

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

April 26, 2006

1:34 p.m.

**MEMBERS PRESENT**

Senator Bert Stedman, Chair  
Senator Gary Stevens, Vice Chair  
Senator Thomas Wagoner  
Senator Albert Kookesh

**MEMBERS ABSENT**

Senator Johnny Ellis

**COMMITTEE CALENDAR**

CS FOR HOUSE BILL NO. 392(L&C) am  
"An Act authorizing the establishment of regional solid waste management authorities."

MOVED CSHB 392(L&C) am OUT OF COMMITTEE

CS FOR HOUSE BILL NO. 334(FIN)  
"An Act relating to an exemption from and deferral of municipal property taxes for certain types of deteriorated property."

MOVED CSHB 334(FIN) OUT OF COMMITTEE

**PREVIOUS COMMITTEE ACTION**

BILL: HB 392

SHORT TITLE: SOLID WASTE MANAGEMENT AUTHORITIES

SPONSOR(s): REPRESENTATIVE(s) WILSON

01/25/06	(H)	READ THE FIRST TIME - REFERRALS
01/25/06	(H)	CRA, L&C
02/09/06	(H)	CRA AT 8:00 AM CAPITOL 124
02/09/06	(H)	Heard & Held
02/09/06	(H)	MINUTE(CRA)
02/14/06	(H)	CRA AT 8:00 AM CAPITOL 124
02/14/06	(H)	Moved CSHB 392(CRA) Out of Committee
02/14/06	(H)	MINUTE(CRA)
02/17/06	(H)	CRA RPT CS(CRA) NT 4DP 2NR
02/17/06	(H)	DP: CISSNA, KOTT, THOMAS, OLSON;
02/17/06	(H)	NR: SALMON, NEUMAN

03/06/06 (H) L&C AT 3:15 PM CAPITOL 17  
 03/06/06 (H) Moved CSHB 392(L&C) Out of Committee  
 03/06/06 (H) MINUTE(L&C)  
 03/08/06 (H) L&C RPT CS(L&C) 1DP 4NR 1AM  
 03/08/06 (H) DP: KOTT;  
 03/08/06 (H) NR: CRAWFORD, LYNN, LEDOUX, GUTTENBERG;  
 03/08/06 (H) AM: ROKEBERG  
 03/24/06 (H) RETURNED TO RLS COMMITTEE  
 04/12/06 (H) TRANSMITTED TO (S)  
 04/12/06 (H) VERSION: CSHB 392(L&C) AM  
 04/13/06 (S) READ THE FIRST TIME - REFERRALS  
 04/13/06 (S) CRA, L&C  
 04/19/06 (S) CRA AT 1:30 PM BELTZ 211  
 04/19/06 (S) -- Meeting Canceled --  
 04/21/06 (S) CRA AT 1:30 PM BELTZ 211  
 04/21/06 (S) -- Meeting Canceled --  
 04/24/06 (S) CRA AT 1:30 PM BELTZ 211  
 04/24/06 (S) -- Meeting Canceled --  
 04/26/06 (S) CRA AT 1:30 PM BELTZ 211

BILL: HB 334

SHORT TITLE: MUNICIPAL PROPERTY TAX DEFERRAL/EXEMPTION  
 SPONSOR(S): REPRESENTATIVE(S) RAMRAS

01/09/06 (H) PREFILE RELEASED 12/30/05  
 01/09/06 (H) READ THE FIRST TIME - REFERRALS  
 01/09/06 (H) CRA, FIN  
 01/31/06 (H) CRA AT 8:00 AM CAPITOL 124  
 01/31/06 (H) Moved Out of Committee  
 01/31/06 (H) MINUTE(CRA)  
 02/01/06 (H) CRA RPT 2DP 5NR  
 02/01/06 (H) DP: CISSNA, THOMAS;  
 02/01/06 (H) NR: NEUMAN, KOTT, SALMON, LEDOUX, OLSON  
 02/09/06 (H) FIN AT 1:30 PM HOUSE FINANCE 519  
 02/09/06 (H) Scheduled But Not Heard  
 02/13/06 (H) FIN AT 1:30 PM HOUSE FINANCE 519  
 02/13/06 (H) Scheduled But Not Heard  
 02/14/06 (H) FIN AT 1:30 PM HOUSE FINANCE 519  
 02/14/06 (H) Heard & Held  
 02/14/06 (H) MINUTE(FIN)  
 02/21/06 (H) FIN AT 3:00 PM HOUSE FINANCE 519  
 02/21/06 (H) Moved CSHB 334(FIN) Out of Committee  
 02/21/06 (H) MINUTE(FIN)  
 02/22/06 (H) FIN RPT CS(FIN) 2DP 5NR  
 02/22/06 (H) DP: WEYHRAUCH, FOSTER;  
 02/22/06 (H) NR: HAWKER, JOULE, KERTTULA, HOLM,  
 STOLTZE

04/05/06 (H) TRANSMITTED TO (S)  
 04/05/06 (H) VERSION: CSHB 334(FIN)  
 04/07/06 (S) READ THE FIRST TIME - REFERRALS  
 04/07/06 (S) CRA, FIN  
 04/19/06 (S) CRA AT 1:30 PM BELTZ 211  
 04/19/06 (S) -- Meeting Canceled --  
 04/21/06 (S) CRA AT 1:30 PM BELTZ 211  
 04/21/06 (S) -- Meeting Canceled --  
 04/24/06 (S) CRA AT 1:30 PM BELTZ 211  
 04/24/06 (S) -- Meeting Canceled --  
 04/26/06 (S) CRA AT 1:30 PM BELTZ 211

**WITNESS REGISTER**

Representative Peggy Wilson  
 Alaska Capitol Building  
 Juneau, AK 99801-1182  
**POSITION STATEMENT:** Sponsor HB 392

Rebecca Rooney, Staff  
 Representative Peggy Wilson  
 Alaska Capitol Building  
 Juneau, AK 99801-1182  
**POSITION STATEMENT:** Introduced HB 392

Rollo Pool, Executive Director  
 Southeast Conference  
 P.O. Box 21989  
 Juneau, AK 99801  
**POSITION STATEMENT:** Supported HB 392

John Bolling, City Administrator  
 City of Craig  
 P.O. Box 725  
 Craig, AK 99921  
**POSITION STATEMENT:** Supported HB 392

Kathie Wasserman, Deputy Director  
 Alaska Municipal League (AML)  
 217 2nd Street  
 Juneau, AK 99801  
**POSITION STATEMENT:** Supported HB 392

Representative Jay Ramras  
 Alaska State Capitol  
 Juneau, AK 99801-1182  
**POSITION STATEMENT:** Sponsor of HB 334

**ACTION NARRATIVE**

**CHAIR BERT STEDMAN** called the Senate Community and Regional Affairs Standing Committee meeting to order at [1:34:04 PM](#). Present were Senators Gary Stevens, Thomas Wagoner and Chair Bert Stedman. Senator Albert Kookesh arrived soon thereafter.

^#HB392

**CSHB 392(L&C)am-SOLID WASTE MANAGEMENT AUTHORITIES**

CHAIR BERT STEDMAN announced HB 392 to be the first order of business.

[1:35:00 PM](#)

REPRESENTATIVE PEGGY WILSON introduced Rebecca Rooney.

REBECCA ROONEY, Staff to Representative Peggy Wilson, introduced HB 392 with the observation that the cost of managing solid waste is a most compelling reason to enact HB 392. When shipped to the super landfills in Washington State, the cost in Southeast is upward of \$220 per ton. In comparison, Anchorage pays \$40 per ton to manage the same type of solid waste.

HB 392 would provide a vehicle for communities to come together to form a waste management authority - modeled after the Port Authority statutes - to reduce the cost of dealing with solid waste. Potentially, she said, money that is spent in the Lower 48 would stay in Southeast Alaska. HB 392 requires that voters from each municipality approve joining the authority, which would be legally independent from the municipalities and the state. An authority could issue bonds, borrow money and enter into contracts. Each participating municipality would have a seat on the governing board that would create bylaws and regulations. There are provisions for municipalities to withdraw from the authority, but previous obligations would remain in force.

MS. ROONEY advised that Southeast Conference has secured funds for three studies. The first was to determine the type of legal entity that would be used and the decision was to use the authority model. The second study developed bill language and the third, which is now in final review, looked at different technologies for solid waste disposal. That information will go to the authority for an ultimate decision on which technology would be best for Southeast Alaska. She added that parameters

would also be defined to make the operation financially feasible.

[1:38:51 PM](#)

SENATOR GARY STEVENS asked for an example of the kinds of communities that might participate and where a facility might be located.

MS. ROONEY responded the authority would decide on the location and other specifics, but Southeast communities that have indicated some interest include: Thorne Bay, Wrangell, Petersburg, Sitka, and Kake. She advised that Mr. Pool from Southeast Conference could provide additional information.

CHAIR STEDMAN asked for an explanation of how the authority would work in the unorganized areas.

MS. ROONEY deferred to Rollo Pool.

SENATOR GARY STEVENS asked if this contemplates communities in different boroughs joining to form an authority.

MS. ROONEY replied the hope is that a number of communities or boroughs would go together for economy of scale so there would be just one landfill for all of Southeast.

CHAIR STEDMAN commented that this issue has come up with great frequency in the last 15-20 years since incinerators have been demobilized in Southeast. Communities have gone back to burying their garbage or using off-site disposal. The latter, he said, is surprisingly expensive.

ROLLO POOL, Executive Director, Southeast Conference, mentioned the time that's been spent working on both the grant and the legislation and then reported that about one-third of the trash generated in Southeast is shipped to the Lower 48. He said that the cost of building a landfill is prohibitive, but building a large one that would accommodate several communities wouldn't cost much more than a small one. However, no community has offered to be the entity that would build and operate a landfill, which is why HB 392 is so important because incorporated communities or boroughs could work as a single entity to manage solid waste. Local pickup services wouldn't be affected. Hopefully, he said, the landfill will be located in one of the communities that has shown an interest.

Currently about 23,000 tons of solid waste is shipped from Southeast Alaska, which doesn't include the 30,000 tons that is generated by the City and Borough of Juneau and goes into a local landfill. Those figures make it clear that a regional landfill would be economical if startup grants were available.

MR. POOL said he is pleased to report that a number of communities have indicated interest in serving as a regional host site. This is encouraging since the more typical mantra is "not in my backyard." This doesn't have to become a burden to a community or borough, he said. The idea is that the facility would be constructed through the authority and then operated through a contract with a firm familiar with running landfills.

[1:46:54 PM](#)

CHAIR STEDMAN asked how many years Southeast Conference has been working on the concept of regional waste management.

MR. POOL replied every city has done several recycling reports since 1990 and each has acknowledged that communities should work cooperatively, but because community landfills have reached capacity at different times the cooperative effort hasn't become a reality.

Ketchikan was the first community to ship solid waste to the Lower 48 in about 1995. Sitka was next and Wrangell, Petersburg, Craig and Klawock followed suit. The average cost is about \$102 per ton with the maximum at \$220 per ton and the minimum at about \$75 per ton. Costs to Ketchikan are cheapest because it is closest to Washington State. He advised that this is the first time that legislation has been introduced to create a solid waste authority.

SENATOR GARY STEVENS asked what the options would be if the consumer decided they were paying more than they thought was reasonable.

MR. POOL replied Southeast consumers have just one choice per community for pickup and landfill. The landfill in Anchorage charges \$30-\$35 per ton so if landfill costs for Craig and Klawock could get down to double the Anchorage charge the savings to those communities would be tremendous. Another consideration is that a regional landfill would have associated jobs, which would be particularly important to communities that have lost jobs with the downturn in the timber economy.

SENATOR GARY STEVENS asked him to be more specific regarding what a consumer could do if the manager of the landfill wasn't satisfactory.

MR. POOL replied one individual probably couldn't do a lot, but a group of individuals could make a decision to change. He explained that authorities would strictly adhere to public records and public meetings requirements and the various communities would elect to join or to separate from an authority.

SENATOR GARY STEVENS asked who would serve on the authority.

MR. POOL responded the positions are voluntary and unpaid and he envisions that the authority would be composed of public officials who are either elected or municipal employees.

SENATOR GARY STEVENS asked if the authority would provide pickup service for participating communities.

MR. POOL replied solid waste is currently shipped to Washington State via private tug and barge and a similar arrangement is anticipated for a regional landfill in Southeast. The authority would make decisions about what would be included in a regional site in terms of recycling, waste energy, and size.

[1:55:15 PM](#)

CHAIR STEDMAN explained that communities that are currently shipping waste to the Lower 48 have had to enter into long-term shipping contracts, which is something the authority would have to address.

SENATOR THOMAS WAGONER asked about the possibility of establishing a regional site to facilitate backhauling for economy of scale.

MR. POOL agreed that the more garbage there is the better the economy of scale for the landfill and shipping costs.

SENATOR WAGONER remarked this might be an opportunity to seriously look at the Bradfield Road and get off other projects that don't do much for the economy in Southeast. He asked if anyone had looked at that area for a landfill site.

MR. POOL responded the existence or lack of infrastructure is a consideration. For instance, Wrangell has established docks,

roads and utilities. Another consideration is that the Bradfield area is out of the way in terms of established barge routes, which would affect shipping costs.

SENATOR WAGONER said his point is that if you're going to do this then do it right and consider all the options for the long term. He suggested looking at the Bradfield area because small landfills aren't economical and nobody wants a big landfill in their backyard.

MR. POOL agreed and said communities have been advised that a regional site would require a minimum of 50 acres that are well buffered and have room for expansion. A site would need to last at least 50 years to be a viable option.

[2:01:29 PM](#)

REPRESENTATIVE WILSON reminded members that all the communities in Southeast are within the Tongass National Forest so available land is very limited. Certain communities have stepped up, but others don't have room.

Responding to Senator Steven's inquiry about protecting the consumer, she directed attention to page 12, lines 18-22. If one entity were providing the service and another wanted to come in as well then, depending on population, the entities would be under the authority of the RCA, which would provide protection for consumers.

CHAIR STEDMAN said his impression is that the communities are working through Southeast Conference so waste disposal sites would be consolidated. Kake has been mentioned frequently because of its central location, but he didn't know whether they were interested.

SENATOR ALBERT KOOKESH stated that Kake isn't surrounded by National Forest land so it has access to its own land as well as Sealaska land.

[2:05:16 PM](#)

JOHN BOLLING, City Administer for the City of Craig and Southeast Conference Board of Directors, testified in support of HB 392. He reported that Craig currently pays \$200 per ton to dispose of solid waste. It has a contract with the City of Klawock and solid waste from both communities is transported to regional landfills in the Lower 48. It makes sense to band

together to address a common issue and this bill provides a different opportunity that should be more economical.

He added that Craig is already a member of the Inter-Island Ferry Authority, which was organized under the Port Authority Act in Title 29. He described the structure and said it's understandable and the community is comfortable with the format. He suggested that the municipal solid waste authority would provide similar benefit and he would hope that the committee would pass the bill.

CHAIR STEDMAN asked about the reactions in Craig when solid waste disposal went to \$200 per ton.

MR. BOWLING replied it's been quite an adjustment since prices went from \$40 per ton to \$200 per ton in just a few years. This enabling legislation is the way to get that done and it addresses the issue of skyrocketing costs..

SENATOR WAGONER asked what the average charge is for residential garbage service.

MR. BOWLING replied the cost in Craig is \$20 per month for one can per week per household.

[2:10:17 PM](#)

KATHIE WASSERMAN, Deputy Director, Alaska Municipal League (AML), reported that AML has been working with Southeast Conference on this issue and it believes that this is a smart thing to do and in the future it will probably become a necessity; it's regional, it's environmentally smart, and economy of scale works. She suggested that more communities would join over time simply because their dumps will become full.

Responding to the consumer question from Senator Stevens, she advised that some communities already have private companies that provide collection and disposal and so far she hasn't been successful in finding a way to argue with a private company on billing charges. She noted that the authority would be subject to the Open Meetings Act and would be open to audit.

As communities become more strapped for money and are unable to maintain their dumps, privatization will be the option if authorities aren't in the lineup. That isn't necessarily a bad

thing, but communities tend to feel that they can keep rates lower if the service isn't privatized.

[2:13:28 PM](#)

SENATOR GARY STEVENS asked how long this has been an issue.

MS. WASSERMAN replied the issue has been building for decades. A number of options have been reviewed and over time, permitting and cleanup bonding have become issues as well.

CHAIR STEDMAN mentioned that in years past some communities had incinerators, but when they needed to be replaced the regulations had changed to the point that the capital costs were prohibitive. Due to economy of scale, it became less expensive to off-site dispose than to build new incinerators in these small communities. Now most of Southeast, with the exception of Juneau, disposes off-site. He noted that dealing with those long-term contracts is another issue.

SENATOR GARY STEVENS asked if there is a way for a community to withdraw once it has joined the authority.

REPRESENTATIVE WILSON replied yes, but the community would be required to honor whatever commitment it made when it joined.

SENATOR WAGONER noted the \$6.9 billion PERS/TRS liability and stated that as a member of the CRA Committee he wanted it to be clear that there should never be any liability assumed by the State of Alaska for this authority.

REPRESENTATIVE WILSON responded the bill says the State of Alaska would not be held responsible.

SENATOR WAGONER motioned to report CSHB 392(L&C) am and attached fiscal note(s) from committee with individual recommendations.

CHAIR STEDMAN noted the three zero fiscal notes and said the Finance Committee would evaluate the potential obligation coming back to the State. There being no objection, CSHB 392(L&C) am moved from committee.

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At ease from [2:18:59 PM](#) to [2:22:24 PM](#).

^#HB334

**CSHB 334(FIN)-MUNICIPAL PROPERTY TAX DEFERRAL/EXEMPTION**

CHAIR BERT STEDMAN announced HB 334 to be up for consideration.

[2:22:38 PM](#)

REPRESENTATIVE JAY RAMRAS, Sponsor of HB 334, introduced the bill as an effort to deal with dilapidated buildings. He noted that much like the MacKay Building in downtown Anchorage, Fairbanks has the Polaris Building, which is boarded up and has become quite an eyesore. The condition is made more obvious due to the fact that it's located just across the street from the new Jay Rabinowitz Courthouse.

Builder Marc Marlow, who has had experience with converting dilapidated buildings, has been working with Fairbanks community officials to get property tax concessions to encourage renovation of dilapidated buildings. However, there is some question as to whether one city council may bind a future council. HB 334 clarifies that once a local governing body enters into an agreement related to an exemption, it remain valid for the duration of the project. It still allows for local control and latitude for municipalities to strike a deal. The only exception is a beneficial occupancy, which is between a potential developer and the local municipality.

CHAIR STEDMAN referenced page 1, line 12 and said he understands that once a property is sold all the deferred taxes would be due to the municipality.

REPRESENTATIVE RAMRAS responded changes were made in the Finance Committee because of substantial occupancy issues that arose. The concern related to creating an unfair advantage for a developer who then became a landlord that didn't participate in the sale of the building.

CHAIR STEDMAN asked for clarification that there would not be multiple stacking issues.

REPRESENTATIVE RAMRAS responded he believes that is correct.

SENATOR KOOKESH asked whether the McKay building was refurbished under this statute or under municipal ordinance.

REPRESENTATIVE RAMRAS replied Mr. Pound informed him it was a combination, but there hasn't been clarifying language. HB 334 would provide a developer certainty that once a tax exemption

has been secured; it will remain in effect through the life of the project even if the local governing body changes composition. The hope is that the clarifying language will give developers certainty so they're willing to rehabilitate eyesores and thereby provide regentrification to communities.

SENATOR GARY STEVENS asked for assurance that municipalities would have the option of adopting this and that it would in no way be a mandate.

REPRESENTATIVE RAMRAS said that's correct.

[2:31:35 PM](#)

CHAIR STEDMAN asked him to discuss the procedure if a developer were to abandon a property that had been exempted.

REPRESENTATIVE RAMRAS responded HB 334 isn't meant to address a default by a developer.

SENATOR WAGONER commented anything that helps communities is worth consideration and he could see the need, but more than likely just a few properties would fall under this bill.

REPRESENTATIVE RAMRAS responded the head of the Alaska Tourism Industry Association (ATIA) sees the bill as a potential vehicle for various cities to use to renovate dilapidated buildings that might be used in the tourism industry. ATIA is the only private sector entity that made contact, which is why he went out of his way to contact Mr. Marlow to get his perspective and assure himself that this legislation wouldn't benefit just one party.

SENATOR GARY STEVENS motioned to report CSHB 334(FIN) and attached fiscal note(s) from committee with individual recommendations. There being no objection, it was so ordered.

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There being no further business to come before the committee, Chair Stedman adjourned the meeting at [2:35:43 PM](#).