense, Flood Control, Day-Care Assistance, Fireworks Control, Housing Finance	56
Haines Borough	Third Class	Weak mayor	6 members, by district	Education, Taxation	4
City and Borough of Juneau	Unified Home Rule	Manager	8 members, at large/district	Education, Taxation, Planning and Zoning, Streets, Buildings, Fire, Library, Parks and Recreation	7
Kenai Peninsula Borough	Second Class	Strong mayor	16 members, by district	Education, Taxation, Planning and Zoning, Solid Waste	11

Place	Class	Executive	Assembly	Area wide Powers*	Service Areas
Ketchikan Gateway Borough	Second Class	Manager	7 members, at large	Education, Taxation, Planning and Zoning, Airport, Animal Control, Fireworks Control	2
Kodiak Island Borough	Second Class	Manager	7 members, at large	Education, Taxation, Planning and Zoning, Health, Hospital	3
Matanuska-Susitna Borough (Mat-Su)	Second Class	Manager	7 members, by district	Education, Taxation, Planning and Zoning, Library, Ports, Parks and Recreation, Ambulance, Transit	32
North Slope Borough	Home Rule	Strong mayor	7 members, at large	Education, Taxation, Planning and Zoning, Heating, Water, Library, Transit, Airport, Housing, Streets and Sidewalks, Sewer, Flood Control, Health, Solid Waste, Urban Renewal, Police	1
City and Borough of Sitka	Unified Home Rule	Mayor-Administrator	6 members, at large	Education, Taxation, Planning and Zoning, Electric, Water, Sewer, Streets, Police, Fire, Solid Waste	None

*Does not include "enterprise fund" services paid for in whole or part by user fees and charges. In specific areas these can include airports, water, sewer, electricity, harbors, hospitals, refuse collection, telephone, and others.

Sources: Department of Community and Regional Affairs, Alaska Municipal League, and borough and municipal offices.

economy based primarily on borough jobs, and a centralization of powers that unifies the half dozen communities of that vast region in practice if not in law and charter.¹

This growth in the scope and powers of borough governments seemed improbable in the early years of their existence. At that time, borough functions were limited by legislative attempts to fit uniform structures on very different areas of urban and rural settlement, by the resistance of established school organizations to absorption into the new boroughs, by the interest of cities in preserving their functional and territorial integrity, and by opposition from local property owners. The borough system established by the state was a compromise of these conflicting forces, but it did not succeed in eliminating them. Nor was the borough equipped to attract new support from the community by virtue of any distinctive services it could provide.

All boroughs (with the exception of Haines) have the three statutorily required functions of planning and zoning, tax assessment and collection, and education. Planning and zoning was one of those "services" that especially the newly incorporated residents were likely to view with hostility and alarm, and as a potential constraint on their property rights. Certainly the taxing power was not a tool that the borough could use directly to build a constituency—unless maybe it chose not to use it. Most of the taxes were collected in any case to support the local schools; but school boards, with their own electoral and state fiscal bases, continued to operate much as they always had. Probably the most satisfied "customers" of the borough were service area residents who could receive and pay for only those additional public services they specifically chose rather than accept services packaged and priced for the larger community. This remains true in most of the boroughs today, especially in the second-class boroughs, where localistic interests are strong.

As indicated, the unified home-rule boroughs now have all the powers available to Alaska local governments, and they can be exercised on either an areawide or a service area basis. The second-class boroughs, on the other hand, have acquired their powers piecemeal, either through transfers from the cities, in areawide elections, or by a combination of assembly actions and service area votes.

Cities typically have not been interested in transferring powers to the boroughs unless only minor powers were involved or the gains from spreading the tax base were fairly obvious. So although the second-class boroughs have gained powers largely at the cities' expense, city leaders do not necessarily consider these as real "losses." The city manager of Fairbanks put the issue in this perspective:

We started the borough in 1964, and there were fewer responsibilities then. It has since grown like topsy. The city lost powers, but this was because the city acquiesced—we were happy to get rid of them. We were glad the borough took over recreation, dog control, library There are areas it is trying to get into now—liquor licenses, police, fire protection. But the things happening now are happening because the people want them to happen. People outside the city are [now] satisfied with what they have—they have enough government.²