

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

April 11, 2017

3:44 p.m.

**MEMBERS PRESENT**

Senator Click Bishop, Chair  
Senator Lyman Hoffman  
Senator Bert Stedman  
Senator Berta Gardner

**MEMBERS ABSENT**

Senator Anna MacKinnon

**COMMITTEE CALENDAR**

SENATE BILL NO. 106

"An Act relating to a municipal tax exemption or deferral for economic development property; and relating to a municipal tax exemption for a fire protection system."

- MOVED CSSB 106(CRA) OUT OF COMMITTEE

SENATE BILL NO. 61

"An Act relating to the Izembek State Game Refuge, Cape Newenham State Game Refuge, Palmer Hay Flats State Game Refuge, Port Moller Critical Habitat Area, Egegik Critical Habitat Area, Pilot Point Critical Habitat Area, Fox River Flats Critical Habitat Area, Kachemak Bay Critical Habitat Area, and Dude Creek Critical Habitat Area; and providing for an effective date."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: SB 106

SHORT TITLE: MUNI TAX EXEMPTION: ECON DEVEL PROPERTY

SPONSOR(S): SENATOR(S) COGHILL

04/05/17	(S)	READ THE FIRST TIME - REFERRALS
04/05/17	(S)	CRA, STA
04/11/17	(S)	CRA AT 3:30 PM BELTZ 105 (TSBldg)

BILL: SB 61

SHORT TITLE: GAME REFUGE/CRIT HABITAT AREA BOUNDARIES  
SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

02/15/17 (S) READ THE FIRST TIME - REFERRALS  
02/15/17 (S) CRA, RES  
04/06/17 (S) CRA AT 3:30 PM BELTZ 105 (TSBldg)  
04/06/17 (S) -- MEETING CANCELED --  
04/11/17 (S) CRA AT 3:30 PM BELTZ 105 (TSBldg)

**WITNESS REGISTER**

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

**POSITION STATEMENT:** Provided an overview of SB 106 for the sponsor.

MORGAN FOSS, Legislative Liaison  
Alaska Department of Fish and Game  
Juneau, Alaska

**POSITION STATEMENT:** Provided an overview of SB 61 on behalf of the administration.

TAMMY MASSIE, Habitat Biologist  
Division of Habitat, Southcentral  
Department of Fish and Game  
Anchorage, Alaska

**POSITION STATEMENT:** Commented on SB 61.

**ACTION NARRATIVE**

[3:44:06 PM](#)

**CHAIR CLICK BISHOP** called the Senate Community and Regional Affairs Standing Committee meeting to order at 3:44 p.m. Present at the call to order were Senators Gardner, Stedman, Hoffman, and Chair Bishop.

**SB 106-MUNI TAX EXEMPTION: ECON DEVEL PROPERTY**

[3:44:52 PM](#)

**CHAIR BISHOP** announced the consideration of SB 106, sponsored by Senator John Coghill.

[3:45:15 PM](#)

RYNNIEVA MOSS, staff to Senator John Coghill, Alaska State Legislature, Juneau, Alaska, provided an overview of SB 106 for the sponsor. It allows municipalities to provide partial or a total exemption for a time period to determine property tax exemptions or deferrals for economic development projects. She said this bill has a committee substitute (CS) [CSSB 106 ( ), version 30-LS0797\D] that corrects the earlier bill's format.

[3:46:19 PM](#)

MS. MOSS provided a sectional analysis.

**Sec 1.** Removes the five year limitation on economic development property exemptions and deferrals. Removes renewals provision and the limit on property tax exemptions for renewals.

(m)(1) Eligibility for economic development property exemption is based on one qualifier instead of multiple qualifiers.

Adds a qualifier for property development that "enables a significant capital investment in physical infrastructure that:

1. Expands the tax base of the municipality; and
2. Will generate property tax revenue after the exemption expires.

For example, the MatSu assessor has provided information on the sports center that was built. The land had an assessed value prior to construction of \$294,000. Today that land with the building is assessed at \$6,998,300. The approximate tax bill on the land prior to the exemption was \$4,900. The average tax bill on the land and building today is \$102,500. The total taxes generated on this land since the exemption is \$615,100. Had the improvements not been made, that would have been about \$5,200 and a total of \$31,500. So, it's a significant advantage and a tool for municipalities to use to generate revenues in times when they are losing state funds.

[3:48:20 PM](#)

**Sec. 3.** Makes optional what is now a mandated 2 percent tax exemption for a fire protection systems, and sec. 4 repeals the language that mandates that exemption.

[3:49:37 PM](#)

SENATOR GARDNER said she is familiar with the context of the bill and it is a priority for her community.

[3:50:04 PM](#)

At ease.

[3:50:59 PM](#)

CHAIR BISHOP called the committee back to order.

SENATOR STEDMAN moved to adopt the CSSB 106, version 30-LS0797\D, as the working document.

[3:51:08 PM](#)

CHAIR BISHOP objected for discussion purposes. He asked Ms. Moss if the repealer in sec. 3 talks about a percentage decrease for sprinklers.

MS. MOSS answered that is correct.

[3:51:51 PM](#)

SENATOR GARDNER asked if the repealer of the mandated 2 percent is still in the bill.

MS. MOSS answered yes, and Sec. 2 makes it optional.

[3:52:17 PM](#)

CHAIR BISHOP said the next committee of referral is State Affairs.

MS. MOSS said that was correct.

[3:52:27 PM](#)

CHAIR BISHOP removed his objection and version D was adopted.

[3:52:33 PM](#)

SENATOR STEDMAN moved to report the [CS for] SB 106 from committee with individual recommendations and attached fiscal note(s).

CHAIR BISHOP announced that without objection, CSSB 106(CRA) moved from the Senate Community and Regional Affairs Standing Committee.

[3:52:50 PM](#)

At ease

**SB 61-GAME REFUGE/CRIT HABITAT AREA BOUNDARIES**

[3:54:15 PM](#)

CHAIR BISHOP announced the consideration of SB 61.

[3:55:04 PM](#)

MORGAN FOSS, Legislative Liaison, Alaska Department of Fish and Game, Juneau, Alaska, provided an overview of SB 61 on behalf of

the administration. This legislation deals with two types of special areas: the first is critical habitat areas (CHA) of which Alaska has 17. They are created by the legislature to protect land that is especially crucial to the perpetuation of fish and wildlife. These lands are co-managed by ADF&G and the land owner, which is typically the Department of Natural Resources (DNR).

MS. FOSS said this goes for state game refuges, as well. State Game Refuges are designated to protect and preserve natural habitat and game populations and are less restrictive than CHAs. Alaska has 12. They are also managed by ADF&G and DNR; harvest is managed by the Board of Game and the Board of Fisheries.

[3:56:10 PM](#)

MS. FOSS said the first area in the map packet is the Izembek State Game Refuge. The Izembek and Cape Newenham State Game Refuges both are adjusted in this bill for the same reason. They were created by the legislature in 1972 and include tideland and submerged lands. The intent of the statute is to incorporate the waterbodies within the National Wildlife Refuge watershed. So, adding the entire water bodies including the previously excluded areas would keep with the original intent.

She explained that the errors in the maps that they are attempting to correct resulted from imperfect mapping of the mean high water in the 1960s and 1970s. Most of the special areas have very simple boundary corrections.

MS. FOSS said the bill seeks to create consistency for both users and managers. The exception that will be discussed at the end is the Dude Creek Critical Habitat Area in Gustavus, which is an addition.

[3:57:26 PM](#)

MS. FOSS said the Palmer Hay Flats State Game Refuge was designated in 1975 and is around the Matanuska River, which is owned by the public and the state. The plat was originally surveyed in 1913 with a fixed river channel description, but since then the river channel has changed and is no longer navigable. It runs in and out of the CHA and is impractical for both users and management. So, the whole area will be incorporated.

[3:58:06 PM](#)

MS. FOSS said the Port Moller CHA was established in 1972 and the legal description referenced USGS topographical maps from

the 1960s in which labels were printed incorrectly across a range shift at the northern portion of the area. This resulted in the northern most portion description being shifted six miles to the west of where it was intended to be and thus it moved the community of Nelson Lagoon into the CHA. This correction would move the description to where the original intent was and remove the community of Nelson Lagoon from the CHA. This has received a lot of support.

[3:59:04 PM](#)

MS. FOSS said Egegik and Pilot Point Critical Habitat Areas have boundaries where typos occurred in the original legislation in 1972. In both instances, one character was replaced in the description: 1 instead of 2 and north instead of south. So, there is a non-contiguous block that was originally intended to be contiguous with the CHA and this corrects that. Only state lands are affected, and the locations are not near any other infrastructures or villages.

[3:59:47 PM](#)

MS. FOSS said the Fox River Flats Critical Habitat Area was established in 1972 and is in Kachemak Bay; it partially overlaps the Kachemak Bay Critical Habitat Area. The purple line on the map demonstrates the mean high water which divides the uplands from the tidelands and the submerged lands. Along the northern and eastern boundaries, four of the seven sections have tide and submerged lands excluded. This is not in keeping with the intent of the rest of the CHA and was not applied consistently. As the mean high water shifts, it moves in and out of those areas; the bay was sinking for some time and now is rebounding. So, this description would allow for more consistent management. On the bottom right of the map the Bradley River is the only area that will be affected at this time.

[4:01:08 PM](#)

MS. FOSS said the Kachemak Bay Critical Habitat Area is another simple mistake. It was created in 1974 as a list of townships and ranges. The list includes the entirety of Kachemak Bay with the exception of one small corner on the north side near the head of the bay. This was an inadvertent omission caused by missing one township out of the list of 22. The excluded area lies seaward of the switchback trail, which is well above mean high water and will not be impacted.

[4:01:51 PM](#)

CHAIR BISHOP asked if the affected area is "dry ground" or "ocean."

MS. FOSS replied it's only the tide and submerged land and waters.

[4:02:14 PM](#)

MS. FOSS said the Dude Creek Critical Habitat Area (CHA) is in Gustavus, which is in Glacier Bay, and under this legislation would receive an addition. The land was purchased and proposed for an addition by the Nature Conservancy in 2004 and was transferred to the state. It is a stopover for migratory Sand Hill Cranes and other migratory birds. It is the area between the existing CHA and mean high water. The City of Gustavus passed a resolution in November 2016 supporting this addition.

[4:03:07 PM](#)

SENATOR STEDMAN asked if the uplands were owned by the Nature Conservatory and deeded over to the state.

MS. FOSS answered that is correct.

[4:03:32 PM](#)

MS. FOSS said that concluded her presentation.

[4:03:41 PM](#)

CHAIR BISHOP opened public testimony.

[4:04:08 PM](#)

CHAIR BISHOP said that one area, the Palmer Hay Flats, had not been surveyed since 1913 and asked if a new survey had been done.

[4:05:43 PM](#)

TAMMY MASSIE, Habitat Biologist, Division of Habitat, Southcentral, Department of Fish and Game, Anchorage, Alaska, replied when the survey was done they were considering subdividing parcels into private land. All that land has been transferred back to the state. The river channels on private parcels aren't relevant anymore since the entire lot is now owned by the state. No more recent survey has been done; there really isn't a need for one.

[4:06:22 PM](#)

CHAIR BISHOP closed public testimony and held SB 61 in committee.

[4:06:49 PM](#)

There being no further business to come before the committee, Chair Bishop adjourned the Senate Community and Regional Affairs Committee meeting at 4:06 p.m.