

ALASKA STATE LEGISLATURE
SENATE STATE AFFAIRS STANDING COMMITTEE

March 30, 2017

3:34 p.m.

MEMBERS PRESENT

Senator Mike Dunleavy, Chair
Senator David Wilson
Senator Cathy Giessel
Senator John Coghill
Senator Dennis Egan

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE JOINT RESOLUTION NO. 2

Proposing an amendment to the Constitution of the State of Alaska relating to an appropriation limit.

- HEARD & HELD

SENATE BILL NO. 77

"An Act relating to service areas in second class boroughs; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SJR 2

SHORT TITLE: CONST AM: APPROPRIATION LIMIT

SPONSOR(S): STATE AFFAIRS

01/27/17	(S)	READ THE FIRST TIME - REFERRALS
01/27/17	(S)	STA, JUD, FIN
02/14/17	(S)	STA AT 3:30 PM BUTROVICH 205
02/14/17	(S)	Heard & Held
02/14/17	(S)	MINUTE(STA)
03/02/17	(S)	STA AT 3:30 PM BUTROVICH 205
03/02/17	(S)	Heard & Held
03/02/17	(S)	MINUTE(STA)

03/30/17 (S) STA AT 3:30 PM BUTROVICH 205

BILL: SB 77

SHORT TITLE: SECOND CLASS BOROUGH SERVICE AREAS

SPONSOR(s): MICCICHE

03/03/17 (S) READ THE FIRST TIME - REFERRALS
03/03/17 (S) CRA, STA
03/16/17 (S) CRA AT 3:30 PM BELTZ 105 (TSBldg)
03/16/17 (S) Heard & Held
03/16/17 (S) MINUTE(CRA)
03/21/17 (S) CRA AT 3:30 PM BELTZ 105 (TSBldg)
03/21/17 (S) Moved SB 77 Out of Committee
03/21/17 (S) MINUTE(CRA)
03/22/17 (S) CRA RPT 4DP 1NR
03/22/17 (S) DP: BISHOP, MACKINNON, GARDNER, HOFFMAN
03/22/17 (S) NR: STEDMAN
03/30/17 (S) STA AT 3:30 PM BUTROVICH 205

WITNESS REGISTER

DANIEL GEORGE, Staff
Senator Mike Dunleavy
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided an overview of the committee substitute for SJR 2.

RACHEL HANKE, Staff
Senator Peter Micciche
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided an overview of SB 77.

LARRY PERSILY, Chief of Staff to Borough Mayor
Kenai Peninsula Borough
Soldotna, Alaska

POSITION STATEMENT: Testified in support of SB 77.

ACTION NARRATIVE

3:34:13 PM

CHAIR MIKE DUNLEAVY called the Senate State Affairs Standing Committee meeting to order at 3:34 p.m. Present at the call to order were Senators Giessel, Wilson, Egan, and Chair Dunleavy.

SJR 2-CONST AM: APPROPRIATION LIMIT

[3:34:57 PM](#)

CHAIR DUNLEAVY announced the consideration of Senate Joint Resolution (SJR) 2.

[3:35:03 PM](#)

SENATOR GIESSEL moved to adopt the committee substitute (CS) for SJR 2, version: 30-LS0123\M.

CHAIR DUNLEAVY objected for discussion purposes.

[3:35:26 PM](#)

DANIEL GEORGE, Staff, Senator Dunleavy, Alaska State Legislature, Juneau, Alaska, paraphrased the following "Explanation of Changes" document for the Senate CS for SJR 2(STA), version: 30-LS0123\M:

Page 1, line 1: The bill title is clarified to reflect that the Constitution will be amended in two places, due to the addition of an applicability section within the CS. Article IX, Section 16, Appropriation Limit is a revision of an existing section; and Article XV, Section 30, Application of Appropriation Limit is a new section.

Page 1, line 7: Changes the appropriation limit from four billion two hundred fifty million dollars to four billion three hundred million dollars.

Page 1, lines 12- 13: Adds receipts of the Alaska permanent fund which are appropriated to the Alaska Permanent Fund Corporation to the list of appropriations exempt from the limit.

Page 2, lines 6-7: Clarifies the language of the bill to explain that the revenue limit excludes an appropriation that is duplicating the authorization to expend funds from another appropriation.

Page 2, lines 21-25: Adds a new section to clarify that the appropriation limit would apply to appropriations made for FY2020, and thereafter.

[3:36:31 PM](#)

SENATOR COGHILL joined the committee meeting.

[3:37:03 PM](#)

CHAIR DUNLEAVY removed his objection. He announced that seeing no other objection, the CS for SJR 2, version M was adopted.

He explained that his intent is to move slowly on SJR 2 and make changes prior to moving the resolution to the next committee. He addressed page 1, lines 7-8 and noted that an issue regarding the base that will be used to calculate the appropriation limit will be continually discussed. He set forth that his office has addressed the base-formula component in terms of percentage-of-inflation and population. He added that committee members will receive "interesting data" from a recent poll that the Alaska Chamber of Commerce commissioned Dittman Research that addressed a spending cap.

MR. GEORGE pointed out that a high-level calculation worksheet is available to committee members which shows how the base number in the bill was determined.

CHAIR DUNLEAVY held SJR 2 in committee.

[3:40:18 PM](#)

At ease.

SB 77-SECOND CLASS BOROUGH SERVICE AREAS

[3:41:27 PM](#)

CHAIR DUNLEAVY called the committee back to order and announced the consideration of Senate Bill (SB) 77.

[3:42:02 PM](#)

RACHEL HANKE, Staff, Senator Peter Micciche, Alaska State Legislature, Juneau, Alaska, sponsor of SB 77 provided the following overview:

Senate Bill 77 adds one paragraph to [Alaska Statutes] Title 29 which would allow second-class boroughs to establish non-taxable service areas within state-highway corridors where no voters reside; this will result in more consistent and effective emergency services which are often life-saving. Currently these areas rely heavily on volunteer-based services. Passage of this bill will give second-class boroughs the freedom to provide these emergency services with no cost to the state.

3:43:03 PM

LARRY PERSILY, Chief of Staff to Borough Mayor, Kenai Peninsula Borough, Soldotna, Alaska, testified in support of SB 77 and explained the need for the legislation from the borough's perspective as follows:

As Senator Micciche's office has explained to you, this is a unique problem on the Kenai Peninsula Borough. We have about 100 miles of highway, Seward and Sterling highways, heavily traveled, year-round average of 3,000 to 4,000 vehicles a day with summer peaks of 8,000 to 9,000 vehicles a day. The Kenai Borough does not have area-wide emergency services powers. We rely on volunteers for Moose Pass, Cooper Landing, Hope Highway, Central Emergency Services in Sterling and Soldotna to do the best they can to cover that heavily trafficked area. The last two years there have been almost 200-personal injuries from vehicle accidents.

What this would allow is for the Kenai Borough a local option, it allows second-class boroughs, by ordinance by their assembly, to create an emergency-services service area literally only along a state-highway corridor; no taxable property in that corridor-service area, no property taxation, no private property owners, it would just be on the highway corridor, in this case Sterling and Stewart highways, it's DOT right-of-way and it's mostly federal land that would give a local option if HB 148 or SB 77 were to pass the Kenai Peninsula Borough Assembly in public meetings, public comment, would have the option of setting up this service area deciding how to pay for it.

The mayor's proposal is to use federal funds that the borough receives payment-in-lieu-of-taxes (PILT) and those federal funds come to the borough in-lieu-of-property-taxes on the federal lands which underlie the highway, which is where we would put this highway corridor. Certainly, if this bill were to pass, the mayor was to propose it, the borough assembly to approve it, and use federal funds that is being used elsewhere in the budget, the borough is going to have to decide, the borough assembly and administration, where they would cut to make those funds available,

they are already being spent, federal PILT dollars going into the general fund, but that would be at the borough's responsibility.

We have reached out, there are six-second-class boroughs in the state: Kenai, Ketchikan Gateway Borough, Kodiak Island Borough, Aleutians East, Bristol Bay, Fairbanks, and the Matanuska-Susitna Borough; there are no objections from any of the six. For example, the Matanuska-Susitna Borough has area-wide-emergency services authority as it is, so it is a moot issue to them. In the Aleutians East, their response was, "I would be happy to have roads," not an issue for them.

[3:46:10 PM](#)

SENATOR COGHILL addressed the Fairbanks North Star Borough and asked if a disparity will be created by the bill.

MR. PERSILY explained that he has spoken with the Fairbanks North Star Borough and they did not have an objection to the bill. He pointed out that Kenai Peninsula Borough's situation is different because there is no private ownership and no taxable property in the service area on the highway corridor.

[3:48:16 PM](#)

SENATOR COGHILL noted that in addressing the bill with his staff that an issue would occur within municipal boundaries.

MR. PERSILY answered correct. He specified that the bill is not an opportunity for the Kenai Peninsula Borough to expand and take over parts of Anchorage. He explained that the service area would stop at the Central Emergency Services District which is Sterling and Soldotna.

[3:49:10 PM](#)

SENATOR COGHILL remarked that the legislation may provoke thought in others. He said the emergency medical services' response time probably could be shortened significantly.

MR. PERSILY replied that not only is the response time addressed, but the time taken for long callouts. He pointed out that a callout from Cooper Landing could take as long as 4 to 6 hours. He said the intent is not build new stations or buying new equipment. He specified that the objective is to coordinate and manage callouts, make sure there is backup, and make sure there is adequate staff when long callouts occur.

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SENATOR GIESSEL noted that the service area in question used to be in her district. She pointed out that the other factor with Cooper Landing are the aging volunteers and the significant concern about new volunteers. She remarked that the more the volunteer staff can be bolstered, the better for all the travelers. She pointed out that public safety must be provided because Anchorage-based drivers and tourists travel extensively to the Kenai Peninsula every summer.

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CHAIR DUNLEAVY noted that the Richardson Highway was mentioned in previous testimony and specified that the bill only pertains to boroughs and not unorganized areas even if the organized areas have highways.

MR. PERSILY answered correct. He specified that the bill only applies to the six unorganized, second-class boroughs.

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CHAIR DUNLEAVY held SB 77 in committee.

[3:51:50 PM](#)

There being no further business to come before the committee, Chair Dunleavy adjourned the Senate State Affairs Standing Committee at 3:51 pm.