

**ALASKA STATE LEGISLATURE
HOUSE COMMUNITY AND REGIONAL AFFAIRS
STANDING COMMITTEE**

May 21, 2003
10:35 a.m.

MEMBERS PRESENT

Representative Carl Morgan, Chair
Representative Kelly Wolf, Vice Chair
Representative Pete Kott
Representative Tom Anderson
Representative Ralph Samuels
Representative Sharon Cissna
Representative Albert Kookesh

MEMBERS ABSENT

All members present

OTHER LEGISLATORS PRESENT

Representative Jim Holm

COMMITTEE CALENDAR

CS FOR SENATE BILL NO. 183(STA)
"An Act authorizing certain boroughs to use revenue collected on an areawide or nonareawide basis for economic development."

- MOVED HCS CSSB 183(CRA) OUT OF COMMITTEE

PREVIOUS ACTION

BILL: SB 183

SHORT TITLE:MUNICIPAL ECON. DEVELOPMENT/TAXATION

SPONSOR(S): SENATOR(S) SEEKINS

Jrn-Date	Jrn-Page		Action
04/11/03	0810	(S)	READ THE FIRST TIME - REFERRALS
04/11/03	0810	(S)	CRA, STA
04/30/03		(S)	CRA AT 1:30 PM FAHRENKAMP 203
04/30/03		(S)	Moved CSSB 183(CRA) Out of Committee
04/30/03		(S)	MINUTE(CRA)
05/01/03	1074	(S)	CRA RPT CS 1DNP 3NR NEW TITLE

05/01/03	1075	(S)	NR: WAGONER, STEVENS G, LINCOLN;
05/01/03	1075	(S)	DNP: ELTON
05/01/03	1075	(S)	FN1: ZERO(CED)
05/08/03		(S)	STA AT 3:30 PM BELTZ 211
05/08/03		(S)	Moved CSSB 183(STA) Out of Committee MINUTE(STA)
05/09/03	1268	(S)	STA RPT CS 3DP 2NR NEW TITLE
05/09/03	1268	(S)	DP: STEVENS G, COWDERY, DYSON;
05/09/03	1268	(S)	NR: HOFFMAN, GUESS
05/09/03	1268	(S)	FN1: ZERO(CED)
05/13/03	1361	(S)	RULES TO CALENDAR 5/13/2003
05/13/03	1361	(S)	READ THE SECOND TIME
05/13/03	1361	(S)	STA CS ADOPTED UNAN CONSENT
05/13/03	1361	(S)	ADVANCED TO THIRD READING 5/14 CALENDAR
05/14/03	1402	(S)	READ THE THIRD TIME CSSB 183(STA)
05/14/03	1403	(S)	PASSED Y20 N-
05/14/03	1403	(S)	ELLIS NOTICE OF RECONSIDERATION
05/14/03	1407	(S)	COSPONSOR(S): WILKEN
05/15/03	1454	(S)	RECONSIDERATION NOT TAKEN UP
05/15/03	1456	(S)	TRANSMITTED TO (H)
05/15/03	1456	(S)	VERSION: CSSB 183(STA)
05/15/03		(H)	CRA AT 8:00 AM CAPITOL 124
05/15/03		(H)	Scheduled But Not Heard
05/16/03	1726	(H)	READ THE FIRST TIME - REFERRALS
05/16/03	1726	(H)	CRA
05/21/03		(H)	CRA AT 10:30 AM CAPITOL 124

WITNESS REGISTER

SUE STANCLIFF, Staff
to Representative Carl Morgan
House Community and Regional Affairs Standing Committee
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Presented HCS CSSB 183, Version U.

SENATOR RALPH SEEKINS
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Spoke as the sponsor SB 183.

LORI BACKES, Staff
to Representative Jim Whitaker
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: During discussion of SB 183, testified on behalf of Representative Whitaker, the sponsor of HB 38.

DAN BOCKHORST, Staff
to the Local Boundary Commission
Division of Community and Business Development
Department of Community & Economic Development
Anchorage, Alaska

POSITION STATEMENT: During discussion of SB 183, related that the LBC's concern.

DAVID LEONE, Special Assistant
to Mayor Boyles
Fairbanks North Star Borough
Fairbanks, Alaska

POSITION STATEMENT: Expressed concern with regard to the ability to pass this HCS CSSB 183 through in the waning hours of the session.

ACTION NARRATIVE

TAPE 03-20, SIDE A

Number 0001

CHAIR CARL MORGAN called the House Community and Regional Affairs Standing Committee meeting to order at 10:35 a.m. Representatives Morgan, Wolf, Anderson, Samuels, Cissna, and Kookesh were present at the call to order. Representative Kott arrived as the meeting was in progress. Also in attendance was Representative Holm.

SB 183-MUNICIPAL ECON. DEVELOPMENT/TAXATION

CHAIR MORGAN announced that the only order of business would be CS FOR SENATE BILL NO. 183(STA), "An Act authorizing certain boroughs to use revenue collected on an areawide or nonareawide basis for economic development."

Number 0102

REPRESENTATIVE ANDERSON moved to adopt HCS CSSB 183, Version 23-LS0970\U, Cook, 5/17/03, as the working document. There being no objection, Version U was before the committee.

Number 0149

SUE STANCLIFF, Staff to Representative Carl Morgan, House Community and Regional Affairs Standing Committee, Alaska State Legislature, explained that three bills relating to municipal structure currently in the House Community and Regional Affairs Standing Committee are encompassed in Version U. Ms. Stancliff turned to the sectional analysis of HCS CSSB 183, Version U, from which she paraphrased. The sectional analysis reads as follows [original punctuation provided]:

Section 1

Encompasses language from SB 63
Relating to municipal property taxation in
annexed and detached areas.

The issue was raised as an item of concert during the legislative hearings on the City of Homer's Annexation, discussed in 2002 during the 22nd Legislative Session. The annexation was effective in March, but the question of when a tax levy would be applied was uncertain.

This section of the bill provides that a tax may not be assessed or levied before January 1 of the year immediately following the annexation or incorporation. An exception would be if the annexation were effective on January 1st of that year.

For detached areas, this section clarifies that taxes levied on property prior to the date of the detachment remain valid.

Sections 2 through Sections 4.

Relates to HB 38 relating to mergers and consolidations of municipalities.

Title 29 allows municipalities to merge by consolidation or unification. Through the years many communities have attempted to merge through this process, some successfully, some not so successfully. It is through those efforts that deficiencies in fair

voting practices surrounding municipal mergers have come to light.

HB 38 seeks to establish a more fair and timely process in the petition and election of municipal mergers by limiting the time allowed for gathering signatures as well as setting clear requirements for how the outcome of the election is to be determined.

Section 5

Encompassed all of the language from CSSB 183(STA) authorizing certain boroughs to use revenue collected on an areawide or nonareawide basis for economic development.

Current state law places a limitation on second-class boroughs with respect to expending funds designated for economic development.

Second-class boroughs may only use these funds on a nonareawide basis. This means that the Fairbanks North Star Borough can only deploy these funds on projects located outside the city limits of Fairbanks and North Pole.

Section 6

Relates to HB 38

APPLICABILITY. Stating that sections 2-3 do not apply to a merger or consolidation petition filed with DCED before the effective date. And section 4 does not apply to an election held as a result of a petition filed with DCED before the effective date of this act.

MS. STANCLIFF pointed out that a title change is required for this HCS and thus she has a resolution that will accompany Version U should it move from committee today.

Number 0457

REPRESENTATIVE CISSNA highlighted that the testimony [included in the committee packet] seems to only be from Fairbanks. Therefore, she asked if this would be [applicable] to another community.

MR. STANCLIFF replied yes. She informed the committee that SB 63 was introduced at the request of the City of Homer. She noted that the Local Boundary Commission (LBC) had requested inserting language into SB 63; the language would give explicit powers to the LBC which are currently implied powers. The committee chair felt that the language was very broad and wasn't necessary to make the changes [requested by the LBC]. Therefore, those changes were struck, which returned the legislation to its original version.

Number 0592

SENATOR RALPH SEEKINS, Alaska State Legislature, spoke as the sponsor SB 183. He related his preference for SB 183 to remain in its original form and he explained as follows. He informed the committee that the Fairbanks Economic Development Corporation is under the corporate umbrella of the Chamber of Commerce, although it's specifically tasked with working on economic development projects for the greater Fairbanks area. However, the Fairbanks North Star Borough includes two city governments within the borough. The borough can't use its funds on an areawide basis when those funds come from a nonareawide source. He told the committee that the borough has granted the Fairbanks Economic Development Corporation \$250,000 in funds from bed tax money collected in the borough on a nonareawide basis. The corporation can only receive \$150,000 of that \$250,000 because it can justify that the \$150,000 would be used on a nonareawide basis. The borough can't give the corporation the remaining \$100,000 until this law goes into effect. Therefore, [SB 183] was narrowly crafted so that it would only apply to second class boroughs and would only apply if there was agreement between the city governments and the borough. Senator Seekins expressed concern with this HCS, which is now the compilation of three bills, that has to get through the House and obtain concurrence in the Senate. He noted that there is reluctance, on the part of some folks, to [concur]. However, he said he would "lean on the wisdom" of seasoned legislators. He asked how [this legislation could be crafted] so that it would help this city and borough without jeopardizing them such that the issue has to be revisited next session. Senator Seekins said, "I'm sitting here asking because I know its vital to my community and it doesn't involve any state funds and it doesn't threaten any other community ...; it's a good thing."

Number 0960

SENATOR SEEKINS, in response to Representative Anderson, said that the intent of [SB 183] is in Version U. However, there are other matters included that he has never discussed with his borough, such as changing the rules on votes dealing with unification. He reiterated his concern that he wouldn't be able to obtain concurrence on Version U.

CHAIR MORGAN asked if the Fairbanks Economic Development Corporation is a member of the Alaska Regional Development Organization (ARDOR).

SENATOR SEEKINS replied no, but highlighted that the corporation, a privately funded group, works with the ARDOR. He informed the committee that he, along with Dr. Bill Wood, former president of the university, merged the growing Fairbanks Economic Development Corporation into the chamber as a separate arm to work specifically on economic development projects. Much of what the corporation does doesn't rise to the public level until some of the negotiation has been done. As a private organization, the corporation has the ability to talk behind closed doors and solicit without the same amount of public scrutiny as an ARDOR.

Number 1258

REPRESENTATIVE WOLF asked if Senator Seekins believes that Version U would hamper the ability to expand partnerships.

SENATOR SEEKINS replied no.

CHAIR MORGAN pointed out that all the legislation in Version U has been through the Senate process. Chair Morgan stressed that he has to be careful because if he were to favor any "boroughization" in his district, it would be political suicide.

SENATOR SEEKINS said that although he is sensitive to Chair Morgan's concern, he wanted to utilize borough funds within the borough in order to accomplish economic development. Senator Seekins said he would leave it to the committee's judgment.

Number 1604

LORI BACKES, Staff to Representative Jim Whitaker, Alaska State Legislature, testified on behalf of Representative Whitaker, the sponsor of HB 38. She noted that last year she worked on legislation, HB 296, similar to HB 38. House Bill 296, passed unanimously in the House and in the Senate it passed 17-3. Last

year, HB 296 went through a strenuous hearing process. Although HB 296 was opposed by the LBC, many of the LBC's concerns were addressed or negated through the committee process as something that didn't stand up against the greater policy of self determination of communities.

REPRESENTATIVE KOTT inquired as to the current status of [HB 38].

MS. BACKES answered that HB 38 was referred to this committee and there hadn't been pressure from the sponsor, Representative Whitaker, to receive a hearing because he and his staff were wrapped up in conducting the House Special Committee on Ways and Means. She returned to last year's legislation, HB 296, and noted that it didn't become law because the governor vetoed it.

Number 1783

DAN BOCKHORST, Staff to the Local Boundary Commission, noted that he hasn't seen Version U. Although the LBC has endorsed [CSSB 63(STA)] that was passed by the Senate, he said he understood that [CSSB 63(STA)] would be modified in a fashion which the LBC had expressed concern. He turned to HB 38 and said that although the LBC hasn't reviewed it, the LBC, certain local governments, and the governor - through his veto - did oppose HB 296, the virtually identical measure last year.

Number 1861

DAVID LEONE, Special Assistant to Mayor Boyles, Fairbanks North Star Borough, related that he hasn't heard any concerns in support or opposition to SB 63 or HB 38. However, he echoed concern with regard to the ability to pass HCS CSSB 183 in the waning hours of the session. Mr. Leone said the borough's efforts to support the Fairbanks Economic Development Corporation is dependent upon the passage of the original SB 183. If Version U doesn't pass, Fairbanks will have to wait another year before being able to utilize and augment the effort to expand the economic development effort and improve the [area's] overall economic picture.

CHAIR MORGAN, upon determining no one else wished to testify, closed public testimony.

Number 2000

REPRESENTATIVE ANDERSON moved to report HCS CSSB 183, Version 23-LS0970\U, Cook, 5/17/03, out of committee with individual recommendations and the accompanying zero fiscal note.

REPRESENTATIVE CISSNA objected.

A roll call vote was taken. Representatives Wolf, Kott, Anderson, Samuels, Kookesh, and Morgan voted in favor of reporting HCS CSSB 183, Version U. Representative Cissna voted against it. Therefore, HCS CSSB 183(CRA) was reported out of the House Community and Regional Affairs Standing Committee by a vote of 6-1.

ADJOURNMENT

There being no further business before the committee, the House Community and Regional Affairs Standing Committee meeting was adjourned at 11:07 a.m.