

HB

356

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FILE

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: C5HB 356(CRA)
(H) Publish Date: 2/29/08

Identifier (file name): HB356-CED-CRA-02-25-08 Dept. Affected: DCCED
Title: Muni Tax Exemptions: Alaska Native Claims Settlement Act RDU: Comm Asst & Ec Dev (405)
Component: Community & Regional Affairs
Sponsor: Stoltze, Thomas
Requester: House Community and Regional Affairs Component Number: 2879

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING		0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES ()								
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL		0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

This legislation would expand the list of property exempt from municipal taxation to include certain real property of native corporations conveyed under the Alaska Native Claims Settlement Act (ANCSA) when it is exchanged with a municipality and not leased or developed.

While this legislation has no fiscal impact on the operations of the division, it would have the potential of creating a positive economic impact on local municipalities. It would allow municipalities and native corporations to exchange lands without immediate property tax consequences. This exchange of lands could expedite development of lands by the native corporations in exchange for lands which the municipality may need for public uses, such as recreational uses and public schools.

Prepared by: Tara Jollie, Director
Division: Community and Regional Affairs
Approved by: Emil R. Notti, Commissioner
Commerce, Community, and Economic Development

Phone: 907.269.7959
Date/Time: 2/25/08 2:40 PM
Date: 2/25/2008

ALASKA STATE LEGISLATURE

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House Finance Subcommittees for:
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BILL STOLTZE

State Representative

Representative_Bill_Stoltze@legis.state.ak.us

House Bill 356

Municipal Property Tax Exemption

"An Act relating to an exemption from the municipal property taxes for certain real property that is exempt from levy and collection of real property taxes when conveyed by the federal government to implement the Alaska Native Claims Settlement Act or when conveyed under a land exchange authorized by that Act involving land or an interest in land that is made exempt from local property taxes by that Act; and providing for an effective date."

Land conveyed under the Alaska Native Settlement Act (ANCSA) is exempt from taxation so long as it is not leased, developed, or sold. However, when ANCSA was amended to include the automatic land bank tax exemptions Alaska's municipal tax exemptions were not updated to include these lands. These lands are currently exempt from federal and state taxation, but not from municipal taxation. This legislation seeks to update

In addition, some municipalities in Alaska have taken the position that land a Native corporation receives in an exchange with a municipality may not stay exempt under state law. Thus, these municipalities have advised Native corporations that exchanged land the corporation receives from the municipality will be subject to real estate taxes.

This legislation will provide benefits for all municipalities in Alaska who wish to enter into land exchanges with Native villages and regional corporations. Many discussions of exchanges have died in the past when the municipality and Native corporations realized that current state law created this real estate tax issue. If this legislation is passed, those exchanges can be revisited by the affected parties, and exchanges benefiting both parties can be made.

DISTRICT 16

BIRCHWOOD • BUTTE • CHUGIAK • EKLUTNA • FAIRVIEW LOOP
KNIK RIVER ROAD • LAZY MOUNTAIN • PALMER • PETERS CREEK



Representative Bill Stoltze
Alaska State Legislature
Attn: Ben Mulligan
State Capital Room 501
Juneau, AK 99801-1182

Re: Letter of Support for HB 356

Dear Representative Stoltze:

I am writing, on behalf of Cook Inlet Region Inc., to express the company's strong support for HB 356, which would extend to municipal land trades the same tax treatment which ANCSA corporations receive in the case of land trades with the state and federal governments. The legislation is not only a basic fairness measure, in terms of creating parity with the state and federal tax schemes, it is also a practical, "win-win" solution which will give municipalities the opportunity to improve the quality of municipal parklands and other public landholding for the benefit of their residents.

The Alaska Native Claims Settlement Act of 1971 ("ANCSA") distributed 40 million acres of land in Alaska among 12 regional corporations and more than 200 village corporations owned by Alaska Native groups. The Act provided that ANCSA land, so long as it remained undeveloped, was not subject to taxation. From the earliest days of implementation of the Act, it became apparent there was value in permitting, and even encouraging, land trades between ANCSA corporations and public agencies where public ends could be served by such trades. Accordingly, federal law, initially through amendments to ANCSA and later in provisions of the Alaska National Interest Lands Conservation Act (ANILCA), ensured that such trades could occur without altering the basic tax protections afforded under ANCSA. It did so by extending ANCSA's tax protections to land traded with the state or federal government in exchange for ANCSA land. These measures have allowed hundreds of thousands of acres to be added to state and national parks, to highway and road systems and to other public improvements. They have also facilitated responsible development of lands which would not otherwise have been available for development, providing valuable benefits to the state and to the Alaska Native community in the form of jobs, tax revenue and other benefits.

The federal provisions have never expressly addressed municipal land trades, and the state's taxing scheme, while exempting ANCSA land, does not expressly exempt land traded by a municipality in exchange for ANCSA land. As a result, ANCSA corporations may be reluctant to trade land with a municipality, even where valuable public purposes could be achieved by such trade. A case in point is the proposed land trade between Eklutna, Inc. and the Municipality of Anchorage, in which the Municipality hopes to gain

from Eklutna a critical local access route to Chugach State Park. ANCSA corporations such as Eklutna are, understandably, reluctant to trade a parcel which is tax-free under ANCSA for one of equal value that may be immediately subject to taxation. Eklutna is not alone. CIRI, too, is a large holder of ANCSA lands in the Anchorage vicinity and has at various times had discussions with the City about possible land exchanges which could make lands available for parks, recreation and other public uses. The lack of any express provision, like HB 356, which authoritatively addresses the tax question, stands as a substantial barrier to such trades.

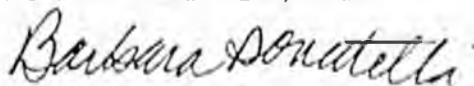
Finally, it is important to keep two additional points in mind. First, this measure does not force any land trade; any such trade would still be required to go through a full public vetting process before it could be completed. Second, the measure creates no net loss of property tax revenue; leaving the current system in place means that ANCSA corporations will simply hold on to their tax-free parcels, with the unfortunate result that the public purposes of proposed land exchanges will not be achieved.

In summary, we believe HB 356 is an important clarification of state tax law related to taxation of ANCSA lands which will serve valuable public purposes. CIRI strongly supports the measure and urges its adoption.

Thank you for the opportunity to comment on this measure.

Sincerely,

COOK INLET REGION, INC.



Barbara A. Donatelli,
Senior Vice President, Administration and Government Relations

Baldy problems might be solved

By GREG DART

Alaska Star

Barricades blocking parking at the Mount Baldy trailhead were to be removed by today, according to city officials.

Robin Ward, director of municipal real estate services, said hikers to Mount Baldy no longer have to trespass across Paula Caywood's land to access the trail, under terms of a lease agreement reached Monday between the Municipality of Anchorage and Caywood. An easement for foot traffic through Caywood's land was also included in the deal, which was to be signed Wednesday.

"It's a win-win situation for everybody," Caywood said Tuesday.

Hikers are still required to have a free permit to cross Eklutna Inc. land. To get to Chugach State Park from the trailhead, hikers cross both Eklutna and Caywood land.

Terms for the six-month lease were not disclosed by press time. The lease also includes an optional six-month extension.

An agreement was reached in principle several months ago, but negotiations ceased between Caywood and the city last month before beginning again last week.

Access to Mount Baldy has been in limbo since October when Caywood applied to rezone 40 acres of land, part of which was the traditional trailhead and parking area, which holds a dozen or so vehicles. Caywood was granted the rezone and given the go-ahead to build six homes.

The deal should give the city and Chugach State Park time to establish a permanent trailhead in the area, said Ward.

That process also took a step forward Friday when the city and Eklutna reached a memorandum of agreement to pursue a land swap. The city is hoping to obtain 80 acres south of the traditional Mount Baldy Trailhead, which would then be acquired by the state to build a permanent parking area.

"Our board voted, approved and signed a memorandum of agreement," said Curtis McQueen, spokesman for Eklutna. "There is a lot that still needs to happen, but we are moving forward and we all have the same goal."

Before a land swap is completed with Eklutna, parcels must be identified and appraisals of all involved land must be completed. The deal may also have to go before voters.

One of the municipal pieces of land that Eklutna is pursuing includes access through designated park land near Mirror Lake Middle School. Any changes that deal with park land must be voter approved.

Ward said it was too early to discuss publicly what land might be swapped with Eklutna. She said as negotiations move forward, more details will be released.

Reach the reporter at greg.dart@alaskastar.com.

This article published in The Alaska Star on Thursday, August 18, 2005.

Mount Baldy agreement signed; access still unclear

By GREG DART
Alaska Star

Barricades blocking the Mount Baldy trailhead and parking lot were removed last week - though it might not seem that way to hikers attempting access to the alpine slopes of Chugach State Park.

The city and a local landowner officially announced Monday that they reached a lease agreement to maintain temporary parking and access over private land.

The traditional Mount Baldy access is at the top of Skyline Drive near where it turns into Wallace Mountain Road.

Those who drive there now will find the dirt parking area. But it may not be completely clear where the trail goes from there, said Anchorage Assemblywoman Debbie Ossiander of Chugiak.

"People still have to go under or around the gate (which blocks the road)," said Ossiander. "If you have never been up there before it might not be clear that is where access is being granted."

That's because people who arrive at the parking lot will find that the two paths that lead to the mountain are both blocked. The bottom path is fenced to help control erosion. The other path is the continuation of Wallace Mountain Road, which is closed off by a locked, metal gate. Although a "Private Property" sign still adorns the gate, officials say access is permitted under or around the other side of the gate.



"I think most people up in the area know where they can go," said John Rodda, director of the Eagle River-Chugiak Department of Parks, Recreation and Community Development.

However, hikers also must obtain permission from another landowner in the area, Eklutna Inc., in the form of a free permit.

Access to the hiking area was put in jeopardy last year when landowner Paula Caywood applied for a rezone of 40 acres for a subdivision. Part of the land has for years been used as the parking lot and trailhead for Mount Baldy.

The city last week reached a lease agreement with Caywood paying her a lump sum of \$3,000 to lease the trailhead land for six months.

Hikers at the Mount Baldy trailhead must go around this gate to gain access to the permitted access in the area.

STAR PHOTO BY GREG DART

The city also reached a memorandum of understanding with Eklutna in regards to a trade that would provide land to the city for a permanent trailhead and parking area. That parking area will likely be built next year above the current trailhead. Caywood has agreed to provide a permanent easement to the parking area.

This article published in The Alaska Star on Thursday, August 25, 2005.

Voters OK Baldy swap Begich wins; most bonds fail

By KATE TRACY
Alaska Star

Voters approved a land swap Tuesday that should restore public access to Mount Baldy.

Also winning easily in the municipal election was Mayor Mark Begich with more than 55 percent of the vote over Jack Frost, Thomas Higgins and Nick Moe.

Voters said "no" to municipal-wide bond propositions with property tax increases attached, including those concerning public safety, parks, the 4th Avenue Theatre and education.

The three percent sales and use tax measure was rejected by more than 70 percent of voters. More than 55 percent voted down the charter amendment authorizing traffic violation enforcement by municipal peace officers.

A precinct-by-precinct tally that would show how Chugiak-Eagle River voted in relation to the rest of the Municipality of Anchorage was not available in time for publication.

Proposition 5 paves the way for the city to trade 20 acres in Edmonds Lake Park to Eklutna for 80 acres adjacent to Chugach State Park to be used for parking and access to the Mount Baldy trailhead.

About 62 percent of voters approved the deal.

John Rodda, Eagle River/Chugiak Parks, Recreation and Community Development director, said voter approval is the initial step in a four-part land exchange driven by Mount Baldy access issues.

Access to Mount Baldy has been in limbo since October 2004 when Paula Caywood applied to rezone 40 acres of her land off of Skyline Drive and was given the go-ahead to build six homes.

A portion of the property has been used for decades as an unofficial, unimproved parking lot to access The Mount Baldy and Chugach State Park.

Last year, barricades came and went as negotiations continued. The city and Caywood have a lease agreement to maintain temporary parking and access over private land, which expires Aug. 21.

The four-part exchange includes trading eight acres of municipal land in the southeast corner of northwest quarter of Section 25 adjacent to Beach Lake Park to Eklutna for about 15 acres in the Powder Reserve development as a future elementary school site.

The city and Eklutna reached a memorandum of agreement last August to pursue the land swap.

Local activists expressed concern that the initial land swap approved by voters, which comes at no cost to taxpayers, is really no deal at all.

Ann Newbury, an active member of the Birchwood Community Council for 28 years, opposed the ballot proposition saying it's a mistake to give away parkland.

"I'm very sad for the community. We're only beginning the battle of what is really going to happen," Newbury said, adding she fears the vote sets a precedent for giving away parkland with little thought to long-term consequences.

Assemblywoman Debbie Ossiander of Chugiak supported the ballot proposition.

"If this hadn't happened it would have been extremely difficult to move forward. This would have stopped all discussion of land trades if it had failed. So, I'm pleased. This is basically an endorsement of that approach we're going," she said.

But the deal isn't done yet.

According to final appraisals, "80 acres of Mount Baldy has fair market value equal to 47 acres of Edmonds Lake Park," Rodda said, adding that municipal land holder Heritage Land Bank will work with Eklutna to make up the 27-acre difference.

"Twenty acres is the maximum that can come out of Edmonds Lake Park," he said.

"We're not done," Ossiander said. "I wrote a resolution that said there would be a five-member advisory group of Chugiak-Eagle River people to weigh in on how this trade finishes up."

That resolution, passed by the Anchorage Assembly March 28, identified other HLB parcels that could make up the appraisal difference.

Ossiander said the assembly will approve final agreements.

Rodda said Parks and Recreation has \$294,000 appropriated for the Mount Baldy trailhead project, which can be used for development.

Nearly 60 percent of voters also approved a long-term lease of the golf course at Russian Jack Park and disposal of 69 acres of parkland for a 38-acre tract adjacent to South Anchorage Ball Fields. Like the Mount Baldy exchange, neither result in property tax increases.

More than 99 percent of voters in the Chugiak Fire Service area elected John Holmquist to fill Board of Supervisors Seat B.

Results of Proposition 26, voted on by citizens residing in the Tablelands Subdivision in Chugiak regarding a new streetlight service in the area, were not available in time for publication.

This article published in The Alaska Star on Thursday, April 6, 2006.

City and Eklutna inch closer to Mount Baldy deal

By DARRELL L. BREESE
Alaska Star

Completion of a land swap deal between Eklutna Inc. and the Municipality of Anchorage to create a public access and parking area at Mount Baldy took a big step toward becoming a reality Feb. 14.

Representatives from the two parties signed a Memorandum of Understanding stating they both will make a mutual effort to reach a binding agreement to complete the land exchange approved by voters in 2006.

But there is a catch, to make up the difference in land values for parcels being traded, Eklutna wants more than \$320,000 cash up front.

Recent appraisals, completed by the municipality, show the fair market value of the 80-acre Eklutna-owned parcel adjacent to Chugach State Park is approximately \$1.4 million. The 20-acre municipal-owned Edmonds Lake Park parcel plus the 7.95-acre access parcel have a fair market value of \$815,218, leaving a \$611,782 difference.

A state legislative grant of \$290,000 for Mount Baldy access eliminates some of the deficit, but it still leaves the municipality \$321,782 short of completing the deal.

Eagle River-Chugiak Parks, Recreation and Community Development director John Rodda said the municipality will have to come up with the difference to satisfy the conditions of the Memorandum of Understanding.

"Basically, both parties have agreed to agree," Rodda said. "Now it is up to the municipality to meet the conditions of the land exchange the Eklutna board of directors has placed on the deal. And that means cash for the difference in property values."

Rodda said Eklutna was offered proceeds from the lease of the Eklutna Radio Tower over the next 30 years to make up the difference, but the Eklutna Board rejected that offer instead requesting the cash up front.

Access to Mount Baldy was limited in 2004, when landowner Paula Caywood applied to rezone 40 acres of land, part of which was the traditional trailhead and parking area. After being granted the rezoning, a gate was placed on the property, keeping hikers away from the trails.

Attempts to negotiate a lease with Caywood broke down, leading the city to turn to Eklutna for access to the Mount Baldy trails and into Chugach State Park.

Sen. Fred Dyson praised the cooperative effort of both the parks and rec department and Eklutna in bringing negotiations for the land exchange to this point.

"We have one of the largest state parks in the world right out our back door," Dyson said. "It's a shame that the state hasn't provided better access to it. It's encouraging to see the mayor and Eklutna sitting down to provide the people access to a true treasure of the community."

Dyson and the other local legislators have already secured a \$290,000 grant for the deal, but when asked by Rodda during a Feb. 17 Legislative Town Hall meeting, Dyson wasn't sure if the additional funding would be available.

"I'm not sure we can get it into the budget this year," Dyson asked Rodda. "Could you look to other sources of funding? Maybe sell revenue bonds? I would encourage you look explore other funding options."

The Memorandum of Understanding is binding for one year, then it expires unless both parties can agree to an extension.

"If we can find the money, we have a deal," Rodda said. "The clock is ticking, but Eklutna said that if the money could not come from the state, they would be willing to wait. However, the longer this goes on, the reality of completing the deal fades."

Reach the reporter at darrell.breese@alaskastar.com.

This article published in The Alaska Star on Thursday, March 1, 2007.

Details all that remain for Mount Baldy land swap

\$375,000 state grant secured to complete deal for public access

Aug. 16, 2007

By DARRELL L. BREESE

Alaska Star

Eagle River-Chugiak Parks, Recreation and Community Development Director John Rodda said a \$375,000 state grant puts the Municipality of Anchorage on course to satisfy the conditions of the memorandum of understanding with Eklutna Inc. that will provide access to Mount Baldy, but he cautioned that there are still some things that need to be worked out before the deal becomes final.

"The devil is in the details," Rodda said. "We don't have a final agreement with Eklutna yet, because we are looking for documents that show access to Mount Baldy through the Wallace property beyond the Eklutna land involved in the swap."

Rodda did however say the state grant was a big piece of the puzzle needed to complete the deal.



"We're 95 percent done," he said. "The state funds have been secured and came to the city. Once we iron out the details, we'll have an agreement we can present to the mayor and (Anchorage) Assembly before signing off on the deal."

"We're trying to make the entire process of this deal as transparent as possible," Rodda continued. "We want to keep everything aboveboard and open for review throughout the process."

The Municipality of Anchorage appears to be on track for meeting the conditions of a memorandum of understanding with Eklutna Inc., which will provide access to Mount Baldy. Access to Mount Baldy was limited for outdoor enthusiasts in 2004 when landowner Paula Caywood applied to rezone 40 acres of land adjacent to Chugach State Park, where the established trailhead and parking area was located.

Access to Mount Baldy was limited in 2004 when landowner Paula Caywood applied to rezone 40 acres of land adjacent to Chugach State Park, which was the traditional trailhead and parking area. After being granted the rezone, a gate was placed on the property, keeping hikers away from the trails.

Attempts to negotiate a lease with Caywood broke down, leading the city to turn to Eklutna for access to the Mount Baldy trails.

The \$375,000 state grant is necessary to make up the difference in appraisals for the land being exchanged to provide the public a trailhead and parking area for the popular recreation spot.

Municipal and Eklutna officials signed a memorandum of understanding Feb. 14 stating they will make a mutual effort to reach a binding agreement to complete the land exchange approved by voters in 2006.

Recent appraisals completed by the municipality show the fair market value of the 80-acre Eklutna-owned parcel adjacent to Chugach State Park is approximately \$1.4 million. The 20-acre municipality-owned Edmonds Lake Park parcel plus the 7.95-acre access parcel have a fair market value of \$815,218, leaving a \$611,782 difference.

The remainder, after applying the state grant, will be paid for from the local parks and recreation budget.

"Basically, both parties have agreed to agree in the memorandum," Rodda said. "Now with the state funding, the municipality can meet the conditions of the land exchange the Eklutna board of directors has placed on the deal."

Rodda said while there are still some details to be worked out, the deal is close to being final.

"I anticipate we're probably close to having things ready for approval by mid- to late September," he said. "We have to work through the process on each little detail to make sure we don't leave something out that will come back later and bite us."

Reach the reporter at darrell.breese@alaskastar.com.

Long-awaited Baldy land swap deal signed

City, Eklutna ink agreement for access to Chugach State Park

By DARRELL L. BREESE

Alaska Star

Three years of tension, filled with roadblocks, gates and limited access, came to an end Nov. 17, as the Municipality of Anchorage and Eklutna Inc. finalized a deal for a land swap that will ultimately provide public access to Mount Baldy.

Mayor Mark Begich and Eagle River-Chugiak Parks, Recreation and Community Development Director John Rodda attended the Eklutna Inc. Shareholders' Lunch Nov. 17 at the Downtown Marriott Hotel, where they signed off on the deal to trade 80 acres adjacent to the traditional Mount Baldy trailhead for nearly 28 acres near Edmonds Lake.

Eklutna Inc. CEO Curtis McQueen called the occasion of the signing a significant moment in the relationship between the municipality and Eklutna, adding that the Shareholders' Lunch was the perfect place to complete the deal.

"The setting was a wonderful backdrop to celebrate the cooperation between Eklutna (Inc.) and the municipality necessary to complete this deal," McQueen said.

In addition to Eklutna Inc. shareholders, Cook Inlet Regional Inc. (CIRI) President and CEO Margaret Brown attended the lunch.

"The synergy of the regional Native corporation and village corporation working with Anchorage is exciting," McQueen said. "They say Anchorage is the largest Native village, and the partnerships we've developed working together are a fine example of that."

Talks of the land trade began in 2006, when voters were asked to approve the trade of 20 acres of city land in Edmonds Lake Park to Eklutna for 80 acres adjacent to Chugach State Park to be used for parking and access to the Mount Baldy trailhead. During the April 2006 municipal election, 65 percent of voters approved the deal.

According to Rodda, the signing of the final agreement doesn't bring an end to the process.

"We still have a lot of work to do before we can formally close," he said. "Each of us has things to do. We have to formally survey and subdivide the Edmonds Lake parcel and identify the public easement so Eklutna can access the property through Edmonds Lake Park."

Rodda added Eklutna must also survey and identify existing public use easements on their Mount Baldy parcel.

"Another interesting thing about the Eklutna parcel is that CIRI owns the subsurface rights," he continued. "So we're asking that an agreement not to develop can be reached prior to closing. It'd be awful for us to have improved access and then have CIRI come in and start a mining operation."

Rodda said, a key element to making the deal possible has been the help from the State of Alaska and the efforts of the local legislative delegation, which secured \$375,000 to satisfy the conditions of the trade, making it an exchange of equal value for both parties.

The state grant is necessary to make up the difference in appraisals for the land being exchanged. The fair market value of the 80-acre Eklutna-owned parcel adjacent to Chugach State Park is approximately \$1.4 million. The 20-acre municipality-owned Edmonds Lake Park parcel, plus the 7.95 acres needed to access the parcel has a fair market value of \$815,218, leaving a \$611,782 difference.

Money from the local parks and rec budget will pay the remaining \$237,000 after the state grant money is applied to the deal.

Access to Mount Baldy was limited in 2004 when the owner of land adjacent to Chugach State Park applied to rezone the property, which had been used as the traditional trailhead and parking area. After a barricade was constructed blocking access to the portion of the property used for trail access, the municipality turned to voters to approve the land swap.

According to Rodda, there is still a long way to go before the deal is done, and that is delaying any major renovations to the trailhead by the parks and rec department.

"We're targeting June 28 for the final closing," he said. "That will give both sides the time necessary to get approval by the planning commission and tie up any loopholes. This process took much longer than anticipated, but we're nearing the end of the road."

As for Eklutna's plans for the property, McQueen said nothing is in the works.

"We have no immediate plans for the property," he said. "It will likely sit there for future generations to determine what to do with it 20 or 50 years from now."

McQueen did say Eklutna would get the parcel rezoned before adding it to their inventory of property.

Reach the reporter at darrell.breese@alaskastar.com.

This article published in The Alaska Star on Thursday, November 29, 2007.



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February 12, 2008

Representative Bill Stoltze
Alaska State Legislature
Attn: Ben Mulligan
State Capitol Room 501
Juneau, AK 99801-1182

Re: Letter of support for HB 356

Dear Representative Bill Stoltze:

Eklutna, Inc. (Eklutna) supports the proposed House Bill 356. This proposed legislation will clear the way for land exchanges between Native corporations and Alaska Municipalities (all of the State's political subdivisions) to occur while maintaining the ANCSA real property tax exempt status for the Native corporations when the lands exchanged are similarly undeveloped.

Under the present statutory framework, when a Native corporation exchanges its ANCSA protected tax exempt undeveloped lands with a political subdivision of the state, there is no statutory provision that allows for the exemption to carry through to the land(s) received by the Native corporation in the exchange. This legislation will provide an exemption from real property taxation in such cases until said lands are developed.

In the case of the ongoing exchange of Eklutna's undeveloped Mt. Baldy land for a portion of the Municipality of Anchorage's (MOA) undeveloped Edmonds Lake Park land, Eklutna will be giving up ANCSA tax exempt land and receiving land that would be subject to real estate taxes. Both parties are frustrated by a lack of statutory authority to provide for a non-taxable status on the undeveloped lands Eklutna will receive in the exchange.

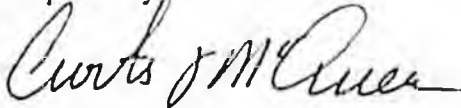
Eklutna has been approached by various municipal entities in the past, such as the Anchorage School District, Anchorage Police Department, Anchorage Fire Department and others looking to exchange MOA Heritage Land Bank lands with ours. There is a real strong disincentive for Eklutna to consider any exchange under these circumstances. This disincentive will negatively affect many potential exchanges of land between Native corporations and municipalities all over Alaska.

Eklutna believes that there are numerous opportunities for exchanges of land to take place between Alaskan Native corporations and political subdivisions of the State of Alaska. However, without the requisite statutory authority in place, some exchanges will never take place or be frustrated by the lack of ability to maintain the ANCSA tax exempt status the undeveloped Native lands provide.

Eklutna fully supports the efforts of the legislature to address and correct this important issue with the proposed legislation. The legislation will provide positive incentive for exchanges to occur between municipalities and Alaska Native corporations and provide benefits for all Alaska.

Thank you in advance for your consideration. If there are any questions, please contact us.

Respectfully,

A handwritten signature in cursive script, appearing to read "Curtis J. McQueen".

Curtis J. McQueen
Chief Executive Officer
Eklutna, Inc.

cc: Jim Arnesen, Corporate Lands and Regulatory Manager
Eklutna, Inc. Board of Directors
Keith Sanders, CIRI Legal Department