

ALASKA STATE LEGISLATURE
SENATE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE

February 20, 2014

3:33 p.m.

MEMBERS PRESENT

Senator Peter Micciche, Chair
Senator Cathy Giessel, Vice Chair
Senator Dennis Egan
Senator Click Bishop
Senator Lyman Hoffman

MEMBERS ABSENT

All members present

OTHER LEGISLATORS PRESENT

Representative Steve Thompson

COMMITTEE CALENDAR

SENATE BILL NO. 157

"An Act relating to municipal fire protection service area boundary changes."

- MOVED SB 157 OUT OF COMMITTEE

HOUSE BILL NO. 223

"An Act authorizing municipalities to exempt or partially exempt for up to 10 years property in a military facility zone that creates or supports industry, development, or educational or training opportunities."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 157

SHORT TITLE: FIRE PROTECTION SERVICE AREAS

SPONSOR(S): SENATOR(S) COGHILL

02/05/14	(S)	READ THE FIRST TIME - REFERRALS
02/05/14	(S)	CRA
02/18/14	(S)	CRA AT 3:30 PM BUTROVICH 205
02/18/14	(S)	Heard & Held

02/18/14 (S) MINUTE(CRA)
02/20/14 (S) CRA AT 3:30 PM BUTROVICH 205

BILL: HB 223

SHORT TITLE: MUNI TAX EXEMPTION: MIL. FACILITY ZONE

SPONSOR(s): REPRESENTATIVE(s) THOMPSON, ISAACSON, SADDLER, TARR

01/21/14 (H) PREFILE RELEASED 1/10/14
01/21/14 (H) READ THE FIRST TIME - REFERRALS
01/21/14 (H) CRA
02/04/14 (H) CRA AT 8:00 AM BARNES 124
02/04/14 (H) Moved Out of Committee
02/04/14 (H) MINUTE(CRA)
02/05/14 (H) CRA RPT 5DP 1NR
02/05/14 (H) DP: FOSTER, OLSON, REINBOLD, LEDOUX,
NAGEAK
02/05/14 (H) NR: HERRON
02/07/14 (H) TRANSMITTED TO (S)
02/07/14 (H) VERSION: HB 223
02/10/14 (S) READ THE FIRST TIME - REFERRALS
02/10/14 (S) CRA
02/20/14 (S) CRA AT 3:30 PM BUTROVICH 205

WITNESS REGISTER

HANS RODVIK, Staff
Senator Coghill
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Reviewed SB 157.

JANE PIERSON, Staff
Representative Thompson
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Provided an overview of HB 223.

MCHUGH PIERRE, Deputy Commissioner
Military & Veterans Affairs
Fort Richardson, Alaska
POSITION STATEMENT: Addressed HB 223 questions.

LUKE HOPKINS, Mayor
Fairbanks North Star Borough
Fairbanks, Alaska
POSITION STATEMENT: Supports HB 223.

JIM DODSON, Director
Fairbanks Economic Development Corporation
Fairbanks, Alaska
POSITION STATEMENT: Supports HB 223.

ACTION NARRATIVE

[3:33:43 PM](#)

CHAIR PETER MICCICHE called the Senate Community and Regional Affairs Standing Committee meeting to order at 3:33 p.m. Present at the call to order were Senators Egan, Bishop, Hoffman, Giessel, and Chair Micciche.

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CHAIR MICCICHE announced that the committee will be hearing two bills, SB 157 and HB 223. He noted that SB 157 will be heard for the second time and HB 223 for the first time.

SB 157-FIRE PROTECTION SERVICE AREAS

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HANS RODVIK, Staff, Senator Coghill, Alaska State Legislature, Juneau, Alaska; said SB 157 relates to fire service boundary changes. He set forth that the goal for SB 157 is to ensure that the public is receiving the fastest service possible during an emergency situation, particularly fires. He explained that SB 157 will ensure faster service by streamlining the process for changing fire service area boundaries. He specified that property owners will be allowed to request removal of their land parcels so long as they go through the proper ordinances set out be municipalities. He noted that another letter of support was received from the Alaska Municipal League.

SENATOR HOFFMAN thanked Senator Coghill on behalf of his constituents from District S for introducing SB 157.

CHAIR MICCICHE called attention to SB 157's letters of support. He asked if anyone would like to testify.

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CHAIR MICCICHE closed public testimony.

[3:37:27 PM](#)

SENATOR GIESSEL moved to pass SB 157, version 28-LS1329\N from committee with individual recommendations and accompanying zero fiscal note.

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CHAIR MICCICHE announced that seeing no objections, SB 157 moved from committee.

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CHAIR MICCICHE announced that the committee will stand at ease.

CHAIR MICCICHE called the committee back to order.

HB 223-MUNI TAX EXEMPTION: MIL. FACILITY ZONE

[3:39:33 PM](#)

CHAIR MICCICHE announced that HB 223 is before the committee for the first time. He said it is not his intent to pass HB 223 at today's committee meeting. He added that HB 223 will be heard again at the committee's next meeting.

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JANE PIERSON, Staff, Representative Thompson, Alaska State Legislature, Juneau, Alaska; said HB 223 is an act authorizing municipalities to exempt or partially exempt for up to ten years property in a Military Facility Zone (MFZ) that creates or supports industry development or educational training opportunities. She detailed that HB 223 gives permissive authority for a local government to seek up to ten years of full or partial property tax exemptions for a business in a MFZ. She said the needs of each community with a military installation are unique. She asserted that HB 223 provides broad authority for local property tax exemption to be specifically defined by the individual community to provide the maximum benefit to their installations and their regions. She explained that MFZs were established in the 27th Legislature; their designated areas in close proximity to a military base where industrial or economic development will directly enhance the base's ability to fulfill its mission. She detailed that MFZs are used in other states as vehicles to obtain and administer funds for business development directly related to the facility by expansion of infrastructure that benefits both the military facility and civilian objectives. She said HB 223 was drafted after Representative Thompson was approached by the Fairbanks North Star Borough (FNSB). She noted that FNSB is currently working on establishing MFZs in the Interior. She pointed out that the military industry in Fairbanks contributes towards 30 percent of the FNSB's gross

community product and 38 percent of FNSB's total labor dollars. She informed the committee that Fairbank's military base is one of FNSB's largest economic drivers. She noted that FNSB narrowly escaped having Eielson Air Force Base closed by the Base Closure and Realignment Commission (BRAC) in 2005 and recently Eielson nearly lost the F-16 fighter aircraft basing.

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MS. PIERSON continued that HB 223 will expand on the financial incentives provided by HB 316; it is one more tool for local governments to create better partnerships with the military installations in their communities. She said providing tax exemption authority to communities with the MFZ will provide added support to the Armed Services' mission to enhance economic development opportunities, assist in making Alaska's military installations the best value choice for expansion, and help defend against potential negative impact from force reduction or closure.

SENATOR GIESSEL asked if HB 223 was the same bill from the previous session.

MS. PIERSON stated that HB 223 is an expansion on the previous bill. She specified that HB 223 will provide the ability for local communities to give property tax exemptions for businesses that support the military.

CHAIR MICCICHE asked to verify that HB 223 will allow but does not require a municipality to provide tax breaks.

MS. PIERSON answered correct.

SENATOR BISHOP asked for an example of a business that might come into a community and take advantage of HB 223.

MS. PIERSON replied that additional businesses may come into Fairbanks if Eielson Air Force Base was to get the F-35s. She noted an example of a business that warehouses and possibly builds aircraft parts.

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SENATOR BISHOP asked if HB 223 will cover the drone program that is coming to Alaska.

MS. PIERSON answered that she would hope so.

CHAIR MICCICHE asked Deputy Commissioner Pierre to address the committee.

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MCHUGH PIERRE, Deputy Commissioner, Military & Veterans Affairs (DMVA), Fort Richardson, Alaska; revealed that DMVA will administer the MFZ application. He explained that DMVA created the MFZ regulations and will work with communities as they come forward. He said DMVA's goal is to make sure Alaska has a very positive environment for the military to do business. He pointed out that Representative Thompson has addressed community desires to offer local tax incentives with HB 223.

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CHAIR MICCICHE opened public testimony.

[3:47:04 PM](#)

LUKE HOPKINS, Mayor, Fairbanks North Star Borough, Fairbanks, Alaska; explained that HB 223 was somewhat of a germinal idea from FNSB. He noted the importance in the passage of HB 316 during the 27th Legislature [to establish Military Facility Zones]. He said FNSB and DMVA have had discussions with companies and corporations on how to attract businesses to FNSB. He noted the importance in strengthening Alaska's military commitment in FNSB and through the state. He called attention to the positive economic impact when Air Force bases get F-35s and the businesses that follow. He added Senator Bishop's question regarding Unmanned Aerial Vehicles and the positive business impact for FNSB. He noted that HB 223 will assist FNSB in partnering with the University of Alaska-Fairbanks to reach out to businesses as fast as possible. He summarized that HB 223 will allow local municipalities with the option to offer MFZ tax deferments or exemptions.

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CHAIR MICCICHE welcomed Representative Thompson to the committee meeting.

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JIM DODSON, Director, Fairbanks Economic Development Corporation, Fairbanks, Alaska; announced his support for HB 223. He read the following statement:

HB 223 coupled with the previous action of the legislature passing the MFZs, provides municipalities with an opportunity to attract private industry to

come to their communities that are co-located with military bases to do business with the military.

MR. DODSON emphasized that MFZ tax exemptions will be at the discretion of a municipality. He summarized that MFZ tax exemptions will allow the state to continue economic diversification and give communities a chance to grow their tax base.

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CHAIR MICCICHE announced that public testimony will be left open for the next committee meeting with the intent to pass HB 223 out of committee at that time. [HB 223 is held in committee.]

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There being no further business to come before the committee, Chair Micciche adjourned the Senate Community and Regional Affairs Standing Committee at 3:51 p.m.