

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

April 25, 2017

8:04 a.m.

**MEMBERS PRESENT**

Representative Zach Fansler, Co-Chair  
Representative Justin Parish, Co-Chair  
Representative Harriet Drummond  
Representative Dean Westlake  
Representative George Rauscher  
Representative Dan Saddler  
Representative David Talerico

**MEMBERS ABSENT**

Representative DeLena Johnson (alternate)  
Representative Jonathan Kreiss-Tomkins (alternate)

**COMMITTEE CALENDAR**

HOUSE BILL NO. 156

"An Act relating to a municipal tax exemption or deferral for economic development property."

- HEARD & HELD

CS FOR SENATE BILL NO. 63(FIN)

"An Act prohibiting smoking in certain places; relating to education on the smoking prohibition; and providing for an effective date."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 156

SHORT TITLE: MUNI TAX EXEMPTION: ECON DEVEL PROPERTY

SPONSOR(s): REPRESENTATIVE(s) TILTON

03/06/17 (H) READ THE FIRST TIME - REFERRALS  
03/06/17 (H) CRA  
03/23/17 (H) CRA AT 8:00 AM CAPITOL 106  
03/23/17 (H) Heard & Held  
03/23/17 (H) MINUTE(CRA)  
03/28/17 (H) CRA AT 8:00 AM BARNES 124  
03/28/17 (H) Heard & Held  
03/28/17 (H) MINUTE(CRA)  
04/25/17 (H) CRA AT 8:00 AM BARNES 124

BILL: SB 63

SHORT TITLE: REGULATION OF SMOKING

SPONSOR(s): SENATOR(s) MICCICHE

02/17/17 (S) READ THE FIRST TIME - REFERRALS  
02/17/17 (S) HSS, FIN  
03/01/17 (S) HSS AT 1:30 PM BUTROVICH 205  
03/01/17 (S) Moved SB 63 Out of Committee  
03/01/17 (S) MINUTE(HSS)  
03/03/17 (S) HSS RPT 5DP  
03/03/17 (S) DP: WILSON, BEGICH, VON IMHOF, GIESSEL,  
MICCICHE  
03/13/17 (S) FIN AT 9:00 AM SENATE FINANCE 532  
03/13/17 (S) Heard & Held  
03/13/17 (S) MINUTE(FIN)  
03/20/17 (S) FIN AT 9:00 AM SENATE FINANCE 532  
03/20/17 (S) Moved CSSB 63(FIN) Out of Committee  
03/20/17 (S) MINUTE(FIN)  
03/21/17 (S) FIN RPT CS 6DP 1NR SAME TITLE  
03/21/17 (S) DP: HOFFMAN, MACKINNON, BISHOP, VON  
IMHOF, OLSON, MICCICHE  
03/21/17 (S) NR: DUNLEAVY  
03/27/17 (S) TRANSMITTED TO (H)  
03/27/17 (S) VERSION: CSSB 63(FIN)  
03/29/17 (H) READ THE FIRST TIME - REFERRALS  
03/29/17 (H) CRA, JUD  
04/13/17 (H) CRA AT 8:00 AM BARNES 124  
04/13/17 (H) Heard & Held  
04/13/17 (H) MINUTE(CRA)  
04/18/17 (H) CRA AT 8:00 AM BARNES 124  
04/18/17 (H) Heard & Held

04/18/17 (H) MINUTE(CRA)  
04/25/17 (H) CRA AT 8:00 AM BARNES 124

**WITNESS REGISTER**

SENATOR PETER MICCICHE  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** As prime sponsor of CSSB 63(FIN), provided answers to questions.

MARTY MCGEE, State Assessor  
Municipal and Community Policy and Research Section  
Division of Community and Regional Affairs (DCRA)  
Department of Commerce, Community & Economic Development (DCCED)  
Anchorage, Alaska

**POSITION STATEMENT:** Provided information during the hearing on HB 156.

HEATH HILYARD, Staff  
Representative Cathy Tilton  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Provided information during the hearing on HB 156, on behalf of Representative Tilton, prime sponsor.

**ACTION NARRATIVE**

[8:04:19 AM](#)

**CO-CHAIR JUSTIN PARISH** called the House Community and Regional Affairs Standing Committee meeting to order at 8:04 a.m. Representatives Drummond, Westlake, Talerico, Saddler, and Parish were present at the call to order. Representatives Rauscher and Fansler arrived as the meeting was in progress.

**HB 156-MUNI TAX EXEMPTION: ECON DEVEL PROPERTY**

[8:05:24 AM](#)

CO-CHAIR PARISH announced that the first order of business would be HOUSE BILL NO. 156, "An Act relating to a municipal tax exemption or deferral for economic development property."

8:06:06 AM

CO-CHAIR PARISH highlighted the main focus of HB 156 [which is specified in the fourth paragraph of the sponsor's statement, which read as follows, original punctuation provided]:

HB 156 (Municipal Tax Exemptions) amends AS 29.45.050(m) to remove the requirement that a full or partial property tax exemption or deferral for economic development property be limited to five years, with possible renewals. This legislation would authorize a municipality's discretion to establish a full or partial property tax exemption or deferral over a designated period of time without limitation in state law, and to designate a period of time for an exemption or deferral that differs based on the type of economic development property. In addition, AS 29.45.050(m) would be amended to augment the requirements for eligibility for a full or partial property tax exemption or deferral for economic development property by including economic development property that involves a "significant capital investment in physical infrastructure" that expands the tax base of the municipality and that will generate property tax revenue after the exemption expires.

CO-CHAIR PARISH directed attention to language on page 3, lines 1-8, of HB 156, which read as follows:

(3) HAS NOT BEEN USED IN THE SAME TRADE OR BUSINESS IN ANOTHER MUNICIPALITY FOR AT LEAST SIX MONTHS BEFORE THE APPLICATION FOR DEFERRAL OR EXEMPTION IS FILED; THIS PARAGRAPH DOES NOT APPLY IF THE PROPERTY WAS USED IN THE SAME TRADE OR BUSINESS IN AN AREA THAT HAS BEEN ANNEXED TO THE MUNICIPALITY WITHIN SIX MONTHS BEFORE

THE APPLICATION FOR DEFERRAL OR EXEMPTION IS FILED;  
THIS PARAGRAPH DOES NOT APPLY TO INVENTORIES

CO-CHAIR PARISH offered his understanding that this means if someone has a property tax exemption on properties in one community, then someone in another community would not be allowed to have "a property exemption of the same sort" for a period of six months, if that property is in the same trade or business. He said that is problematic and "a peculiar piece of language."

[8:08:58 AM](#)

REPRESENTATIVE DRUMMOND stated her assumption that because the language was going to be deleted, the committee would not concern itself with it. Notwithstanding that, she offered that "a piece of property can't move"; however, she acknowledged that boundaries of municipalities can move - usually in expansion.

CO-CHAIR PARISH observed that the aforementioned language [on page 3, lines 1-8,] had been moved to page 2, [lines 11-16].

[8:10:01 AM](#)

The committee took an at-ease from 8:10 a.m. to 8:16 a.m.

[8:16:29 AM](#)

CO-CHAIR PARISH returned to the language being discussed prior to the at-ease, and he stated his intent to ask someone from the Department of Commerce, Community & Economic Development (DCCED) to provide clarity.

[8:17:22 AM](#)

REPRESENTATIVE SADDLER suggested the bill's prime sponsor or the prime sponsor's staff could shed light on the language in question.

[8:18:06 AM](#)

CO-CHAIR PARISH noted that the phrase "a municipality that is a school district" was in the original statute, and he said he does not know how many municipalities that are school districts have the power to levy property taxation, except perhaps municipalities that overlap with school districts, such as the City & Borough of Juneau School District. He remarked that he recently learned that even the Alaska Gasline Development Corporation is a municipality.

[8:18:54 AM](#)

The committee took an at-ease from 8:19 a.m. to 8:20 a.m.

[8:20:23 AM](#)

CO-CHAIR PARISH announced that the committee would set aside HB 156 [to be taken up later in the meeting].

**SB 63-REGULATION OF SMOKING**

[8:20:54 AM](#)

CO-CHAIR PARISH announced that the next order of business would be CS FOR SENATE BILL NO. 63(FIN), "An Act prohibiting smoking in certain places; relating to education on the smoking prohibition; and providing for an effective date."

[8:21:23 AM](#)

CO-CHAIR FANSLER moved to adopt Amendment 1 to CSSB 63(FIN), labeled 30 LS0024/N.4, Martin, 4/19/17, which read as follows:

Page 2, lines 29 - 30:

Delete all material and insert:

"(1) within 10 feet of playground equipment located at a public or private school or a state or municipal park while children are present;"

Page 3, lines 9 - 11:

Delete all material and insert:

"(C) a reasonable distance, as determined by the owner or operator, of an entrance, open window, or heating or ventilation system air intake vent of  
(i) a vessel covered by this section; or  
(ii) a long-term care facility as defined in AS 47.62.090."

CO-CHAIR PARISH objected for discussion purposes.

[8:22:10 AM](#)

The committee took an at-ease from 8:22 a.m. to 8:24 a.m.

[8:24:33 AM](#)

CO-CHAIR PARISH explained that the proposed Amendment 1 pertains to areas where smoking would not be allowed. The first change it would make would be to expand the area from being "at" the public or private school or state or municipal park playgrounds to being "within 10 feet" of those areas. He further explained how the language would be changed in regard to smoking prohibitions related to vessels and long-term care facilities, as defined by AS 47.62.090.

[8:26:24 AM](#)

REPRESENTATIVE SADDLER noted that Amendment 1 would leave it up to the owner or operator of a vessel to determine what is reasonable, and he asked Co-Chair Fansler for his interpretation of what would be "reasonable".

[8:26:46 AM](#)

CO-CHAIR FANSLER remarked that the proposed Amendment 1, in general, addresses a concern that people are being "dinged for smoking outside near a playground" and to include language about long-term care facilities - a topic brought up in public testimony at a previous hearing. In response to Representative Saddler's question, he suggested someone from the Department of Health and Social Services (DHSS) could better answer as to what would be reasonable.

REPRESENTATIVE SADDLER suggested the bill sponsor could provide insight.

[8:27:54 AM](#)

SENATOR PETER MICCICHE, Alaska State Legislature, as prime sponsor of CSSB 63(FIN), indicated that one challenge of creating this legislation was to determine how to protect people from secondhand smoke, while at the same time not trying to regulate those who choose to smoke tobacco. He acknowledged the recent fire that had burned down a playground in Juneau. He shared that his community was involved in building a playground, and on the day of the ribbon cutting, a parent was sitting in the treehouse, with his/her kids, smoking. He clarified that the intent of CSSB 63(FIN) is not to regulate smoking outside, but to allow smoking a certain distance from buildings, including playground equipment. He noted that members of the House supported the bill, but asked that the terms be loosened a bit, in terms of how close the smoker is to the playground equipment. Regarding vessels and long-term care facilities, he said those in charge will make the determination about what distance is reasonable.

REPRESENTATIVE SADDLER asked Senator Micciche if he supports all or part of Amendment 1.

SENATOR MICCICHE answered that he supports both [parts of] Amendment 1.

REPRESENTATIVE SADDLER asked for the definition of "children".

SENATOR MICCICHE said children are under 18 years of age. He related that "young adults like to come and play" at the aforementioned playground and may choose to smoke a cigarette. He indicated that [any attempt to regulate that activity] would cross over into saying that people who choose to smoke should not be allowed to do so.

REPRESENTATIVE SADDLER noted that the "tremendously cushy, recycled rubber product" [used on the ground at playgrounds] is

highly flammable, and he expressed his hope that people would determine that adults should not be smoking at playgrounds.

[8:31:54 AM](#)

REPRESENTATIVE DRUMMOND noted that the playground equipment itself may be well within the 10-foot of the boundary of the [flammable] ground cover. She questioned whether people should smoke near the ground cover, even if it they are further than 10 feet from the playground equipment. She noted that in participating in cleanup efforts, she has picked up thousands of cigarette butts, and she questioned, "Do we want the cigarette butts ending up in the playground groundcover and potentially starting a fire or are we going to rely on people's general smarts at keeping cigarettes ... out of the groundcover itself?"

SENATOR MICCICHE responded that legislation is about balance, and having participated in the cleanup of his community's playground, he has found "lots of things that shouldn't be in a playground." He said, "We can't legislate against that." He indicated that [Amendment 1] serves as a compromise; it would address the goal of protecting employees at work and children on playgrounds from secondhand smoke.

[8:34:00 AM](#)

REPRESENTATIVE SADDLER said he would not object to Amendment 1, because it sounds like a reasonable amendment.

[8:34:17 AM](#)

CO-CHAIR FANSLER, regarding Representative Drummond's concerns, said he thinks Amendment 1 is trying to find balance in a "tough balancing act."

[8:35:11 AM](#)

REPRESENTATIVE RAUSCHER brought up the issue of flammability of playgrounds, because of the fire the day before that burned down the playground at Twin Lakes in Juneau, Alaska. He suggested

there may be a need for future legislation regarding the materials that are allowed for use in playgrounds.

[8:36:42 AM](#)

REPRESENTATIVE TALERICO said he was involved in the construction of a playground, and all materials, including ground cover were considered playground equipment. He added that he personally considers the private property to be part of the playground equipment, for example a big sand pit and the fence that surrounds it.

[8:37:25 AM](#)

CO-CHAIR PARISH offered his understanding that considering a fence around a playground as part of the playground equipment surpasses the intent of Amendment 1.

[8:37:48 AM](#)

SENATOR MICCICHE illustrated that under Amendment 1, a young adult smoking on a playground at 11 p.m., when there are no children around, would be fine, whereas the same young adult smoking on the same playground at 3 p.m., when there are children around, may be fined. He also noted that playground ground cover material is regulated, included flammability and depth; however, anyone with a determination to burn something can be successful in that attempt.

[8:39:23 AM](#)

CO-CHAIR PARISH expressed concerned about the point that Representative Talerico raised. He considered that a person walking around the playground where children are present could be fined. He suggested an amendment to Amendment 1, to add "exclusive of groundcover and fencing" following "within 10 feet of playground equipment".

SENATOR MICCICHE offered his understanding that half of the committee wants "to go one way" while the other half wants "to go the other." He reminded the committee that "this is the law

in half of the state right now, and three citations have been written since it became law over a decade ago." He said he does not think "we need to be overly concerned," because "it purposely has a light footprint on enforcement." The intent, he reiterated, is to protect employees. He said he thinks most people find they enjoy being in a work environment without [tobacco] smoke. He said he thinks there is "a fair balance," but pointed out that the House Community and Regional Affairs Standing Committee, having possession of CSSB 63(FIN), can amend it as it chooses.

[8:41:32 AM](#)

CO-CHAIR PARISH responded that upon hearing there have only been three citations, his mind has been put at ease on that subject.

[8:41:42 AM](#)

CO-CHAIR PARISH removed his objection to the motion to adopt Amendment 1. There being no further objection, Amendment 1 was adopted.

[8:42:03 AM](#)

CO-CHAIR FANSLER moved to adopt Amendment 2 to CSSB 63(FIN), labeled 30-LS0024\N.5, Martin, 4/24/17, which read as follows:

Page 4, line 28, following "building":  
Insert "if the smoking is in accordance with regulations adopted by the Marijuana Control Board created under AS 17.38.080"

REPRESENTATIVE DRUMMOND objected for discussion purposes.

[8:42:27 AM](#)

CO-CHAIR PARISH moved to adopt Conceptual Amendment 1 to Amendment 2, to delete "freestanding" from page 4, line 27. He explained that he believes that the regulation of the consumption of marijuana should be regulated by the Marijuana Control Board.

[8:44:16 AM](#)

REPRESENTATIVE DRUMMOND asked for clarification. She read the sentence in which the word "freestanding" is found, which read as follows:

(3) in an establishment licensed under AS 17.38 that is a freestanding building.

REPRESENTATIVE DRUMMOND asked Co-Chair Parish, "Do you mean to insert 'if the smoking is in accordance' following 'AS 17.38'?" She indicated that without the word "freestanding", the sentence would be confusing, because it would read as follows:

(3) in an establishment licensed under AS 17.38 that is a building.

[8:44:55 AM](#)

REPRESENTATIVE SADDLER said he does not think that "that" modifies AS 17, but rather it modifies "establishment". He suggested a placement of commas following "establishment" and following "AS 17.38" may help clarify that it is the establishment that is the building.

CO-CHAIR FANSLER objected to Conceptual Amendment 1 to Amendment 2 for discussion purposes.

REPRESENTATIVE SADDLER asked Co-Chair Parish to point specifically to the part of Amendment 2 that would be amended by Conceptual Amendment 1.

CO-CHAIR PARISH explained that he would be adding a line to Amendment 2 that would include the sentence on page 4, line 27, and would delete "freestanding" from that sentence [which precedes the word "building" on line 28].

REPRESENTATIVE SADDLER asked if it is Co-Chair Parish's intent to exempt buildings that are attached, in other words not freestanding.

CO-CHAIR PARISH answered that would be at the discretion of the Marijuana Control Board.

[8:47:34 AM](#)

REPRESENTATIVE RAUSCHER asked who oversees "whatever regulation we're trying to stick in this." He asked, "Who's actually regulating the first part, and who's regulating that part?"

CO-CHAIR PARISH answered, "They're both nested." In response to a follow-up question, he said the final enforcement would probably fall to public safety or municipal officials. He added that the Marijuana Control Board would have the authority to "remove the licensure from the establishment, if it ... came to that."

REPRESENTATIVE RAUSCHER asked if the result of Amendment 2 being amended by Conceptual Amendment 1 would be that two agencies would have to be involved in regulation.

CO-CHAIR PARISH answered no, it would be the Marijuana Control Board.

[8:48:38 AM](#)

REPRESENTATIVE DRUMMOND offered her understanding that the Marijuana Control Board is discussing whether to allow on-premise smoking and the purpose of "this amendment" is to allow on-premise smoking should the Marijuana Control Board make the determination in favor of it in a licensed facility.

CO-CHAIR PARISH advised that CSSB 63(FIN) already makes that provision; the proposed amendment is intended to give the Marijuana Control Board maximum latitude in its regulatory authority.

[8:49:37 AM](#)

REPRESENTATIVE TALERICO said he would like to hear the prime sponsor's thoughts regarding [Conceptual Amendment 1 to Amendment 2].

[8:49:47 AM](#)

SENATOR MICCICHE said he supports Amendment 2, "but if you choose to adopt the free-standing piece, that's up to you." He asked the committee members to imagine that they have operated a children's book store in a mini-mall for 20 years, and the Marijuana Control Board decides to allow on-premise smoking, "and suddenly you're sharing air with a marijuana dispensary that allows smoking." He continued:

If that's your intention by allowing it in any building, then you should support the amendment to the amendment. If you believe that that probably is only appropriate in a freestanding building where the other tenants wouldn't be subject to the marijuana, then it may be more difficult to support.

SENATOR MICCICHE said he supports the regulation going to the Marijuana Control Board. He continued:

We already have someone doing that, but I think there may be one piece worth, perhaps, not supporting. If you're subjecting others in abutting shops -- many of these mini-malls just don't have any ventilation whatsoever, right? So, whatever they're breathing, you're breathing.

We did exempt vape shops, because I've not been convinced that vapes are travelling the same way that marijuana smoke or tobacco smoke would - just because I don't know enough about it. So, that's kind of the question.

I'm not going to make a fuss either way, but ... I think it's important to understand why the word "freestanding" is in this bill at all.

8:51:40 AM

REPRESENTATIVE WESTLAKE said he is still trying to wrap his head around marijuana being treated the same as a tobacco product, and he questioned whether "the tobacco police" and "the marijuana police" would regulate both products. He said he thinks "both" would [involve] different enforcement agencies. He concluded, "Because marijuana is legal, ... we're putting it in with tobacco products, and I don't know if it's a tobacco or not."

CO-CHAIR PARISH responded that he offered Conceptual Amendment 1 to Amendment 2 to provide "maximum latitude to the Marijuana Control Board," which he opined has a good record of "erring on the side of caution."

8:52:56 AM

SENATOR MICCICHE stated that CSSB 63(FIN) is a health bill about secondhand smoke that would be regulated by the Department of Health and Social Services (DHSS), which would be "the enforcement." He said, "This is the one place that you cross over; ... it's a little awkward, but ... if there ever is an enforcement action, it would be in the same department."

8:53:19 AM

REPRESENTATIVE SADDLER directed attention to the definition of smoking on page 11, [beginning on line 6], which read:

(11) "smoking" means using an e-cigarette or other oral smoking device or inhaling, exhaling, burning, or carrying a lighted or heated cigar, cigarette, pipe, or tobacco or plant product intended for inhalation.

REPRESENTATIVE SADDLER asked, "Does 'plant product' include marijuana?"

SENATOR MICCICHE answered, "In the aspect of secondhand smoke in the workplace, it does."

REPRESENTATIVE SADDLER expressed that having heard the prime sponsor's explanation, he is less likely to support Conceptual Amendment 1 to Amendment 2.

[8:54:17 AM](#)

CO-CHAIR FANSLER asked for confirmation that currently marijuana on-site consumption is not allowed.

CO-CHAIR PARISH answered that's correct. He added, "At present the Marijuana Control Board is considering the subject."

CO-CHAIR FANSLER reasoned that the board would have to make the decision to allow on-site consumption "before this would even come into play."

CO-CHAIR PARISH answered that's correct.

CO-CHAIR FANSLER said, "We certainly don't want the situation that I think Senator Micciche laid out in his example; but we have no reason to believe that the board would be able to theoretically license which establishments could have onsite consumption and things like that; but we have not real knowledge if that's going to be the case until they make a broader decision."

CO-CHAIR PARISH replied that that is his understanding.

[8:55:42 AM](#)

REPRESENTATIVE DRUMMOND offered her understanding that if the Marijuana Control Board has this discussion, then it would include whether to allow onsite consumption in a freestanding building or in a building connected to other buildings. She said she is not sure how the proposed deletion of "freestanding" would help CSSB 63(FIN); therefore, she would oppose [Conceptual Amendment 1 to Amendment 2].

[8:57:00 AM](#)

SENATOR MICCICHE said [Amendment 2] makes the statement to the Marijuana Control Board that "every part of it is in your lane, except for where it crosses into the workplace safety of smoke in a mini-mall." He said he supports Amendment 2, but not Conceptual Amendment 1 to Amendment 2, which "crosses into sort of countering what SB 63 is trying to do." He said boards consider what "lanes" have already been established under existing statute when figuring out what they can do.

[8:58:42 AM](#)

CO-CHAIR FANSLER asked for the definition of "freestanding".

SENATOR MICCICHE answered that a freestanding building does not share a common wall; it does not share an air exchange. He added that two buildings that abut but have two separate exterior walls would be considered freestanding. In response to a follow-up question regarding the stores in Juneau, he emphasized that even if the walls of the buildings are really close, if the structures do not share a wall or airspace, they are freestanding. In terms of a building with a business on the ground level and apartments above, [the business space] would not be considered freestanding.

[9:01:42 AM](#)

REPRESENTATIVE RAUSCHER offered a definition of "freestanding" he said was from Investor World as follows: "A freestanding building is a structure that is not attached to another structure. A detached garage is considered a freestanding building."

[9:02:08 AM](#)

CO-CHAIR PARISH recapped that shared air and shared wall indicate a building that is not freestanding.

[9:02:24 AM](#)

REPRESENTATIVE DRUMMOND offered her understanding that [a building that is not freestanding] could be determined by a

having a shared wall or "seams." She mentioned a recent fire in the wall of a downtown Juneau camera store, which is has another shop in the same building next door and other spaces above. She said the smoke from that fire was moving throughout the entire building and coming out the eaves of the second floor. The space between the camera store and the next building is less than two feet wide. She offered further details.

[9:04:59 AM](#)

CO-CHAIR FANSLER spoke in favor of Conceptual Amendment 1 to Amendment 2, because "sometimes you need not bind the hands of the Marijuana Control Board." He said he would like to give the board the ability to make knowledgeable decisions, such as not to allow a marijuana dispensary next to a children's book store without proper ventilation and prohibitions put into place.

[9:06:06 AM](#)

CO-CHAIR PARISH spoke to Conceptual Amendment 1 to Amendment 2. He said he thinks it is appropriate to have stringent requirements about shared air, and he does not want anyone to be exposed to any intoxicant without his/her knowing consent. Notwithstanding that, when there are two buildings that do not share walls or "simply share a wall" or "lean up against one another over the course of years," he said he is "inclined to want to make a carveout ... for them."

CO-CHAIR FANSLER stated that he did not maintain his objection, but gathered that others did.

REPRESENTATIVE TALERICO stated objection to the motion to adopt Conceptual Amendment 1 to Amendment 2.

[REPRESENTATIVE DRUMMOND] maintained her objection.

[9:07:39 AM](#)

A roll call vote was taken. Representatives Westlake, Fansler and Parrish voted in favor of the motion to adopt Conceptual Amendment 1 to Amendment 2. Representatives Talerico, Rauscher,

Saddler, and Drummond voted against it. Therefore, Conceptual Amendment 1 to Amendment 2 failed by a vote of 3-4.

9:08:13 AM

CO-CHAIR PARISH [removed his objection to the motion to adopt Amendment 2]. He announced that there being no further objection, Amendment 2 was adopted.

9:09:07 AM

CO-CHAIR PARISH presented questions to the prime sponsor, with a request that he return with answers at his convenience. He directed attention to language beginning on page 5, [line 29], through page 6, [line 4], which read:

(b) A person in charge of a building at which smoking is prohibited within a specific distance from the entrance of the building under AS 18.35.301(c)(4) shall conspicuously display a sign that reads "Smoking within (number of feet) Feet of Entrance Prohibited by Law--Fine \$50" visible from the outside of each entrance to the building.

(c) The department shall furnish signs required under this section to a person who requests them with the intention of displaying them.

CO-CHAIR PARISH asked Senator Micciche how many establishments he anticipates would have a need for signage.

SENATOR MICCICHE said he would provide that answer. He continued:

Most facilities have them. The reason we amended part of the bill is that the new bill required the signs to be changed; [they're] no longer required to be changed. And the reason it doesn't have a fiscal note, is [that for] anyone that requires a sign that is not paper, we have a sponsor that is providing those signs.

SENATOR MICCICHE said he wanted the proposed bill to have the least fiscal impact possible, so "the existing signs that are in place right now will suffice."

CO-CHAIR PARISH said that is commendable. He said there are a few extra questions that he would forward to the prime sponsor's office.

[9:10:49 AM](#)

REPRESENTATIVE SADDLER asked if the committee could anticipate further amendments.

CO-CHAIR PARISH replied that an amendment was being drafted for CSSB 63(FIN).

[CSSB 63(FIN) was held over.]

**HB 156-MUNI TAX EXEMPTION: ECON DEVEL PROPERTY**

[9:11:25 AM](#)

CO-CHAIR PARISH announced that the final order of business would be the committee's return to discussion of HB 156.

CO-CHAIR PARISH directed attention to language on page 2, lines 11-16, of HB 156, which read as follows:

(1) that has not been used in the same trade or business in another municipality for at least six months before the application for deferral or exemption is filed; this paragraph does not apply if the property was used in the same trade or business in an area that has been annexed to the municipality within six months before the application for deferral or exemption is filed; this paragraph does not apply to inventories; or

CO-CHAIR PARISH said he would like to better understand "the import of that paragraph."

9:14:10 AM

MARTY MCGEE, State Assessor, Municipal and Community Policy and Research Section, Division of Community and Regional Affairs (DCRA), Department of Commerce, Community & Economic Development (DCCED), offered his understanding that the purpose of the proposed language is to "not erode the tax base" and to not "create a competitive advantage for one property owner over another," because the purpose is "to encourage new investment and new equipment." He added, "Another interpretation of that is that ... property ... that has been subject to tax remains subject to tax, and any new property would be subject to the exemption under this provision."

CO-CHAIR PARISH asked for the reason for "in another municipality".

MR. MCGEE offered an example: equipment associated with a fish processing plant moves from one processing plant to another. He said he "never dealt with property that was subject to that provision." He added that he was the assessor for the [Municipality of] Anchorage for 17 years.

CO-CHAIR PARISH asked for confirmation that "this provision applies to personal property rather than real property."

MR. MCGEE answered yes, but noted that the distinction is difficult to make, because it is not explicit in law. He said once a piece of equipment becomes affixed, it becomes real property, even though it can be detached and moved. He said he thinks the idea is to avoid a situation in which "an operator" shops different tax jurisdictions for a tax break and moves his/her equipment just to avoid taxation." He added that this is not a common practice [in Anchorage] where the tax jurisdictions are large.

CO-CHAIR PARISH expressed concern that if a tax exemption was granted for a particular trade or business in one municipality, then it could not be granted in a different municipality for a six-month period.

MR. MCGEE offered his understanding that that is correct.

CO-CHAIR PARISH asked for confirmation that if someone in one municipality received a property tax exemption for an economic development property in housing, "that someone" would not be able to receive a property tax exemption in housing in another municipality for six months.

MR. MCGEE answered, "Only if it were the same property." He said there is nothing preventing a separate action for exemption in the two municipalities.

CO-CHAIR PARISH asked, "So, it'd only be if there were physical property transferred from the one location to the other?"

MR. MCGEE answered that is correct. He returned to his example of someone moving a significant piece of equipment "from one location to another."

[9:18:50 AM](#)

CO-CHAIR PARISH next directed attention to two sentences in existing statute [AS 29.45.050(m)], which would be deleted under HB 156 and are found on page 1, lines 7-12, of HB 156, and which read:

THE MUNICIPALITY MAY PROVIDE FOR RENEWAL OF THE EXEMPTION UNDER CONDITIONS ESTABLISHED IN THE ORDINANCE. HOWEVER, UNDER A RENEWAL, A MUNICIPALITY THAT IS A SCHOOL DISTRICT MAY ONLY EXEMPT ALL OR A PORTION OF THE AMOUNT OF TAXES THAT EXCEEDS THE AMOUNT LEVIED ON OTHER PROPERTY FOR THE SCHOOL DISTRICT

CO-CHAIR PARISH asked for examples of municipalities that are school districts.

MR. MCGEE responded that boroughs and first-class cities are school districts. He offered his understanding that "the legislative intent ... of the original language was to preserve and protect funding for schools."

CO-CHAIR PARISH asked for confirmation that by deleting the aforementioned language, the committee would be removing some requirements for the support of schools.

MR. MCGEE responded yes. He added, "Typically, when you look at the total millage for all the (indisc.) jurisdiction in the state, about half of the millage is associated with education in schools."

CO-CHAIR PARISH remarked that is concerning.

[9:21:14 AM](#)

REPRESENTATIVE SADDLER requested the committee hear from the prime sponsor's staff for an explanation of the reason behind the aforementioned proposed language on page 2, lines 11-16.

[9:22:10 AM](#)

HEATH HILYARD, Staff, Representative Cathy Tilton, Alaska State Legislature, on behalf of Representative Tilton, prime sponsor of HB 156, explained that the language on page 2, lines 11-16, is not new, but was moved from another part of statute by the bill drafter, who thought it was more appropriate placed "in front of these qualifying sections rather than at the back where it's currently structured." He said it is difficult to determine the specific effect of the language, because "the legislative history on the original statute is relatively thin." He offered examples.

REPRESENTATIVE SADDLER asked what the practical effect of an amendment in the committee packet, labeled 30-LS0602\A.3, Shutts, 4/24/17, would be. [This amendment had not been offered and was never offered in the future.]

MR. HILYARD indicated that he had not been able to study the amendment, but said after a cursory glance, he thinks it is not in line with sponsor's intent for HB 156.

[9:25:28 AM](#)

REPRESENTATIVE SADDLER expressed his wish to be given time to study the amendment before the committee may be asked to vote on it.

[9:25:48 AM](#)

CO-CHAIR PARISH stated his intent to hold HB 156 and any amendments.

[9:26:14 AM](#)

REPRESENTATIVE WESTLAKE asked if HB 156, as currently written, would do away with the school tax "out there at that local level."

MR. MCGEE responded no.

[9:26:40 AM](#)

REPRESENTATIVE DRUMMOND offered a comment regarding the unoffered amendment, then upon ascertaining that Mr. McGee did not have a copy of the amendment, suggested the committee needed time to study it.

[9:27:42 AM](#)

REPRESENTATIVE PARISH announced that HB 156 was held over.

[9:28:03 AM](#)

#### **ADJOURNMENT**

There being no further business before the committee, the House Community and Regional Affairs Standing Committee meeting was adjourned at 9:28 a.m.