



# Senator Lyman F. Hoffman

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## District S

Adak  
Akiachak  
Akiak  
Akutan  
Aleknagik  
Aniak  
Anvik  
Atka  
Atmauthluak  
Attu Station  
Bethel  
Cheformak  
Chignik  
Chignik Lagoon  
Chignik Lake  
Chuathbaluk  
Clark's Point  
Cold Bay  
Crooked Creek  
Dillingham  
Dutch Harbor  
Eek  
Egegik  
Ekwok  
False Pass  
Flat  
Goodnews Bay  
Grayling  
Holy Cross  
Igiugig  
Iliamna  
Ivanof Bay  
Kasigluk  
King Cove  
King Salmon  
Kipnuk  
Kokhanok  
Koliganek  
Kongiganak  
Kwethluk  
Kwigillingok  
Lake Minchumina  
Levelock  
Lime Village  
Lower Kalskag  
Manokotak  
Marshall  
McGrath  
Mekoryuk  
Mertarvik  
Naknek  
Napakiak  
Napaskiak  
Nelson Lagoon  
Newhalen  
New Stuyahok  
Newtok  
Nightmute  
Nikolai  
Nikolski  
Nondalton  
Nunapitchuk  
Oscarville  
Pedro Bay  
Perryville  
Pilot Point  
Platinum  
Pope-Vannoy Landing  
Port Alsworth  
Port Heiden  
Portage Creek  
Quinhagak  
Red Devil  
Russian Mission  
Saint George Island  
Saint Paul Island  
Sand Point  
Shageluk  
Sleetmute  
South Naknek  
Stony River  
Takotna  
Togiak  
Toksook Bay  
Tuntutuliak  
Tununak  
Twin Hills  
Ugashik  
Unalaska  
Upper Kalskag

## SB 18 Sponsor Statement

Residents of rural Alaska routinely spend anywhere from 40 – 60% of their income on energy costs - heating and lighting their homes.

SB 18 proposes to add a borough option to state statute to specifically address the high cost of energy in rural Alaska. This “energy” borough option allows for taxation on a non-renewable resource within the borough area, and the ability to bond based on the revenue from the tax base. This proposed energy borough will have limited powers, including the ability to levy a limited property tax, enter into Payment in Lieu of Taxes (PILT) agreements; and issue bonds backed by the PILT to finance energy infrastructure projects. This proposed borough is not intended to provide education or other typical borough services.

### SB 18:

- **ALLOWS** an “energy borough” to levy a property tax and impose liens to enforce that tax, on property used to explore for, develop, or produce nonrenewable resources;
- **ALLOWS** the borough to enter into an agreement with a taxpayer to make “payments in lieu of taxes”, or PILT agreements;
- **ALLOWS** limited bonding capacity to finance energy infrastructure projects in the borough and only borrow money for energy projects;
- **ALLOWS** creation of an assembly to oversee the powers of the borough.

### SB 18:

- **Does NOT** allow taxes to pay for education;
- **Does NOT** allow taxes on individuals private property;
- **Is NOT** a mandate to form a borough – it just creates an “Energy Borough” option.

SB 18 is another tool in the toolbox for areas that have not found a borough option that suits their needs. SB 18 is not intended to ‘create another layer of government’, rather it allows areas another option to organize to utilize industry or resource that may help develop a cheaper, more reliable, energy source for the borough region.