

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

March 24, 2015

8:04 a.m.

**MEMBERS PRESENT**

Representative Cathy Tilton, Chair  
Representative Paul Seaton, Vice Chair  
Representative Shelley Hughes  
Representative Benjamin Nageak  
Representative Lora Reinbold  
Representative Harriet Drummond  
Representative Dan Ortiz

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

HOUSE BILL NO. 146

"An Act relating to a municipal tax exemption for certain subdivided property."

- MOVED CSHB 146(CRA) OUT OF COMMITTEE

CS FOR SENATE BILL NO. 19(CRA)

"An Act relating to road service area boundary changes."

- HEARD & HELD

HOUSE BILL NO. 118

"An Act adopting the Municipal Property Assessed Clean Energy Act; authorizing municipalities to establish programs to impose assessments for energy improvements in regions designated by municipalities; imposing fees; and providing for an effective date."

- PENDING REFERRAL

**PREVIOUS COMMITTEE ACTION**

BILL: HB 146

SHORT TITLE: MUNICIPAL TAX EXEMPTION

SPONSOR(S): REPRESENTATIVE(S) MUNOZ

03/12/15 (H) READ THE FIRST TIME - REFERRALS  
03/12/15 (H) CRA  
03/24/15 (H) CRA AT 8:00 AM BARNES 124

BILL: SB 19

SHORT TITLE: BOUNDARIES OF ROAD SERVICE AREAS

SPONSOR(S): SENATOR(S) COGHILL

01/21/15 (S) PREFILE RELEASED 1/16/15  
01/21/15 (S) READ THE FIRST TIME - REFERRALS  
01/21/15 (S) CRA  
03/05/15 (S) CRA AT 3:30 PM BELTZ 105 (TSBldg)  
03/05/15 (S) Heard & Held  
03/05/15 (S) MINUTE(CRA)  
03/12/15 (S) CRA AT 3:30 PM BELTZ 105 (TSBldg)  
03/12/15 (S) Moved CSSB 19(CRA) Out of Committee  
03/12/15 (S) MINUTE(CRA)  
03/16/15 (S) CRA RPT CS 4DP SAME TITLE  
03/16/15 (S) DP: BISHOP, STEDMAN, HOFFMAN, EGAN  
03/18/15 (S) TRANSMITTED TO (H)  
03/18/15 (S) VERSION: CSSB 19(CRA)  
03/20/15 (H) READ THE FIRST TIME - REFERRALS  
03/20/15 (H) CRA  
03/24/15 (H) CRA AT 8:00 AM BARNES 124

**WITNESS REGISTER**

REPRESENTATIVE CATHY MUNOZ

Alaska State Legislature

Juneau, Alaska

**POSITION STATEMENT:** Spoke as the sponsor of HB 146.

MERRILL SANFORD, Mayor

City & Borough of Juneau;

Treasurer, Board of Directors, Southeast Conference

Juneau, Alaska

**POSITION STATEMENT:** Testified in support of HB 146.

CHUCK HOMAN, President

Alaska State Home Building Association

Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of HB 146.

SHIRLEY MARQUARDT, Mayor

City of Unalaska

Unalaska, Alaska

**POSITION STATEMENT:** Testified in support of HB 146.

RON BROWN, State Assessor  
Division of Community & Regional Affairs  
Department of Commerce, Community & Economic Development  
Anchorage, Alaska

**POSITION STATEMENT:** During hearing of HB 146, answered questions.

DAVE HANNA  
Juneau, Alaska

**POSITION STATEMENT:** Testified that there are no bad points to HB 146.

NORTON GREGORY, Executive Team  
Tlingit-Haida Regional Housing Authority  
Douglas, Alaska

**POSITION STATEMENT:** Encouraged support for HB 146.

RUSS MCDUGAL  
Juneau, Alaska

**POSITION STATEMENT:** During hearing of HB 146, related support for tax abatement.

RYNNIEVA MOSS, Staff  
Senator John Coghill  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Presented CSSB 19(CRA) on behalf of the sponsor, Senator Coghill.

MICHAEL BREDLIE, Rural Services Manager  
Fairbanks North Star Borough  
Fairbanks, Alaska

**POSITION STATEMENT:** Testified in support of SB 19.

#### **ACTION NARRATIVE**

[8:04:38 AM](#)

**CHAIR CATHY TILTON** called the House Community and Regional Affairs Standing Committee meeting to order at 8:04 a.m. Representatives Ortiz, Seaton, Hughes, Nageak, Reinbold, and Tilton were present at the call to order. Representative Drummond arrived as the meeting was in progress.

#### **HB 146-MUNICIPAL TAX EXEMPTION**

8:05:20 AM

CHAIR TILTON announced that the first order of business would be HOUSE BILL NO. 146, "An Act relating to a municipal tax exemption for certain subdivided property."

8:05:39 AM

REPRESENTATIVE SEATON moved to adopt CSHB 146, Version 29-LS0048\W, Shutts, 3/20/15, as the working document.

CHAIR TILTON objected for discussion purposes.

8:06:10 AM

REPRESENTATIVE CATHY MUNOZ, Alaska State Legislature, speaking as the sponsor of HB 146, explained that HB 146 allows municipalities the option to defer a portion or all of the increased tax assessment that occurs when a property is subdivided. Currently, when a property is subdivided and the owner certifies the plat, the assessment goes to a post-subdivided assessment that is based on the fair market value as per state law. For example, the assessment in Juneau of a lot with a pre-subdivided value of \$100,000 would be roughly 12 mills on the \$100,000, which amounts to tax due of about \$1,200. Once the aforementioned lot is subdivided into 10 lots to create affordable housing, if the assessment is \$100,000 per lot, the tax assessment increases from roughly \$1,200 to \$12,000. The aforementioned increase is made prior to any of the lots being sold or any work occurring on the land. Therefore, it's a great disincentive and deterrent to creating affordable housing. She reiterated that HB 146 provides a municipality the option to exempt a portion or all of the increased assessed value of [the subdivided] land until a lot sold, a building permit was acquired, or a temporary structure was located on the property. Version W includes language clarifying that any structure would cause the increased evaluation.

8:09:28 AM

REPRESENTATIVE SEATON asked if the assessment referenced in HB 146 only deals with property tax. He recalled that recently in Homer there was a per lot assessment for the natural gas expansion and line construction. He related his understanding that HB 146 only refers to a property tax assessment and doesn't include individual lot assessments for other purposes.

REPRESENTATIVE MUNOZ said the intent of the law is to create more affordable housing. The legislation provides a local option for municipalities, such that municipalities can create a partial or full exemption on the number of lots that target affordable housing. She clarified that this local option would require assembly action.

REPRESENTATIVE SEATON expressed the need to clarify that it's a property tax exemption to which the language refers.

REPRESENTATIVE MUNOZ confirmed the legislation refers to property tax exemptions.

[8:11:37 AM](#)

REPRESENTATIVE NAGEAK asked whether the tax exemption is only for low income housing.

REPRESENTATIVE MUNOZ reiterated that the legislation would create more housing in general, which would place more housing on the market. The aforementioned benefits all valued housing. In Juneau, because of the high carrying cost of the added taxation, the actual sale price is much higher than it would be were HB 146 in place. She further reiterated that the taxation is so sharp when property is subdivided that the property has to reflect that higher taxation when the lot is sold. Therefore, HB 146 is a means to keep the prices down on the land sale. Once the land sells, the city reassesses the property at the fair market value and the full taxation would be due. In further response to Representative Nageak, Representative Munoz clarified that HB 146 would create housing opportunities across the spectrum [of income levels], depending on the value of the land. She then pointed out that HB 146 is beneficial in terms of creating more affordable housing because it keeps the price of the land down.

[8:13:23 AM](#)

REPRESENTATIVE HUGHES noted her appreciation for the intent of the legislation. However, she expressed the need to be sure that local governments are not selecting winners and losers in terms of developers because the language seems to read as if it speaks to a particular piece of property. She then inquired as to whether the passage of a tax exemption ordinance, as proposed in HB 146, would be an areawide ordinance.

REPRESENTATIVE MUNOZ answered that the passage of such an ordinance would be across the board. A city assembly would adopt an ordinance structured as a partial of full exemption for no more than five years, but once passed the ordinance would apply to all residential subdivided properties.

[8:14:27 AM](#)

REPRESENTATIVE DRUMMOND pointed out that the language of HB 146 refers to an exemption from property taxes, while letters of support refer to abatement, deferral, defer, and exemption. She then requested an example of what [HB 146] means because the aforementioned terms mean something different. She then inquired as to whether the legislation will exempt the property until there is development on the property in the form of an improvement. She then related her understanding that the property tax increase wouldn't be collected or in effect until the first improvement on the first lot in the subdivision.

REPRESENTATIVE MUNOZ explained that as soon as the land is subdivided and the plat registered with the city and borough, the value is reassessed. This legislation, she reiterated, would allow a municipality the option to exempt that increased value until the lot sold, a building permit was acquired, or a structure was located on the parcel. When one of the aforementioned occurs, the exemption would not be in effect and the lot would be assessed at the full market value.

[8:16:01 AM](#)

REPRESENTATIVE NAGEAK inquired as to how this legislation would work in rural Alaska where land is owned by Alaska Native corporations. In response to Representative Munoz, Representative Nageak clarified that land owned by Alaska corporations is within a city and taxable.

REPRESENTATIVE MUNOZ said that if there is planning and zoning authority and a city assembly/council that could consider the exemption, then HB 146 would apply. In further response to Representative Nageak, Representative Munoz related her understanding that the Fairbanks North Star Borough does have planning and zoning authority. She further related that HB 146 requires an action of a city/borough assembly.

[8:17:37 AM](#)

REPRESENTATIVE SEATON, referring to the language on page 1, lines 5-7, related that in the Kenai Peninsula Borough subdivisions have to include roads, access, and rights-of-way. Therefore, the lots would have road values. He asked if HB 146 would mean that the roads and the other aspects that would increase the value of the subdivision wouldn't be taxable. Or, does the language "or a portion of the increase" mean a municipality could determine whether the portion is going to be the value of lots exclusive of roads. He questioned what the language "a portion of" could encompass.

REPRESENTATIVE MUNOZ explained that state law requires fair market value assessments, such that the road and improvements would be included in the fair market value assessment. The language "all or a portion" in HB 146 refers to the increased value of that land. The individual lots of a subdivided large parcel have increased value. When an improvement is made on a specific lot, the higher assessment comes into play.

[8:19:31 AM](#)

REPRESENTATIVE SEATON referred to the following language on page 1, "any improvements made to the property necessitated by its subdivision." He posed a scenario in which there is a requirement for utilities or other such things to be put into the lots and asked whether those would be included or excluded by the municipality. He reiterated that he was trying to determine the meaning "of a portion." He asked if the language means 50 percent of the increase or portions as required improvements by the subdivision.

REPRESENTATIVE MUNOZ specified that the language means the increased value of the specific lot. The improvements, she stated, will be part of the value because as a property and its surroundings are improved, the values increase. The aforementioned is based on state law, she pointed out.

[8:20:43 AM](#)

CHAIR TILTON opened public testimony.

[8:21:01 AM](#)

MERRILL SANFORD, Mayor, City & Borough of Juneau; Treasurer, Board of Directors, Southeast Conference, highlighted the shortage of housing in Juneau and suggested that there is likely a shortage of housing in other communities in the state as well.

Although the City & Borough of Juneau helps legislators and staff with housing to make it easier for them to come and go, there are still many who can't find housing. He characterized HB 146 as a tool for the local [governments]. Once the legislation is passed, the local governments can adopt what they desire in accordance with the act. Mayor Sanford acknowledged that HB 146 won't solve all the problems, but it's one option to address housing problems. Mayor Sanford concluded by relating the City & Borough of Juneau's support for HB 146 and urged its passage.

[8:22:47 AM](#)

REPRESENTATIVE SEATON said he supports the concept of HB 146, but is trying to fully understand whether it's all or a portion of the increase. He asked if Mayor Sanford understands the language "a portion of" to mean that under HB 146 the City & Borough of Juneau could, for up to five years, exempt 50 percent of the increased valuation.

MAYOR SANFORD replied yes.

[8:23:40 AM](#)

CHUCK HOMAN, President, Alaska State Home Building Association, related support for HB 146, and noted that the committee packet should include a letter of support from the Alaska State Home Building Association. He concurred with earlier remarks that in many communities there is a shortage of developed lots. Furthermore, Alaska has some of the highest land and development costs as well as some of the highest property taxes in the nation. Furthermore, once a property is developed, it can take years to absorb the lots that are developed. This legislation, he opined, is an opportunity for local communities to participate with the developer and stimulate a piece of raw land that may otherwise go undeveloped. He pointed out that new housing provides new jobs for the local community during construction as well as the ongoing effect of the new construction. Moreover, raw land improved to a developed piece of property with a homeowner expands the tax base of the community and improves the quality of life of the community.

[8:25:12 AM](#)

REPRESENTATIVE REINBOLD inquired as to whether the Alaska State Home Building Association was in unanimous support of HB 146.

MR. HOMAN replied yes. In further response to Representative Reinbold, Mr. Homan said the Alaska State Home Building Association has no concerns.

[8:26:00 AM](#)

REPRESENTATIVE SEATON asked whether the Alaska State Home Building Association understands that the exemption is a one-time exemption on the subdivision.

MR. HOMAN answered yes, adding that he believes an end to the exemption is reasonable.

[8:26:57 AM](#)

SHIRLEY MARQUARDT, Mayor, City of Unalaska, related her support for HB 146. She informed the committee that Unalaska has struggled with a housing shortage and how to address it from the municipality side for years. With the high cost of building and transporting materials, both of which are not under the control of the municipality, the City of Unalaska has really struggled to get two of the city's largest property owners to subdivide their properties to plan utilities and place them for sale. She related that last fall Unalaska held a town hall discussion regarding what the city can do to address housing issues and bring down the cost. During that meeting the idea of a property tax exemption for newly subdivided properties for a period of up to five years was mentioned. The city then discovered it couldn't create the aforementioned exemption, but could defer the property tax for up to five years. However, at the end of the five years whomever purchased the property or the developer would owe a large amount, which defeated the purpose. Mayor Marquardt related her understanding that HB 146 would work for Unalaska. She remarked that the legislation is very flexible as it provides local assemblies or councils along with their planning and zoning boards, through the public process, the ability to decide whether to have a partial or full exemption as well as the length of the exemption. She then noted that she likes that the exemption ends when the lot is sold or a building permit is issued. She noted that some of the larger land owners don't want to sell their land, but may be willing to develop it. The aforementioned is a win all the way around.

[8:30:47 AM](#)

REPRESENTATIVE SEATON, referring to the language on page 1, line 5, "all or portion of increase in assessed value", asked whether

a municipality could take a percentage or a flat amount per lot exemption.

[8:31:27 AM](#)

RON BROWN, State Assessor, Division of Community & Regional Affairs, Department of Commerce, Community & Economic Development, pointed out that the legislation speaks to the increase in value caused by the subdivision or any infrastructure installed in the process. He posed an example in which a larger parcel with a value of \$2.50 per square foot is subdivided into 10 lots that become worth \$5.00 per square foot after the subdivision and installation of roads, sewer, and water. As HB 146 is currently written, the value eligible for the exemption would be the difference between the original assessment and the increased value. Therefore, the exemption amount would be dependent upon the local market, the increase in the value, and what caused the increase in value.

[8:33:24 AM](#)

REPRESENTATIVE SEATON surmised then that in Mr. Brown's example, the \$3 per square foot exemption could be structured as a percentage of the increase in value or as a flat amount of the increase in value at the local option.

MR. BROWN responded yes, the increase in value caused by the subdivision installation of the infrastructure is what the municipality could exempt if HB 146 was adopted by the local governing body. He said the local governing body would have considerable freedom in terms of the structure of the optional exemption.

[8:34:23 AM](#)

REPRESENTATIVE SEATON asked if a per lot assessment for placing a utility throughout an area, would come into play with HB 146 or does it just deal with property taxes.

MR. BROWN answered that HB 146 only refers to property taxes.

[8:35:42 AM](#)

DAVE HANNA related that he has been involved in working on subdivisions and subdividing land most of his adult life. He said he didn't believe there are any bad points to HB 146. First, he highlighted that HB 146 is enabling legislation, not a

mandate. Municipalities are left entirely in control of what they want to do with HB 146. With regard to how HB 146 impacts the cost of providing a subdivision, Mr. Hanna pointed out that the larger the subdivision, the larger the numbers are. He posed a situation in which a small developer has a block of land that he/she wants to subdivide into 10 lots and leave the rest untouched. Since subdividing rules may change over time, for most [developers] it makes sense to subdivide the entire piece of property [to 40 lots]. However, once the plat is recorded all the lots are taxed and the developer could suddenly face taxes that total \$60,000 and a shovel of dirt hasn't been turned. Therefore, it's a disincentive for developers, especially when one realizes how cyclical the market is. With regard to those who believe this legislation could cause municipalities to lose revenue, Mr. Hanna opined that it's the exact opposite. He explained that the cost of a lot is roughly a fourth of the value of a finished house. Therefore, if a house is constructed within three to four years of the time the lot was subdivided, the municipality has already recouped any money they might have made by taxing those vacant lots. Bringing houses online sooner, the revenue stream to the municipality is a lot larger than it would've been. Mr. Hanna then related his belief that the proposal in HB 146 would actually lower the sale price of the lots as it will encourage more lots to come online. When more lots are available, the lots won't be sold at inflated prices. He opined that the aforementioned would be good for everyone and lead to more affordable housing.

[8:39:21 AM](#)

NORTON GREGORY, Executive Team, Tlingit-Haida Regional Housing Authority, informed the committee that although he is also a member of the Juneau Affordable Housing Commission, which reports to the City & Borough of Juneau Assembly on housing matters that impact the community, he isn't speaking on their behalf today. He then informed the committee that Tlingit-Haida Regional Housing Authority is the largest provider of affordable housing in Southeast Alaska. He echoed earlier testimony that HB 146 would provide an incentive for property owners to develop their currently undeveloped properties. In speaking with property owners in Juneau, [the discussion] turns to the shortage of buildable land. Some of the available land is being held because the owner doesn't want to subdivide it due to the increased property taxes. He informed the committee that [Tlingit-Haida Regional Housing Authority] was happy to see the 2012 change in which the state allowed property tax deferment.

However, since the aforementioned change didn't spark subdivision and development of properties, he expressed support for the change from a property tax deferral to property tax abatement as embodied in HB 146. Mr. Gregory encouraged support for HB 146, which he opined would create an incentive for property owners to subdivide their property without penalization.

[8:41:39 AM](#)

RUSS MCDUGAL informed the committee that he is a former president of the Alaska State Homebuilder's Association and was involved in the tax deferral legislation. Mr. McDougal related that the Alaska State Homebuilder's Association has always supported tax abatement. He then noted that he is a member of a code review committee of the Juneau Affordable Housing Commission, has been a builder for the past 20 years, and a carpenter for 35 years.

[8:43:02 AM](#)

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

[8:43:25 AM](#)

REPRESENTATIVE SEATON related his appreciation for HB 146, including clarifications that the legislation offers a single-time exemption that can't be renewed; allows the community the option as to the amount of the [exemption]; and only relates to property taxes.

[8:44:13 AM](#)

REPRESENTATIVE ORTIZ inquired as to why the proposal in HB 146 isn't already in place.

REPRESENTATIVE MUNOZ explained that state law requires property to be assessed at fair market value, and thus once a property is subdivided the market value increases as do the taxes on those parcels.

[8:45:29 AM](#)

REPRESENTATIVE ORTIZ asked whether the ability of a local municipality to partially abate taxes would allow the municipality the ability to pick and choose winners.

REPRESENTATIVE MUNOZ explained that if a municipality chooses to participate in the [exemption proposed in HB 146], it would have to pass an ordinance to establish the parameters of the program and it would apply to all housing subdivisions.

[8:46:22 AM](#)

REPRESENTATIVE SEATON reiterated that the 100 percent of full market value is necessary so that taxations across the state are equivalent and then municipalities set the mill rate for 10 percent of fair market value. Municipalities, he pointed out, [currently] have the flexibility to change their mill rate, but not to decide how much of the fair market value is assessed. The proposed exemption in HB 146 is for a limited period of time and doesn't extend beyond the subdivision. The aforementioned is important but necessary to ensure that valuations across the state are 100 percent of the fair market value so that there is equality.

[8:47:34 AM](#)

REPRESENTATIVE HUGHES asked whether this legislation would apply to a commercial or business property that is subdivided.

REPRESENTATIVE MUNOZ replied yes.

MR. BROWN confirmed that although subdivision is typically associated with residential properties, this [legislation] would also apply to commercial properties as well.

[8:48:53 AM](#)

REPRESENTATIVE SEATON opined that use of the term "established" [on page 1, line 12] in Version W is important because use of the term "constructed" could result in commercial properties being used as storage lots fitting into the proposed exemption. He noted his appreciation for the sponsor addressing the aforementioned.

[8:49:40 AM](#)

CHAIR TILTON withdrew her objection. There being no further objection, CSHB 146, Version 29-LS0048\W, Shutts, 3/20/15, was adopted.

[8:49:49 AM](#)

REPRESENTATIVE SEATON moved to report Version 29-LS0048\W, Shutts, 3/20/15, out of committee with individual recommendations and the accompanying zero fiscal note. There being no objection, CSHB 146(CRA) was reported from the House Community and Regional Affairs Standing Committee.

The committee took an at ease from 8:50 a.m. to 8:53 a.m.

**SB 19-BOUNDARIES OF ROAD SERVICE AREAS**

[8:53:43 AM](#)

CHAIR TILTON announced that the final order of business would be CS FOR SENATE BILL NO. 19(CRA), "An Act relating to road service area boundary changes."

[8:53:57 AM](#)

RYNNIEVA MOSS, Staff, Senator John Coghill, Alaska State Legislature, began by informing the committee that she has been a road service area chair and a road commissioner for 25 years. She related that the legislation is the result of problems with mapping areas in the Fairbanks North Star Borough, such that a parcel of land is situated in two separate road service areas. This legislation will address the aforementioned situation as well as a situation in which a parcel of land is partially but not wholly located in a service area. Ms. Moss pointed out that the legislation includes sideboards to ensure that people are treated fairly. To that end, the only access to the parcel of land has to be a road maintained by a road service area. Therefore, the borough could not include a parcel of land in a service area that had access by a road that wasn't in a service area. Ms. Moss specified that CSSB 19(CRA) allows a borough assembly without an [election] to hold a vote at a public noticed meeting to annex property in order to combine: a [single tax lot] parcel located in two service areas into one service area such that the [tax lot] is placed in the service area that provides road access to the parcel; a parcel that's partially situated in an existing road service with access only to the [tax lot] parcel via a road in the service area.

[8:56:24 AM](#)

REPRESENTATIVE ORTIZ inquired as to the factor that caused the introduction of SB 19.

MS. MOSS informed the committee that two years ago the Fairbanks North Star Borough noticed that a parcel of land was located in two road service areas instead of one. The borough wanted to [annex] the parcel into one service area and the borough took half of the parcel out of one service area, which caused the need for an election in the existing service area. However, no one voted and the borough was unable to place the partial parcel into one tax lot in a service area.

[8:57:17 AM](#)

REPRESENTATIVE HUGHES inquired as to the type of public notice that is provided to the involved property owners.

MS. MOSS explained that under current law and ordinances, the borough notifies property owners [in these situations] as well as those adjacent to the property. In further response, Ms. Moss confirmed that the process would remain the same with the passage of CSSB 19(CRA).

[8:58:09 AM](#)

REPRESENTATIVE SEATON related his understanding that new paragraphs (5) and (6) to AS 29.35.450(c) only deal with road service areas.

MS. MOSS replied yes.

[8:58:56 AM](#)

CHAIR TILTON opened public testimony.

[8:59:08 AM](#)

MICHAEL BREDLIE, Rural Services Manager, Fairbanks North Star Borough, related support for SB 19. The borough, he informed the committee, has 105 road service areas with dozens of parcels that are only partially in the road service area or parcels that are split between two road service areas. This legislation will allow [boroughs] the ability to include an entire parcel into a service area without voter approval, which will be a great help since most service area elections have a very low turnout.

[9:00:10 AM](#)

CHAIR TILTON asked if the problem addressed by CSSB 19(CRA) occurs in areas besides Fairbanks.

MR. BREDLIE said he has spoken with Anchorage, where he understands the boundaries follow property lines. He explained the maps drawn for the service areas weren't very precise and when they were transferred to something more precise, it resulted in parcels that were partially in and out of service areas.

[9:01:13 AM](#)

MS. MOSS related her understanding from an administrator of the Chugiak Birchwood Eagle River Rural Road Service Area that it doesn't have this issue as all of its parcels are within the boundaries [of the service area].

[9:01:49 AM](#)

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

[9:02:11 AM](#)

MS. MOSS, in response to Representative Reinbold, confirmed that this legislation has no impact on the [Chugiak Birchwood Eagle River Rural Road Service Area].

CHAIR TILTON related her understanding that the Fairbanks area has the most issues with [road service boundaries]. She also related her understanding that there are no issues with this in the Matanuska-Susitna Borough.

[9:02:53 AM](#)

REPRESENTATIVE SEATON recalled that there was a Supreme Court case in the Matanuska-Susitna [Borough] regarding a parcel that was accessed from roads in one area while they were charged from the road service area from which no services were received. He opined that this legislation would take care of the aforementioned problem. However, he requested the sponsor review that Supreme Court case in relation to this legislation.

MS. MOSS answered that even with the passage of CSSB 19(CRA), it will remain the borough's decision as to whether to remove a parcel or whether it [remains] in a service area. She recalled that in the aforementioned case there is other access to the property, but reiterated that it's for the borough assembly to make the decision. In further response to Representative

Seaton, Ms. Moss indicated her agreement to review the case in relation to the legislation.

9:05:03 AM

CHAIR TILTON announced that SB 19 would be held over.

9:05:13 AM

**ADJOURNMENT**

There being no further business before the committee, the House Community and Regional Affairs Standing Committee meeting was adjourned at 9:05 a.m.