

ALASKA STATE LEGISLATURE
HOUSE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE

March 19, 2024

8:02 a.m.

MEMBERS PRESENT

Representative CJ McCormick, Chair
Representative Kevin McCabe, Vice Chair
Representative Tom McKay
Representative Thomas Baker
Representative Justin Ruffridge
Representative Rebecca Himschoot
Representative Donna Mears

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 347

"An Act relating to assessment of property, boards of equalization, and certification of assessors; and providing for an effective date."

- MOVED CSHB 347(CRA) OUT OF COMMITTEE

HOUSE BILL NO. 151

"An Act relating to proposals for borough incorporation submitted to the legislature by the Local Boundary Commission."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 347

SHORT TITLE: PROPERTY ASSESSMENT

SPONSOR(S): REPRESENTATIVE(S) COULOMBE

02/20/24	(H)	READ THE FIRST TIME - REFERRALS
02/20/24	(H)	CRA
03/12/24	(H)	CRA AT 8:00 AM BARNES 124
03/12/24	(H)	Heard & Held
03/12/24	(H)	MINUTE(CRA)
03/14/24	(H)	CRA AT 8:00 AM BARNES 124
03/14/24	(H)	Heard & Held

03/14/24 (H) MINUTE (CRA)
03/19/24 (H) CRA AT 8:00 AM BARNES 124

BILL: HB 151

SHORT TITLE: FORMATION OF BOROUGHES

SPONSOR(s): REPRESENTATIVE(s) CRONK

04/03/23 (H) READ THE FIRST TIME - REFERRALS
04/03/23 (H) CRA
03/14/24 (H) CRA AT 8:00 AM BARNES 124
03/14/24 (H) Heard & Held
03/14/24 (H) MINUTE (CRA)
03/19/24 (H) CRA AT 8:00 AM BARNES 124

WITNESS REGISTER

JULIE COULOMBE

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: As prime sponsor, gave an overview of the proposed CS for HB 357, Version B.

SANDRA MOLLER, Director

Division of Community & Regional Affairs

Department of Commerce, Community, & Economic Development

Deltana, Alaska

POSITION STATEMENT: Gave a brief statement on HB 347; gave a brief statement on HB 151.

DAVE STANCLIFF, Staff

Representative Mike Cronk

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Offered introductory remarks on HB 151, on behalf of Representative Cronk, prime sponsor.

REPRESENTATIVE MIKE CRONK

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: As prime sponsor, offered comments on HB 151.

JAMES SQUYRES, representing self

Deltana, Alaska

POSITION STATEMENT: Testified in support of HB 151.

LARRY WOOD, Chair

Local Boundary Commission
Eagle River, Alaska

POSITION STATEMENT: Testified during the hearing on HB 151.

RODNEY DIAL, Mayor
Ketchikan Gateway Borough
Ketchikan, Alaska

POSITION STATEMENT: Testified during the hearing on HB 151.

JOHN HARRINGTON, Vice Chair
Local Boundary Commission
Ketchikan, Alaska

POSITION STATEMENT: Testified during the hearing on HB 151.

ED MARTIN, representing self
Kenai, Alaska

POSITION STATEMENT: Testified in opposition to HB 151.

CLAY WALKER
Local Boundary Commission
Denali Park, Alaska

POSITION STATEMENT: Testified during the hearing on HB 151.

ACTION NARRATIVE

[8:02:28 AM](#)

CHAIR MCCORMICK called the House Community and Regional Affairs Standing Committee meeting to order at 8:02 a.m. Representatives McKay, Baker, Ruffridge, Mears, McCabe, and McCormick were present at the call to order. Representative Himschoot arrived as the meeting was in progress.

HB 347-PROPERTY ASSESSMENT

[8:03:33 AM](#)

CHAIR MCCORMICK announced that the first order of business would be HOUSE BILL NO. 347, "An Act relating to assessment of property, boards of equalization, and certification of assessors; and providing for an effective date." [Before the committee, adopted as the working document on 3/12/24, was the proposed committee substitute (CS) for HB 347, Version 33-LS1430\B, Dunmire, 3/8/24 ("Version B").]

[8:03:57 AM](#)

JULIE COULOMBE, Alaska State Legislature, prime sponsor, stated that the bill would help communities by providing a path of fairness and transparency around property assessment by setting standards, ensuring that assessors have proper experience and certification, and giving property owners a fair shake in challenging their assessments.

[8:04:42 AM](#)

CHAIR MCCORMICK invited Ms. Moller to speak to the bill.

[8:05:03 AM](#)

SANDRA MOLLER, Director, Division of Community & Regional Affairs, Department of Commerce, Community, & Economic Development (DCCED), noted that the bill would affect local assessors, not the state assessor. She made herself available for questions.

[8:06:17 AM](#)

CHAIR MCCORMICK moved to adopt Amendment 1 to Version B, labeled 33-LS1430\B.1, Dunmire, 3/18/24, which read:

Page 2, following line 9:

Insert a new bill section to read:

"* Sec. 4. AS 29.45.180(a) is amended to read:

(a) A person receiving an assessment notice shall advise the assessor of errors or omissions in the assessment of the person's property. **If requested by the person, the assessor shall meet with the person and answer reasonable questions relating to the methods used to assess the person's property.** The assessor may correct errors or omissions in the roll before the board of equalization hearing."

Re-number the following bill sections accordingly.

Page 3, line 3:

Delete "Section 6"

Insert "Section 7"

Page 3, line 4:

Delete "sec. 7"

Insert "sec. 8"

REPRESENTATIVE MCCABE objected.

[8:06:54 AM](#)

REPRESENTATIVE COULOMBE explained that Amendment 1 would provide an opportunity for the assessor and taxpayer to resolve a dispute before bringing it to the Board of Equalization.

REPRESENTATIVE MCCABE said he appreciated Amendment 1 and hoped that it would be seen in the spirit in which it is intended, which is to allow the assessor's office to be servants of the people.

[8:08:36 AM](#)

REPRESENTATIVE MCCABE removed his objection. There being no further objection, Amendment 1 was adopted.

[8:08:50 AM](#)

REPRESENTATIVE RUFFRIDGE said he would not be offering Amendment 2 or Amendment 3 at this time.

[8:09:27 AM](#)

REPRESENTATIVE MCCABE moved to report CSHB 347, Version 33-LS1430\B, Dunmire, 3/8/24, as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 347(CRA) was reported from the House Community and Regional Affairs Standing Committee.

[8:09:58 AM](#)

The committee took an at-ease from 8:09 a.m. to 8:14 a.m.

HB 151-FORMATION OF BOROUGHES

[8:14:48 AM](#)

CHAIR MCCORMICK announced that the final order of business would be HOUSE BILL NO. 151, "An Act relating to proposals for borough incorporation submitted to the legislature by the Local Boundary Commission."

[8:15:10 AM](#)

DAVE STANCLIFF, Staff, Representative Mike Cronk, Alaska State Legislature, on behalf of Representative Cronk, prime sponsor of

HB 151, stated that the bill sponsor had been working with Legislative Legal Services ("legislative legal") and other legislators to determine how best to expand the public's role in the government process of borough formation.

[8:15:57 AM](#)

CHAIR MCCORMICK invited Ms. Moller to speak to the bill.

MS. MOLLER offered comments not related to the bill.

[8:19:13 AM](#)

REPRESENTATIVE MIKE CRONK, Alaska State Legislature, prime sponsor, clarified that Ms. Moller was speaking to HB 279, not HB 151.

[8:19:34 AM](#)

MS. MOLLER apologized for speaking to the wrong bill. She sought clarity on how the local boundary commission (LBC) would determine whether a majority of citizens of voting age support the formation of a borough.

[8:22:47 AM](#)

CHAIR MCCORMICK opened public testimony on HB 151.

[8:23:34 AM](#)

JAMES SQUYRES, representing self, testified in support of HB 151. He stated that the bill would attempt to ensure that LBC commissioners uphold Article 10, Section 12, with Article 1, Section 2 [of the Alaska Constitution], before submitting a legislative review proposal, which he applauded. He proceeded to respond to several metrics offered by the LBC chair in his written testimony expressing opposition to HB 151. He asserted that in violation of the Open Meetings Act, the process by which the LBC touts to follow was violated in the vote to oppose HB 151. He stated that the bill was an opportunity to direct and guide the LBC in creating regulations that would balance commissioners in fulfilling their oath to support and defend the constitution.

[8:27:16 AM](#)

LARRY WOOD, Chair, Local Boundary Commission (LBC), testified during the hearing on HB 151. In response to Mr. Squyres, he said he had an explanation for the actions that took place at the LBC meeting last week and requested an extra five minutes to testify.

[8:28:19 AM](#)

The committee took a brief at-ease.

[8:29:33 AM](#)

CHAIR MCCORMICK advised Mr. Wood to adhere to the three-minute time limit.

[8:30:20 AM](#)

MR. WOOD noted that he sent biographical information about the commission's members who act in a quasi-judicial role to fairly analyze questions regarding, in this case, borough formation. He shared a brief overview of his personal and professional background. He opined that HB 151 would change the way the Alaska Constitution prescribes borough formation in Alaska. Furthermore, he shared his belief that [the committee] was moving too fast. He pointed out that the mechanism described in statute for presenting a legislative proposal for borough formation had never been used. In conclusion, he stated that there was a "full public process" in current practice.

[8:36:00 AM](#)

REPRESENTATIVE MEARS said she would appreciate hearing more from Mr. Wood at a later time.

REPRESENTATIVE HIMSCHOOT said after reading "Alaska's Constitution, A Citizen's Guide" by Gordon Harrison and speaking with legislative legal, there may be a broad misunderstanding of the section allowing the commission or board to consider a proposed local government boundary change. She explained that contrary to common perception, this section may not be used to form a borough.

[8:37:31 AM](#)

RODNEY DIAL, Mayor, Ketchikan Gateway Borough, testified during the hearing on HB 151. He shared that the Ketchikan Gateway Borough had expressed concern about the disparate treatment

imposed by the state regarding unorganized and organized boroughs, specifically as it relates to the broad-based, local contribution tax that is imposed only on citizens living inside the organized boroughs. He asserted the citizens of Ketchikan and eight other regional areas are not afforded the same protections as those proposed in HB 151, and were forced by the legislature to establish as boroughs under the Mandatory Borough Act of 1963. He cited a 1981 study into Alaska's local government model that concluded "the present system encourages dependence and that the inhabitants of the unorganized borough are encouraged to be supplicants and clients of state provided services and largely spectators upon the political life of local government." He pointed out that many communities in the state, such as Prince of Wales Island, have a tax base sufficient to contribute to the common good, but choose not to, to avoid paying the required local contribution tax. He opined that the bill would not support the sustainability of the state budget and recommended that the legislature find ways to encourage borough formation, not discourage it.

[8:41:34 AM](#)

REPRESENTATIVE HIMSCHOOT asked where she could find the 1981 study referenced by Mr. Dial.

MR. DIAL said the study came from a presentation by the Alaska Municipal League (AML) that was previously provided to the legislature.

[8:42:26 AM](#)

JOHN HARRINGTON, Vice Chair, Local Boundary Commission, testified during the hearing on HB 151. He questioned the bill's constitutionality and characterized the proposal as a "solution in search of a problem." He acknowledged the "legislative obstacles" to borough formation and commented on his participation in two recent boundary formations - Petersburg and Wrangell - which were both formed by local action. He opined that the proposed legislation required further work.

[8:46:10 AM](#)

REPRESENTATIVE RUFFRIDGE asked whether Mr. Harrington believed that status quo was "doing just fine."

MR. HARRINGTON answered no; however, he opined that the status quo is the only way forward without removing obstacles to

borough formation through legislative action. Otherwise, he suspected that the only future action would be first class cities seeking borough formation.

[8:47:38 AM](#)

ED MARTIN, representing self, testified in opposition to HB 151. He opined that the creation of any government over a boundary area of individuals should "fear the people," adding that no boundary commission or politically appointed body should have complete control over the desires of the citizens within those areas. He said he sympathized with the numerous unorganized boroughs that don't contribute to possible schools, and shared his belief that the state should do something about that. He opined that the bill would not address "we the people" and suggested that the committee hold the bill for further consideration and research.

[8:50:29 AM](#)

CLAY WALKER, Local Boundary Commission (LBC), testified during the hearing on HB 151. He discussed what he perceived to be "unmeetable hurdles" to borough formation proposed in HB 151, including the provision outlining the legislative review route and the methodology for determining the majority of residents of voting age. He encouraged the committee to table the bill and address these important issues.

[8:53:13 AM](#)

CHAIR MCCORMICK closed public testimony on HB 151 and sought questions from committee members.

[8:54:37 AM](#)

REPRESENTATIVE HIMSCHOOT explained that after doing a deep dive on the bill, there may be broad misconception of what Article 10, Section 12 of the Alaska Constitution does, reiterating that it may not be a pathway to borough formation. She read the following excerpt from "Alaska's Constitution, A Citizen's Guide" by Gordon Harrison [original punctuation provided]:

The term "boundary change" used in this section refers to changes in established boundaries such as through annexation and detachment, not to the creation of new cities and boroughs through incorporation. Although the local boundary commission plays a key role in new

incorporations and unifications, it does so through authority conferred on it by the legislature under Sections 3 and 7 of this article (which say that cities and boroughs may be incorporated, merged, consolidated, classified, or dissolved in the manner provided by law). The legislature has said that the local boundary commission may not consider the creation of a new borough under this section (AS 29.05.115).

[8:58:00 AM](#)

MR. STANCLIFF remarked, "This is an amazing revelation." One solution, he said, would be to repeal this section entirely, as it does not allow for enough public process and had not been used in 60 years.

REPRESENTATIVE RUFFRIDGE echoed the sentiment shared by Mr. Stancliff and encouraged a deeper dive into the legislative history [of borough formation].

[9:00:50 AM](#)

REPRESENTATIVE MCCABE contended that borough formation is addressed in Article 10, Section 3 of the Alaska Constitution, not Section 12.

REPRESENTATIVE HIMSCHOOT clarified that boundaries are addressed in Section 12. She questioned whether Section 12 fulfills the mission of Section 3, and whether [AS 29.05.115(a)] would best be repealed as a result of the conflict identified between Section 12 and Section 3.

[9:03:24 AM](#)

MR. STANCLIFF said it was hard to discern the legislative intent from the legislative record pertaining to the creation of the LBC. He agreed with Representative Himschoot's suggestion to "go back and stay with the public process, which is in continuity with what was intended originally."

[9:05:07 AM](#)

MS. MOLLER concurred that the issue required more time. She reported that there was a local option petition that failed by a vote of 129 to 1242 in Representative Cronk's district.

REPRESENTATIVE HIMSCHOOT read the following excerpt from "Alaska's Constitution, A Citizen's Guide" by Gordon Harrison pertaining to Section 3 of the constitution [original punctuation provided]:

The legislature may mandate the creation of boroughs, and citizens may voluntarily petition to create boroughs. Statutory standards for borough incorporation are similar to, and little more specific than, the constitutional standards set out here (see AS 29.05.031). This flexibility has allowed boroughs to vary widely in size and population. Local petitions to create a borough are made to the local boundary commission created in Section 12 below. (The commission may not create boroughs on its own initiative.) Initially, the legislature provided for three classes of boroughs, but now only first-class and second-class boroughs are authorized.

[9:07:35 AM](#)

REPRESENTATIVE CRONK in closing, thanked the committee for the dialogue and said he looked forward to a deeper dive into this issue.

[9:07:50 AM](#)

CHAIR MCCORMICK announced that HB 151 would be held over.

[9:08:38 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Community and Regional Affairs Standing Committee meeting was adjourned at 9:08 a.m.