

**HB**

**85**

<TARGET><BILL>HB 85</BILL><SUBJECT>HB  
85</SUBJECT><COMM>HCRA30</COMM></TARGET>

# ALASKA LEGISLATURE

*Representative Jonathan Kreiss-Tomkins*

Angoon · Coffman Cove · Craig · Edna Bay · Elfin Cove · Game Creek · Hollis · Hoonah · Kake · Kasaan · Klawock · Kupreanof · Naukati  
Pelican · Petersburg · Point Baker · Port Alexander · Port Protection · Sitka · Tenakee Springs · Thorne Bay · Whale Pass

rep.jonathan.kreiss-tomkins@akleg.gov

Committees:  
State Affairs, Chair  
Fisheries  
Judiciary



Juneau, Alaska 99801 (Jan. – April)  
State Capitol, Room 411  
907.465.3732

Sitka, Alaska 99835 (May – Dec.)  
201 Katlian Street, Ste. 103  
907.747.4665

## **HB 85 Sponsor Statement — Petersburg Lands Bill**

HB 85 would allow the Petersburg Borough to select 14,666 acres of land as part of their land entitlement for incorporating into a borough.

The City of Petersburg dissolved in 2013 to become the Petersburg Borough. Under AS 29.65.050, the Borough is entitled to claim a land grant from the state: a percentage of the vacant, unappropriated, unreserved land (as calculated by the Alaska Department of Natural Resources), minus land which belonged to the old city and State land conveyed to the University of Alaska, Alaska Mental Health Trust, Southeast State Forest, and private ownership.

This leaves Petersburg with only 1,438.53 acres, or .08% of their actual Borough land area, which is well below the average of other municipalities and is insufficient to meet the borough's development, economic, cultural, and resource needs.

Boroughs in Alaska typically request additional land from the legislature by amending AS 29.65.010 on a case by case basis, providing a specific date and amount of land for a newly incorporated municipality. Fourteen such land grants have been given to boroughs across the state since 1990.

Petersburg calculated the average amount of land granted through legislation to new boroughs in proportion to their size: on average, they've received .79% of their total land base from the state. This bill would give Petersburg a reasonable and proportionate amount based on their size: 14,666 acres.

**Petersburg Borough, Petersburg, AK  
Resolution #2017-02**

**A RESOLUTION SUPPORTING SENATE BILL (SB) 28 AND HOUSE BILL (HB) 85, MUNICIPAL  
LAND SELECTION FOR THE PETERSBURG BOROUGH, AND REQUESTING THE STATE  
REFRAIN FROM DISPOSING OF ANY VACANT, UNAPPROPRIATED AND UNRESERVED  
STATE LAND WITHIN THE PETERSBURG BOROUGH UNTIL THE BILLS HAVE COMPLETED  
THE LEGISLATIVE PROCESS**

**WHEREAS**, SB 28, introduced by Senator Bert Stedman, and HB 85, introduced by Representative Kreiss-Tomkins, will set the total general land entitlement for the Petersburg Borough at 14,666 acres; and

**WHEREAS**, this is an increase of 12,770 acres from its current level of entitlement and will bring the Borough's land entitlement to a level that meets the average amount of land received by the other eighteen boroughs in the state; and

**WHEREAS**, SB 28 and HB 85 would increase Petersburg's land entitlement for the reason the land entitlement program was created: "[f]or the development needs of the new borough and to address the economic, cultural and resource-based goals of its residents"; and

**WHEREAS**, 96% of land within the borough is owned by the federal government and locked up by the "roadless" rule or wilderness designations; and

**WHEREAS**, when the Petersburg Borough formed in 2013, it received a general land grant entitlement from the state of 1,896 acres. This amount was reduced by the 457.47 acres already received by the City of Petersburg, a substantial part of which is restricted from development for public, charitable, or recreational use, leaving a net land entitlement of 1,438.53 acres for the newly formed borough; and

**WHEREAS**, 1,438.53 acres simply does not provide sufficient developable land to support economic development such as material sites of rock and sand for road and other improvements, waterfront land for tourism development or residential homes, etc.; and

**WHEREAS**, if SB 28 and/or HB 85 is adopted, all selections would be made from vacant, unappropriated, and unreserved state lands. No selections would interfere with existing State, University, or Alaska Mental Health Trust lands, including the Southeast State Forest, or private ownership.

**THEREFORE BE IT RESOLVED**, the Petersburg Borough Assembly supports and encourages adoption of SB 28 (Stedman) and HB 85 (Kreiss-Tomkins) by the 30th Alaska Legislature; and, requests the State refrain from disposing of any vacant, unappropriated, and unreserved State land within the Petersburg Borough until the bills have completed the legislative process.

**Passed and Approved by the Petersburg Borough Assembly on February 6, 2017.**

**ATTEST:**

  
**Debra K. Thompson, Clerk**

  
**Mark Jensen, Mayor**



January 26, 2017

Hon. Bert Stedman  
Alaska State Senate  
Juneau, AK 99801

Dear Senator Stedman,

We are writing in support of SB 28 to increase the general land entitlement to the Petersburg Borough so it is comparable to the amount received by the 18 other boroughs in Alaska.

According to ADNR, the Petersburg Borough's general land entitlement is 1,374 acres or approximately .07% of the borough's land area. While the state owned a great deal of land within the borough at one time, most has been re-conveyed to other agencies such as the Alaska Mental Health Trust, the University of Alaska, and Southeast State Forest leaving little for the new borough to select to meet its future planning and economic development goals.

Petersburg would not be setting a precedent by seeking an increase land grant, in fact, quite the opposite. We note 14 of the 18 boroughs in Alaska prior to Petersburg Borough formation obtained general grant land entitlements through the legislative process. On average, Alaska's boroughs have received .79% of their land base in entitlement lands. If Petersburg Borough were to receive the "average", the entitlement would amount to over 14,600 acres.

The land entitlement program was created expressly for the development needs of the new borough and to address the economic, cultural and resource-based goals of its residents. The borough is seeking the increased land grant to provide for, among other things:

- Wetlands mitigation bank to meet Army Corps of Engineers compensatory mitigation requirements for future development;
- Sources of rock/sand for road and development projects;
- Amenity/waterfront land for tourism development or settlement to increase local property and sales tax revenue; and
- Land suitable for commercial/industrial development.

In the very near future, it will be necessary for municipalities to fund more of their operations and rely less on state and federal monies. An increased land base is a critical component if the Petersburg Borough is to become more self-sufficient.

We appreciate your assistance in helping Petersburg Borough gain local control of land use to guide & promote development activities for the benefit the local economy by working toward passage of SB 28.

Sincerely,

Casey Flint  
for the PEDC Board of Directors



February 3, 2017

Hon. Jonathan Kreiss Tompkins  
Alaska State House  
Juneau, AK 99801

Dear Representative Kreiss-Tompkins,

The Petersburg Chamber of Commerce Board is writing in support for HB 85 to increase the general land entitlement to the Borough of Petersburg so it will be more closely aligned with 14 of the 18 other Boroughs that have formed across the State of Alaska.

According to ADNIR, the Petersburg Borough's current land entitlement is 1,374 acres - approximately only .07% of the Borough's total land area. Through this same legislative process, other Boroughs have received close to .8% of their total land area. Petersburg's request would not set a precedent as the 14,600 acres would be less than .79% of the total lands within the Borough. It would however move the Petersburg Borough towards more economic self-sufficiency.

In recent years, State land within our Borough has been designated to the Alaska Mental Health Trust, The University of Alaska, and Southeast State Forest; leaving little for the Borough to select for future economic development and planning.

The land entitlement was created for the purpose in which the Municipality is asking: the lands would be used to address the economic, cultural, and resource-based goals of the Borough and its residents. We understand that in the near future, Municipalities will be responsible to fund more of their own operations, relying less on state and Federal monies. The Borough's request is moving them toward being more self-sufficient and an increased land base is essential in moving the Borough in that direction.

Sincerely,

Seth Scrimsher

Board President

Petersburg Chamber of Commerce

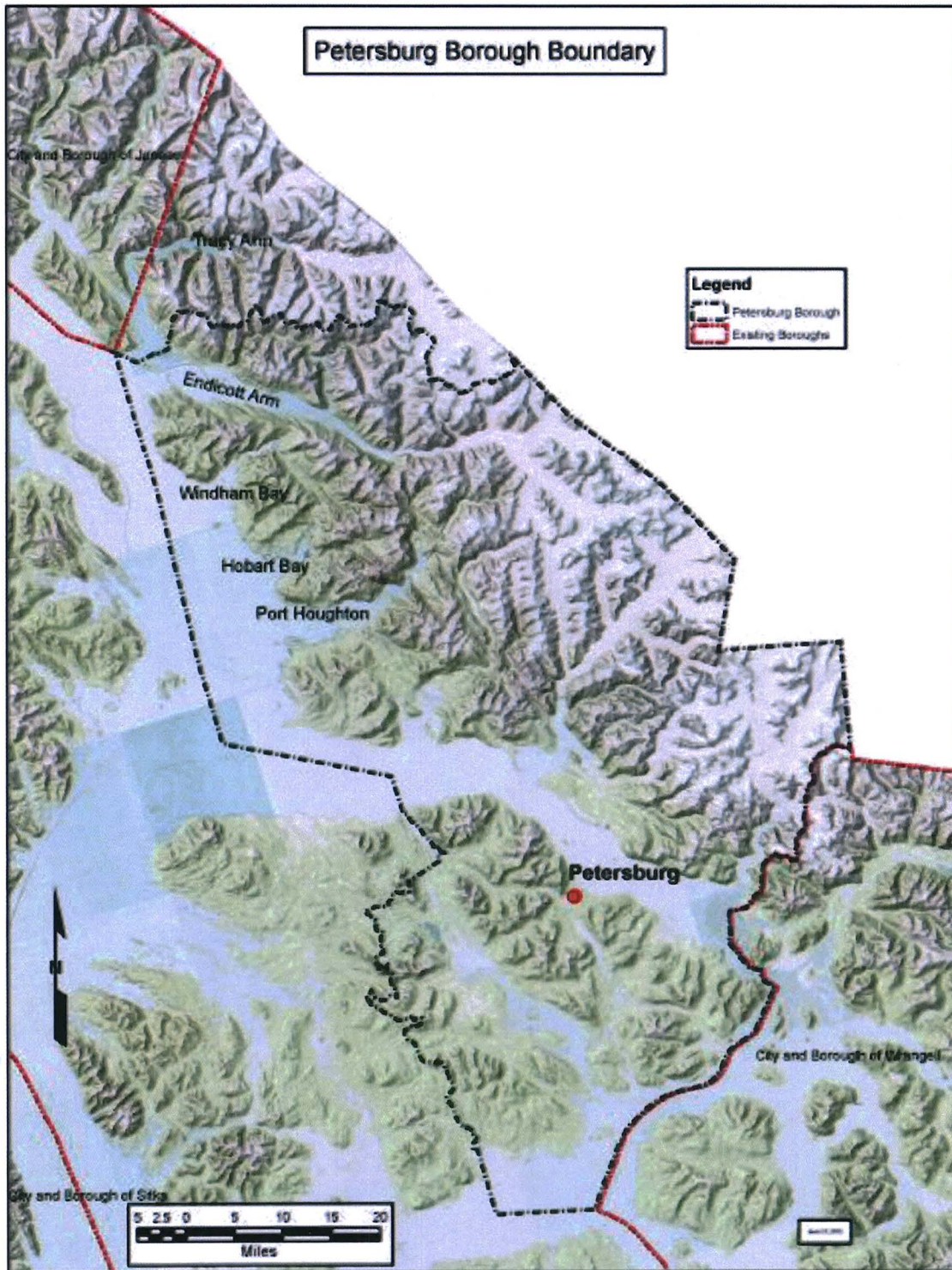
P.O. Box 649 • Petersburg, Alaska 99833  
907-772-3646 Email: [pcoc@alaskan.com](mailto:pcoc@alaskan.com) [www.petersburg.org](http://www.petersburg.org)

# Attachment A. Petersburg Borough

Total Area: 2,450,560 acres

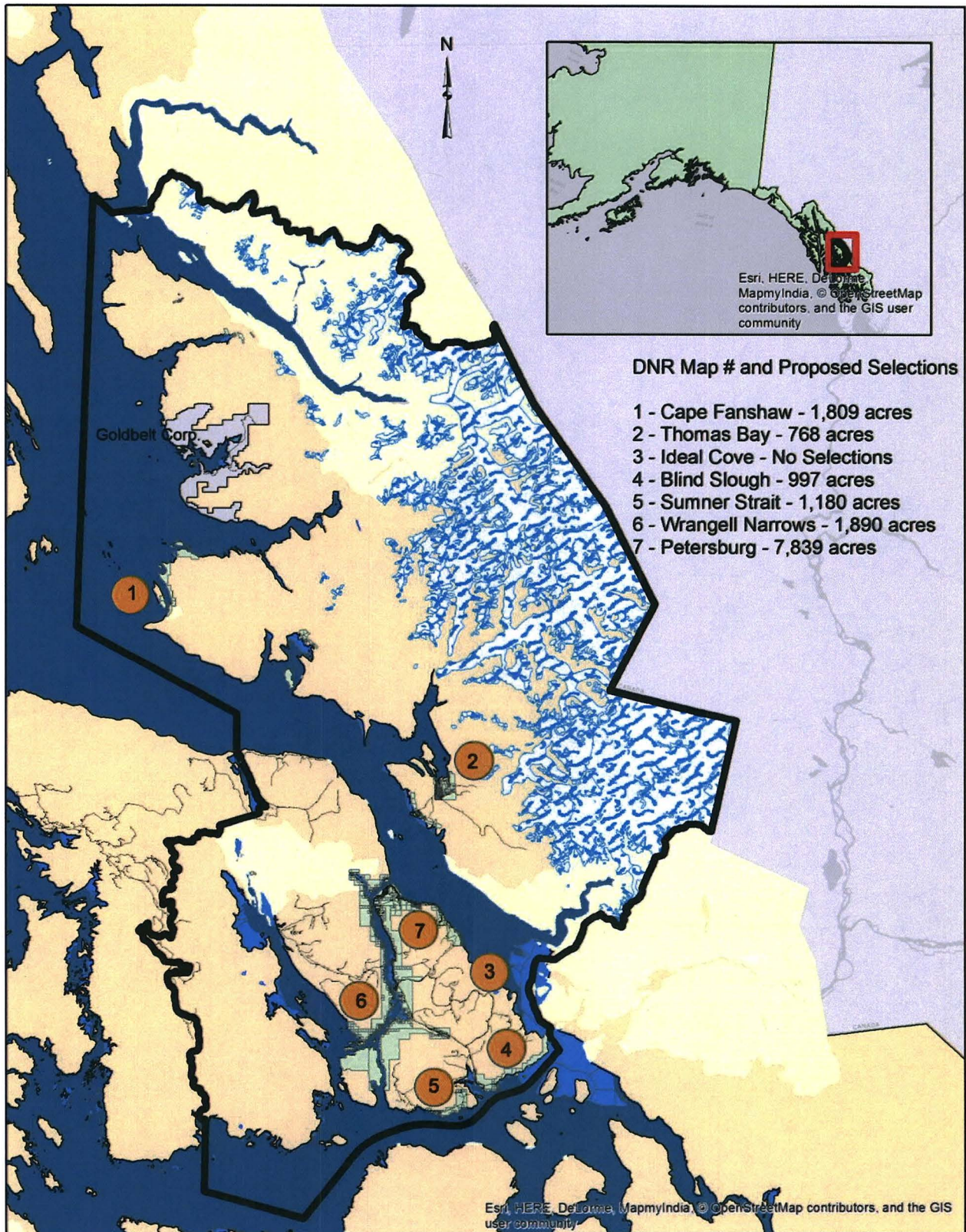
Land Mass: 1,856,418 acres

Land in Federal Ownership: 96%



**Attachment B. Lands.** With an increased entitlement, the Petersburg Borough would seek to select additional lands in these areas:

<b>AREA</b>	<b>GENERAL RATIONALE</b>
<b>Fanshaw Bay Area</b>	Tourism/recreation area - Important anchorage
	Potential settlement area
	Any development should be under local control.
<b>Thomas Bay</b>	
<b>Thomas Bay</b>	Natural harbor
	Important sport/subsistence hunting area
	Has existing roads; Source of sand/rock
	Potential settlement area
	Any development should be under local control.
<b>Blind Slough Area</b>	
<b>Blind Slough Area</b>	Low elevation, waterfront, sheltered anchorage
	Some road access, existing infrastructure
	Nearby power transmission line.
	Potential commercial development around transportation infrastructure
<b>Woodpecker Cove Area/Sumner Strait</b>	
<b>Woodpecker Cove Area/Sumner Strait</b>	Low elevation, waterfront
	Important sport/subsistence area
	Existing/potential rock quarries
<b>S. Wrangell Narrows</b>	
<b>S. Wrangell Narrows</b>	Protect water quality for existing residents
	Protect land values
	Some waterfront; settlement potential
<b>Falls Creek Area</b>	
<b>Falls Creek Area</b>	Adjacent to existing development; potential for some industrial development
	Some existing infrastructure; Close to power line
	Closer to town center
	Potential Rock quarry
<b>Petersburg Town Area</b>	
<b>Petersburg Town Area</b>	Some low-value waterfront - steep, difficult access (Kupreanof Island)
	Road accessible or close to road/power
	Some adjacent to borough owned property.



**February 7, 2017**

**Testimony of Liz Cabrera, Director of Community & Economic Development, Petersburg Borough,  
before the House Committee on Community and Regional Affairs.**

Chairs Fansler and Parish and members of the committee, thank you for the opportunity to address you today regarding HB 85 an act related to the general land entitlement of the Petersburg Borough.

HB 85 increases the general land entitlement of Alaska's newest borough, Petersburg, to be comparable to the land entitlement received by all other boroughs in the state. An amount equal to approximately .79% of a borough's land mass, which in Petersburg's case is 14,666 acres.

For those of you who are unfamiliar with our community, the Petersburg Borough is located in central Southeast Alaska and encompasses an area of 3,800 square miles of land and sea. The borough's population center is located on the northern tip of Mitkof Island, which is home to a diverse and prolific commercial fishing fleet and three major seafood processing facilities. In 2013, the residents of Petersburg voted to form a borough – for a number of reasons, including having a greater say on land use decisions in our surrounding area, having an opportunity to increase our municipal land base, and many also felt it was important for all area residents to support our school system through local taxes.

About 12 months after borough formation, Petersburg received a general land grant entitlement certification from the state indicating we were entitled to 1,896 acres under AS 29.65.010. However, this amount was reduced by the 457.47 acres already received by the City of Petersburg, even though certain tracts of the City's 457.47 acres is restricted from development and only available for public, charitable, or recreational use. After deducting the 457.47 acres, the Borough's land entitlement was 1,438.53 acres. An area roughly 1/3rd the size of the Anchorage International Airport.

In making this calculation, DNR uses a statutory formula – a municipality is entitled to 10% of VUU land within its boundaries.

The lands available for selection are designated as VUU or “vacant, unappropriated and unreserved” land by the State of Alaska. These lands are either “unclassified” or classified as “agricultural, grazing, materials, public recreation, settlement, and resource management” but for the most part no development has occurred on any of the VUU lands.

You may wonder why we received such a small land entitlement to begin with. The majority of land within the borough, over 96%, is managed by the federal government as the Tongass National Forest. Of the non-federal lands within the borough, 1.73% is owned by the Goldbelt Corporation, 1.34% by the State of Alaska, and .4% by the Alaska Mental Health Trust and University of Alaska. Only .3% is in private ownership and a mere .04% is owned by the municipality. When DNR applied the land entitlement formula to the Petersburg Borough, only a very small amount of land remained in VUU status.

As we began to evaluate our potential selection, we realized that our entitlement wasn’t adequate for what we were hoping to accomplish and many other boroughs also received small land entitlements initially and then were able to increase these through the legislature. You’ll note in HB 85 that Petersburg is listed as the 16<sup>th</sup> borough, so 15 boroughs out of 18 boroughs have received an increase in their entitlement through the legislature. The most recent example was in 2010 when both Wrangell and Haines received additional acreage.

Why is this important to Petersburg specifically? As I mentioned previously, just over 96% of our land base is federally managed and of our non-federal lands the major landholder are Goldbelt Corporation and the State of Alaska. In short, while the borough itself is relatively large, the majority of land is not

and will never be included in the local tax base<sup>1</sup> and most is not available to generate economic return for our residents or the state.

The Petersburg Borough would like the opportunity to move some these lands into private ownership and add them to our tax base as residential or commercial developments. We would like the opportunity to secure new sources of rock for construction and maintenance of our roads and other projects. And, we'd like the opportunity to use some of our land to address the requirements of the Army Corps of Engineers compensatory mitigation rule, which effects nearly every new development project within the borough, by establishing a community wetlands mitigation bank. This would directly benefit residents by expediting the process of obtaining a wetlands permit for new development projects, including projects as small as single-family residences. 1,400 acres simply does not provide sufficient developable land to support these goals.

In our discussions with the Department of Natural Resources, they explained that the agency generally does not voice support for this type of legislation, but neither does the agency oppose Petersburg's request. We provided a general outline of the lands we would select under HB 85 and DNR did not express any concerns about these potential selections.

Lastly, the members of this committee know better than most that these are difficult times. In our own small way, we, in Petersburg, want to be part of the solution, not a casualty of crisis. An increased land base is a key component to the long-term sustainability of our municipality.

Thank you for the opportunity to speak to you today and I'd be happy to answer any questions you may have.

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<sup>1</sup> PILT is \$2.64 per acre minus previous payments, like Secure Rural Schools.