

ALASKA LEGISLATURE COMMITTEE FILES 2003-2004 8672

11100 SENATE COMMUNITY & REGIONAL AFFAIRS

SB

136

Sponsor and/or Committee Name			Date
SCRA - Sen. Thomas Wagoner, Chair			3-17-03
Start/End Time	Chairing site	Juneau Room	Testimony
1:30 - 3:30 P	Juneau	CAP 203	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Invitational <input checked="" type="checkbox"/>
Contact Person and	Phone Number	Other sites may add?	Testimony Limit
Mary Jackson	465-4989	Yes	

Subject of meeting and/or Bills on agenda

SB 118 BOROUGH INSPECTIONS
 (testimony by Departments only)
 SB 136 Residential Property Tax Exemp
 Prev. Heard: SB 38

Sites - LIOs	Sites - Offnets	Phone #
Anchorage	<input checked="" type="checkbox"/>	
Barrow		
Bethel		
Cordova		
Delta Junction		
Dillingham		
Fairbanks		
Glennallen		
Homer		
Juneau	<input checked="" type="checkbox"/>	
Kenai		
Ketchikan		
Kodiak		
Kotzebue		
Matsu		
Nome		
Petersburg		
Seward		
Sitka		
Tok		
Valdez		
Wrangell		

Notes

ALASKA STATE LEGISLATURE

SENATE COMMUNITY & REGIONAL AFFAIRS COMMITTEE

Senator Tom Wagoner, Chair



Official Business

Senator Robin Taylor, Vice-Chair
Senator Kim Elton
Senator Georgianna Lincoln
Senator Gary Stevens

State Capitol, Room 427
Juneau, AK 99801-1182
Phone: (907) 465-4989
Fax: (907) 465-4779

DATE: March 13, 2003
TO: Senate Secretary
FROM: Senator Tom Wagoner, Chair *TW*
Senate Community and Regional Affairs Committee
RE: Meeting Schedule: March 17 through March 21, 2003

March 17: 1:30 – 3:30pm: Fahrenkamp, Room #203

Bills Previously Heard:

+ SB 38 ADOPTION OF SAFETY CODES

++ * SB 118 BOROUGH INSPECTION: FOOD/AQUATIC FARMS
(testimony limited to presentation by the Department(s) – public
testimony to be heard at a later date)

+ * SB 136 RESIDENTIAL PROPERTY TAX EXEMPTION

March 19: No meeting scheduled.

March 21: No meeting scheduled.

* First Hearing

+ Teleconferenced

++ Testimony by invitation only

ALASKA STATE LEGISLATURE



SENATE COMMUNITY & REGIONAL AFFAIRS COMMITTEE

Senator Tom Wagoner, Chair

Official Business

Senator Robin Taylor, Vice-Chair

Senator Kim Elton

Senator: Georgianna Lincoln

Senator Gary Stevens

State Capitol, Room 427

Juneau, AK 99801-1182

Phone: (907) 465-4989

Fax: (907) 465-4779

SPONSOR STATEMENT

SB 136 – Residential Property Tax Exemption

SB 136 amends current statutes to provide for an exemption of up to \$50,000 on residential property, to give local governments flexibility in taxing decisions.

Under current law, municipalities may exempt up to \$10,000 of the assessed value of any single residential property. This authorization has been law since 1974.

Five municipalities offer this exemption:

- Bristol Bay Borough
- Kenai Peninsula Borough
- Fairbanks North Star Borough
- North Slope Borough
- City of Valdez.

In 2002, the voters on the Kenai Peninsula rejected an initiative that would have restricted food items from sales taxes. Argument in opposition to the initiative was that the sales tax was a mechanism for obtaining fees from visitors. The logic of that was disputed when it was pointed out that residents pay the same tax.

Providing the local governments the ability to increase the property tax exemption up to \$50,000 allows the local government flexibility so they could still collect sales taxes from visitors and then provide tax relief from residents.

ALASKA STATE LEGISLATURE



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Phone: (907) 465-4989
Fax: (907) 465-4779

SECTIONAL ANALYSIS **SB 136 – Residential Property Tax Exemption**

Section 1. Amends AS 29.45.050(a) by deleting \$10,000 and inserting \$50,000.

SB 136 - Property Tax Exemptions

TABLE 1
2002 Local Property and Oil & Gas Property Tax Revenues

Municipality	Property Tax Revenues	Oil & Gas Property Tax Revenues	Total Property Tax Revenues	Chg Frm Previous Year	Population	Municipal Per Capita Revenue	Mill Rates	Sales Tax
Bristol Bay Borough	\$2,237,684	\$0	\$2,237,684	20.76%	1,258	\$1,779	13.0000	\$ -
Fairbanks North Star Borough	\$61,029,114	\$4,441,454	\$65,470,568	5.33%	82,840	\$790	15.4050	\$ -
Kenai Peninsula Borough	\$33,091,099	\$7,149,280	\$40,240,379	-0.97%	49,691	\$810	6.5000	\$ 14,157,026
North Slope Borough	\$6,239,417	\$193,019,738	\$199,259,155	-1.34%	9,430	\$21,130	18.5000	\$ -
Valdez	\$5,951,514	\$13,076,413	\$19,027,927	2.80%	4,336	\$4,388	20.0000	\$ -

/1 Borough mill (these could be in service area which would be a higher mill rate)

source: State Assessor's Office 3-11-03

ALASKA STATE LEGISLATURE

SENATE COMMUNITY & REGIONAL AFFAIRS COMMITTEE



Official Business

Senator Bert Stedman, Chair
Senator Tom Wagoner, Vice Chair
Senator Kim Elton
Senator Georgianna Lincoln
Senator Gary Stevens

State Capitol, Room 427
Juneau, AK 99801-1182
Phone: (907) 465-4937
Fax: (907) 465-4779

SECTIONAL ANALYSIS

CS SB 136 – Residential Property Tax Exemption

Section 1. Amends AS 29.45.050(a) by

1. inserting language clarifying that the municipality has the authority to exclude or exempt with respect to service areas.
2. deleting \$10,000 and inserting \$20,000.

Section 2. Amends AS 29.45.050(o) by

1. extending the term of the deteriorated property exemption from 5 years to ten years.
2. adding "demolition, removal" as an action taken on the deteriorated property
3. adding that one of the three requirements must be met
4. adding a time specific requirement of five years to subsection (1)
5. adding language specific to environmental remediation required by a government agency to subsection (1)

Section 3. Amends AS 29.45.050(o) by extending the repealer to 2010.

ALASKA STATE LEGISLATURE

SENATE COMMUNITY & REGIONAL AFFAIRS COMMITTEE



Official Business

Senator Bert Stedman, Chair
Senator Tom Wagoner, Vice Chair
Senator Kim Elton
Senator Georgianna Lincoln
Senator Gary Stevens

State Capitol, Room 427
Juneau, AK 99801-1182
Phone: (907) 465-4937
Fax: (907) 465-4779

SPONSOR STATEMENT

CS SB 136 (FIN) – Residential Property Tax Exemption

SB 136 amends current statutes to allow for a residential property tax exemption of up to \$20,000 on residential property, to give local governments flexibility in taxing decisions. It also clarifies that municipalities may apply the exemption to service areas. The bill also extends the date for deteriorated properties to obtain exemptions by five years (from 2006 to 2010) and adds "demolition, removal" as an accepted activity on the property.

Five municipalities offer this residential property tax exemption: Bristol Bay Borough; Kenai Peninsula Borough; Fairbanks North Star Borough; North Slope Borough; and the City of Valdez.

In 2002, the voters on the Kenai Peninsula rejected an initiative that would have restricted food items from sales taxes. Argument in opposition to the initiative was that the sales tax was a mechanism for obtaining fees from visitors. The logic of that was disputed when it was pointed out that residents pay the same tax.

Providing the local governments the ability to increase the property tax exemption up to \$20,000 allows the local government flexibility so they could still collect sales taxes from visitors and then provide tax relief from residents.

Extending the deteriorated properties exemption date provides for completion of the process begun to renovate and improve the facilities, thereby adding to the local property tax roles.

Introduced by: Superman
Date: 04/01/03
Action: Adopted
Vote: 8 Yes, 0 No, 1 Absent

**KENAI PENINSULA BOROUGH
RESOLUTION 2003-035**

**A RESOLUTION SUPPORTING THE PASSAGE OF SENATE BILL 136 AND SIMILAR
LEGISLATION WHICH RAISES THE CURRENT OPTIONAL RESIDENTIAL TAX
EXEMPTION FROM \$10,000 TO \$50,000**

- WHEREAS**, AS 29.45.050 authorizes municipalities to implement various property tax exemptions; and
- WHEREAS**, the \$10,000 maximum residential property exemption authorized by AS 29.45.050(a) has remained unchanged since 1974; and
- WHEREAS**, of the five Alaska municipalities offering this tax exemption, the Kenai Peninsula Borough is the only one to also levy a sales tax; and
- WHEREAS**, the two percent sales tax levied by the Kenai Peninsula Borough has kept the mill rate to a minimum, thus allowing the State to retain a greater share of the AS 43.56 (Oil and Gas Property) revenues; and
- WHEREAS**, in October 2002, the voters of the Kenai Peninsula Borough defeated a ballot proposition that would have exempted food from sales tax; and
- WHEREAS**, over the last decade, property owners have seen a substantial rise in assessed valuations, thereby increasing their tax bills by fifty to one hundred percent in some areas; and
- WHEREAS**, an increase in the Residential Property Tax Exemption will minimally affect state revenues and should be left to the discretion of the local governing body; and
- WHEREAS**, a minimal and stable tax rate is a primary factor in residential and economic development; and
- WHEREAS**, the Kenai Peninsula Borough Assembly has identified an increase in residential property tax exemptions as one of its 2003 legislative priorities; and
- WHEREAS**, SB 136 and similar legislation will provide a discretionary tax relief mechanism that will benefit bonafide full time residential homeowners;

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. That the Kenai Peninsula Borough Assembly urges the 23rd Alaska State Legislature to enact SB 136, increasing the optional residential property exemption from \$10,000 to \$50,000.


SECTION 2. That copies of this resolution shall be provided to Senators Con Bunde, Georgiana Lincoln, Gary Stevens and Tom Wagoner, and to Representatives Mike Chenault, Mike Hawker, Carl Morgan, Paul Seaton and Kelly Wolf.

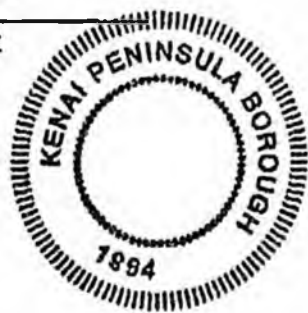
SECTION 3. That this resolution shall take effect upon its adoption.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 1ST DAY OF APRIL, 2003.


Pete Sprague, Assembly President

ATTEST:


Linda S. Murphy, Borough Clerk



CITY OF VALDEZ, ALASKA

RESOLUTION NO. 03-31

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, SUPPORTING SENATE BILL 136, INCREASING THE OPTIONAL EXEMPTION OF RESIDENTIAL PROPERTY FROM TAXATION

WHEREAS, Alaska Statute 29.45.050 allows municipalities to exempt up to \$10,000 of assessed valuation on residential property from property tax; and,

WHEREAS, the financial resources vary from municipality to municipality; and,

WHEREAS, the local exemption option allows municipalities to assist local residents to lower their property taxes by lowering the assessed valuation; and,

WHEREAS, the \$10,000 exemption has not kept up with inflation since enacted in 1974.

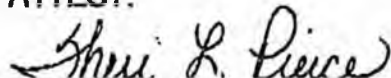
NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Valdez, Alaska, that the Council supports Senate Bill 136, increasing the optional exemption of residential property from taxation from \$10,000 to \$50,000.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, this 17th day of March, 2003.

CITY OF VALDEZ, ALASKA


Bert L. Cottle, Mayor

ATTEST:


Sheri L. Pierce, CMC/AEE, City Clerk



FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SB136
 () Publish Date: _____

Revision Date/Time (Note if correction): March 31, 2003 Dept. Affected: Revenue
 Title Residential Property Tax Exemption BRU Revenue Operations
 Component Tax Division
 Sponsor Sen. Community & Regional Affairs
 Requester Sen. Community & Regional Affairs Component No. 2476

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
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

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 (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

*** See Page 2 for discussion of possible revenue effect on the state.

Prepared by: Dan Dickinson, Director Phone 269-1033
 Division Tax Division Date/Time 3/31/03 1:14 PM
 Approved by: Larry Persily, Deputy Commissioner Date 3/31/2003
 Agency Department of Revenue

**Department of Revenue
Fiscal Note Explanation for SB136**

March 31, 2003 - Page 2 of 2

This legislation would allow municipalities to exempt -- by a vote of the public -- up to \$50,000 in assessed annual valuation of each parcel of residential property.

This could have an indirect effect on state revenues if municipalities increase their residential property assessment exemption and then increase their overall mill rate to make up for the lost revenue. That subsequent effect on state oil and gas property tax revenue is hard to calculate, which is why the fiscal note shows an indeterminate amount.

The Department of Revenue cannot predict how municipalities might implement the residential property tax exemption, or whether cities and boroughs would raise their mill rates or reduce their budget to accommodate the reduced residential property tax revenues. Therefore, we cannot accurately project what effect this legislation would have on state property tax revenues.

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SB 136
 () Publish Date: _____

Revision Date/Time (Note if correction): 3/17/2003 Dept. Affected: DCED
 Title Residential Property Tax Exemption BRU Community Assist & Econ. Dev. (405)
 Component Community & Business Development
 Sponsor Senate Community & Regional Affairs
 Requester Senate Community & Regional Affairs Component No. 2486

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	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 (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: _____
 Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation would allow municipalities to exempt -- by a vote of the public -- up to \$50,000 in assessed annual valuation of each parcel of residential property. This legislation will have no fiscal impact on the department.

Prepared by: Gene Kane, Acting Director Phone 907-269-4580
 Division: Community and Business Development Date/Time 3/17/03 11:49 AM
 Approved by: Edgar Blatchford, Commissioner Date 3/17/2003
 Agency: Department of Community and Economic Development

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: CSSB 136(FIN)
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title Residential Property Tax Exemption RDU Revenue Operations
 Component Tax Division
 Sponsor Sen. Community & Regional Affairs
 Requester Senate Rules Component No. 2476

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
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

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

1002 Federal Receipts						
1003 GF Mrtch						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of current year (FY2004) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

*** See page 2 for discussion of possible revenue effects on the state.

Prepared by: Randall Hoffbeck, State Petroleum Property Assessor Phone 269-1029
 Division Tax Division Date/Time 4/28/04 8:37 PM
 Approved by: Steve Porter, Deputy Commissioner Date 4/28/2004
 Agency Department of Revenue

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

BILL NO. CSSB 136(FIN)

ANALYSIS CONTINUATION

This legislation would allow municipalities to exempt – by a vote of the public – up to \$20,000 in annual assessed valuation of each parcel of residential property. Currently the optional residential exemption is capped at \$10,000. This legislation also extends the deteriorated property exemption from 5 years to 10 years and extends the exemption to include demolition and removal of the improvements.

This could have an indirect effect on state revenues if municipalities increase their residential property assessment exemption and then increase their overall mill rate to make up for the lost revenue.

Analysis:

Assuming all municipalities with oil and gas property took advantage of the provision in this legislation and adopted a \$20,000 exemption for residential property owners and assuming every affected municipality raised its property tax mill rate to fully recover the revenue loss from the lower assessment valuation on residential property, then there would be some annual revenue loss to the state.

The extension of the deteriorated property exemption is not expected to have an additional fiscal impact on the state.

However:

It is unknown which, if any, municipalities would adopt the higher exemption rate, if adopted, whether they would allow the maximum exemption, and if the municipalities would attempt to recover all lost revenue by increasing the mill rate.

Therefore the Department of Revenue cannot accurately project what effect this legislation would have on state property tax revenues. See attached spreadsheet for further analysis.

		Residential Property Value	Mill Rates	Residential Estimated Taxes	Residential Savings	Commercial Property Value	Commercial Estimated Taxes	Comm. Tax Increase	AS 43.56 Value	Oil & Gas Est. Taxes	Oil & Gas Revenues Diverted to Local Muni.
Fairbanks North Star Borough	Pre-SB 136	\$ 150,000	0.015403	\$ 2,310		\$ 500,000	\$ 7,702		\$ 270,805,700	4,171,220.23	
	Post-SB 136	\$ 130,000	0.01599515	\$ 2,066	(244.08)	\$ 500,000	\$ 7,948	\$ 246	\$ 270,805,700	4,304,496.68	\$ 133,276
Kenai Peninsula Borough	Pre-SB 136	\$ 150,000	0.0065	\$ 975		\$ 500,000	\$ 3,250		\$ 638,617,190	4,151,011.74	
	Post-SB 136	\$ 130,000	0.00666573	\$ 867	(108.46)	\$ 500,000	\$ 3,333	\$ 83	\$ 638,617,190	4,256,849.17	\$ 105,837
North Slope Borough	Pre-SB 136	\$ 150,000	0.01856	\$ 2,784		\$ 500,000	\$ 9,280		\$ 10,463,871,080	194,209,447.24	
	Post-SB 136	\$ 130,000	0.01856301	\$ 2,413	(370.81)	\$ 500,000	\$ 9,282	\$ 2	\$ 10,463,871,080	194,240,990.48	\$ 31,543
City of Valdez	Pre-SB 136	\$ 150,000	0.02	\$ 3,000		\$ 500,000	\$ 10,000		\$ 657,583,710	13,151,674.20	
	Post-SB 136	\$ 130,000	0.02018024	\$ 2,623	(376.57)	\$ 500,000	\$ 10,090	\$ 90	\$ 657,583,710	13,270,198.72	\$ 118,525

Estimated total revenue loss, by municipality, if exemption is increased to \$50K

	Total	Oil & Gas Taxes	Local Tax	
Fairbanks	\$ 2,123,299	\$ 133,276	\$ 1,990,023	\$ 389,182
Kenai	\$ 691,254	\$ 105,837	\$ 585,416	
North Slope	\$ 32,294	\$ 31,543	\$ 751	
Valdez	\$ 187,422	\$ 118,525	\$ 68,897	
	\$ 3,034,269	\$ 389,182	\$ 2,645,087	

This worksheet estimates the effect of implementing an increase in the Homestead exemption from the current \$10K limit to \$20K. The deteriorated property exemption extends an existing exemption from 5 years to 10 years and would not increase the cost to the state.

The numbers provided for residential and commercial values are hypothetical, however, the resulting revenues are reflective of actual property tax increases/decreases if there are no other revenue sources to draw from or service are not cut to correspond with overall tax revenue drop based upon the increased local exemption. The values for oil and gas are actual numbers and represent actual estimated loss of state revenue, assuming all municipalities increase the local exemption to the \$20K and no other revenue sources are identified nor are existing services cut.

The mill rates used for the "Pre-SB 136" is actual mill rates from municipalities for 2003 tax year. The mill rate used for the "Post-SB 136" is a calculated rate. The calculation was done in such a manner to raise the same revenues as the "pre-exemption" mill rates. This assumes all lost tax revenue will be raised from the property tax with no revenue from other sources.

SB

183

ALASKA STATE LEGISLATURE



SENATE COMMUNITY & REGIONAL AFFAIRS COMMITTEE

Senator Tom Wagoner, Chair

Official Business

Senator Robin Taylor, Vice-Chair
Senator Kim Elton
Senator Georgianna Lincoln
Senator Gary Stevens

State Capitol, Room 427
Juneau, AK 99801-1182
Phone: (907) 465-4989
Fax: (907) 465-4779

DATE: April 24, 2003

TO: Senate Secretary

FROM: Senator Tom Wagoner, Chair *Tom*
Senate Community and Regional Affairs Committee

RE: Meeting Schedule: April 28 through May 2, 2003

April 28: No meeting scheduled.

April 30: +1:30 – 3:30pm: Fahrenkamp, Room #203
*+ SB 183 Municipal Economic Development

May 2: No meeting scheduled.

* First Hearing
+ Teleconferenced
++ Testimony by invitation only

Sponsor and/or Committee Name			Date
SCRA- Sen. Thomas Wagoner, Chair			4-30-03
Start/End Time	Chairing site	Juneau Room	Testimony
1:30-3:30	Juneau	CAP 203	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Invitational <input type="checkbox"/>
Contact Person and	Phone Number	Other sites may add?	Testimony Limit
Mary Jackson	465-4989	YES	

Subject of meeting and/or Bills on agenda

SB 183 Muni. Eco. Dev.

Sites - LIOs	Sites - Offnets	Phone #
Anchorage		
Barrow		
Bethel		
Cordova		
Delta Junction		
Dillingham		
Fairbanks	✓	
Glennallen		
Homer		
Juneau	✓	
Kenai		
Ketchikan		
Kodiak		
Kotzebue		
Matsu		
Nome		
Petersburg		
Seward		
Sitka		
Tok		
Valdez		
Wrangell		

Notes

ALASKA STATE SENATE



Session:
State Capitol
Juneau, Alaska 99801-1182
(907) 465-2327
(907) 465-5241 Fax

Interim:
119 N. Cushman, Suite 201
Fairbanks, Alaska 99701
(907) 456-8161
Senator_Ralph_Seekins@legis.state.ak.us

Senator Ralph Seekins
District D

MEMORANDUM

Date: April 22, 2003

To: Office of Senator Tom Wagoner

From: Senator Ralph Seekins

A handwritten signature in cursive script, appearing to read "R. Seekins".

Re: Request for Hearing of SB 183

Attached please find Senate Bill 183 along with the corresponding Sponsor Statement and supporting documentation. Fiscal note(s) will be forwarded to your office upon our receipt.

This Bill allows second-class boroughs to utilize economic development funds for projects located either outside or inside city limits. Currently, second-class boroughs are limited to the extent that these funds can only be used to develop projects located outside imbedded municipal boundaries.

I respectfully request a hearing before your committee on this Bill at your earliest convenience. Thank you.

MAY 05 2003



FAIRBANKS LEGISLATIVE INFORMATION OFFICE
119 N. CUSHMAN ST. SUITE 101
FAIRBANKS, AK 99701

WRITTEN TESTIMONY TRANSMITTAL SHEET

TO:	Senator Tom Wagoner	FROM:	Fran/Fbx LIO
COMPANY:	Senate Community & Regional Affairs Committee	DATE:	5/1/2003
FAX NUMBER:	465-4779		
PHONE NUMBER:	465-4989	FAXED ON:	05/01/2003
RE:	Written Comments on SB 183	TELECONFERENCED ON:	04/30/2003

URGENT FOR REVIEW PLEASE COMMENT PLEASE REPLY PLEASE RECYCLE

NOTES/COMMENTS:

Enclosed, please find the originals of the written testimony for SB 183
Fran/Fbx LIO

PHONE: 452-4448
FAX: 456-3346

Buzz Otis, PO Box 72441,
Fairbanks

I strongly support SB 183.
As you are aware this will allow
our borough to expend monies collected
on an areawide or nonareawide basis.
~~for economic development.~~
This ~~is~~ bill will be a tremendous
help to the Fairbanks community
e.d. efforts. Our ^{boro} assembly will
be allowed to spend e/d. monies
without the restrictions of the
boundaries between the borough &
our city. This will ^{significantly} benefit
the communities economic development
efforts. ~~is~~ I encourage your
support & passage this session.
Thank you.

465-4779



ALASKA STATE LEGISLATURE

SENATOR THOMAS H. WAGONER
CHAIR, SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE
VICE-CHAIR, SENATE RESOURCES COMMITTEE

DATE: April 29, 2003

TO: Tam Cook, Legal

FROM: Mary Jackson

A handwritten signature in cursive script, appearing to read "Mary Jackson".

RE: SB 183 – CRA CS

Please prepare a draft CRA CS that would accomplish the following.

1. authorize economic development as a power granted to 2nd class boroughs that exceed 80,000 in population or
2. authorize economic development as a power granted to 2nd class boroughs when a public vote is taken that supports that additional power.

I am hopeful that the title change to accommodate this would be minimal – such as inserting “certain” so that it would read:

An Act authorizing certain municipalities to provide ...

This bill will be up on CRA tomorrow at 1:30pm.



ALASKA STATE LEGISLATURE

SENATE COMMUNITY & REGIONAL AFFAIRS COMMITTEE

Senator Tom Wagoner, Chair

Official Business

Senator Robin Taylor, Vice-Chair
Senator Kim Elton
Senator Georgianna Lincoln
Senator Gary Stevens

State Capitol, Room 427
Juneau, AK 99801-1182
Phone: (907) 465-4989
Fax: (907) 465-4779

DATE: April 30, 2003

TO: Senate CRA Committee Members

FROM: Mary Jackson, Staff

RE: Draft CS – SB 183: version \H: 4/29/03

This CS accomplishes the following revisions:

1. Revises the title to reflect only certain second class boroughs rather than all municipalities.
2. Amends statutes regarding second class boroughs (AS 29.35.210(d)) by specifying economic development authority for those with a population of more than 80,000.
3. Deletes previous statute amendment that provided for economic development authority for all municipalities.
4. Deletes previous repealer of AS 29.35.210(a)(8) that was specific to economic development. (This required second class boroughs to provide the service only on a nonareawide basis.)

23-LS0970\H

Cock

4/29/03

CS FOR SENATE BILL NO. 183(CRA)**IN THE LEGISLATURE OF THE STATE OF ALASKA****TWENTY-THIRD LEGISLATURE - FIRST SESSION****BY THE SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE****Offered:****Referred:****Sponsor(s): SENATOR SEEKINS****A BILL****FOR AN ACT ENTITLED**

1 "An Act authorizing certain second class boroughs to provide for economic development
2 on an areawide basis and authorizing boroughs to expend revenue collected on an
3 areawide or nonareawide basis to provide for economic development."

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 * **Section 1.** AS 29.35.110 is amended by adding a new subsection to read:

6 (c) Use of borough revenue for economic development that benefits the
7 borough is not subject to (a) of this section.

8 * **Sec. 2.** AS 29.35.210(d) is amended to read:

9 (d) In addition to powers conferred by (c) of this section, a second class
10 borough may, on an areawide basis, exercise a power not otherwise prohibited by law
11 if the power has been acquired in accordance with AS 29.35.300. In addition to the
12 power conferred by (a)(8) of this section, a second class borough with a
13 population of more than 80,000 may provide for economic development that
14 benefits the borough on an areawide basis.

(a) A borough shall assess and collect property, sales, and use taxes that are levied in its boundaries, subject to AS 29.45.

(b) Taxes levied by a city shall be collected by a borough and returned in full to the levying city. This subsection applies to home rule and general law municipalities.

Sec. 29.35.180. Land use regulation.

(a) A first or second class borough shall provide for planning, platting, and land use regulation in accordance with AS 29.40.

(b) A home rule borough shall provide for planning, platting, and land use regulation.

Sec. 29.35.200. First class borough powers.

(a) A first class borough may exercise by ordinance on a nonareawide basis any power not otherwise prohibited by law.

(b) A first class borough may by ordinance exercise the following powers on an areawide basis:

- (1) provide transportation systems;
- (2) provide water pollution control;
- (3) provide air pollution control in accordance with AS 46.14.400;
- (4) license day care facilities;
- (5) license, impound, and dispose of animals.

(c) In addition to powers conferred by (b) of this section, a first class borough may, on an areawide basis, exercise a power not otherwise prohibited by law if the power has been acquired in accordance with AS 29.35.300.

(d) A first class borough that exercises power necessary to contain, clean up, or prevent a release or threatened release of oil or a hazardous substance, and exercises a power granted to a municipality under AS 46.04, AS 46.08, or AS 46.09 shall exercise its authority in a manner that is consistent with a regional master plan prepared by the Department of Environmental Conservation under AS 46.04.210.

Sec. 29.35.210. Second class borough powers.

(a) A second class borough may by ordinance exercise the following powers on a nonareawide basis:

- (1) provide transportation systems;
- (2) regulate the offering for sale, exposure for sale, sale, use, or explosion of fireworks;
- (3) license, impound, and dispose of animals;
- (4) subject to AS 29.35.050, provide garbage, solid waste, and septic waste collection and disposal;
- (5) provide air pollution control under AS 46.14.400;
- (6) provide water pollution control;
- (7) participate in federal or state loan programs for housing rehabilitation and improvement for energy conservation;

- (8) provide for economic development;
- (9) provide for the acquisition and construction of local service roads and trails under AS 19.30.111 - 19.30.251;

(10) establish an emergency services communications center under AS 29.35.130;

(11) subject to AS 28.01.010, regulate the licensing and operation of motor vehicles and operators;

(12) engage in activities authorized under AS 29.47.460;

(13) contain, clean up, or prevent a release or threatened release of oil or a hazardous substance, and exercise a power granted to a municipality under AS 46.04, AS 46.08, or AS 46.09; the borough shall exercise its authority under this paragraph in a manner that is consistent with a regional master plan prepared by the Department of Environmental Conservation under AS 46.04.210.

(b) A second class borough may by ordinance exercise the following powers on an areawide basis:

(1) provide transportation systems;

(2) license, impound, and dispose of animals;

(3) provide air pollution control under AS 46.14.400;

(4) provide water pollution control;

(5) license day care facilities.

(c) In addition to powers conferred by (a) of this section, a second class borough may, on a nonareawide basis, exercise a power not otherwise prohibited by law if the exercise of the power has been approved at an election by a majority of voters living in the borough but outside all cities in the borough.

(d) In addition to powers conferred by (b) of this section, a second class borough may, on an areawide basis, exercise a power not otherwise prohibited by law if the power has been acquired in accordance with AS 29.35.300.

Sec. 29.35.220. Third class borough powers.

(a) A third class borough may borrow money and issue negotiable or nonnegotiable bonds or other evidences of indebtedness as provided by AS 29.47.

(b) Areawide exercise of a power by a third class borough other than education and tax assessment and collection is not authorized.

(c) A third class borough may acquire the power to provide for planning, platting, and land use regulation as provided in AS 29.40 for first and second class boroughs, except the power may only be exercised within a service area.

(d) A third class borough may acquire any power not otherwise prohibited by law, except the power may only be exercised within a service area.

(e) A third class borough may by ordinance exercise power necessary to contain, clean up, or prevent a release or threatened release of oil or a hazardous substance, and exercise a power granted to a municipality under AS 46.04, AS 46.08, or AS 46.09, but the power authorized by this subsection may be exercised only on a nonareawide basis. The borough shall exercise its authority under this subsection in a manner that is consistent with a regional master plan prepared by the Department of Environmental Conservation under AS 46.04.210.

Sec. 29.35.250. Cities inside boroughs.

(a) A city inside a borough may exercise any power not otherwise prohibited by law.

Sec. 29.35.110. Expenditure of borough revenues.

(a) Borough revenues received through taxes collected on an areawide basis by the borough may be expended on general administrative costs and on areawide functions only. Borough revenues received through taxes collected on a nonareawide basis may be expended on general administrative costs and functions that render service only to the area outside all cities in the borough.

(b) Use of borough revenues from a sales tax levied upon room rentals for a tourism marketing campaign is not subject to (a) of this section.

Sec. 29.35.120. Annual audit.

(a) The governing body shall provide for an annual independent audit of the accounts and financial transactions of the municipality or, in the case of a second class city, an audit or statement of annual income and expenditures. To make the audit the governing body shall designate a public accountant who has no personal interest, direct or indirect, in the fiscal affairs of the municipality. Copies of the audit shall be available to the public upon request.

(b) This section applies to home rule and general law municipalities.

Sec. 29.35.125. Fees for police protection services.

(a) A municipality may by ordinance impose a fee on the owner of residential property, including multi-family housing, if a member of the municipal police department goes to the property an excessive number of times during a calendar year in response to a call for assistance, a complaint, an emergency, or a potential emergency. The number of responses considered to be excessive and the amount of the fee shall be set out in the ordinance that establishes the fee. The fee may not exceed the actual cost to the municipality for the excessive responses. A fee may not be imposed under this subsection for responses to calls that involve potential child neglect, potential domestic violence, as defined in AS 18.66.990, or potential stalking under AS 11.41.260 or 11.41.270.

(b) An ordinance enacted under this section shall require actual notice to the property owner of police contacts and a warning that failure to take appropriate corrective action may result in the imposition of a fee. The ordinance must also define "appropriate corrective action" to include written notice to quit under AS 09.45.100 - 09.45.110 in appropriate situations as well as other types of corrective action, and provide that the property owner is not liable for the fee if that action is promptly taken.

(c) A municipality may provide that a fee imposed under (a) of this section is a lien on the property to which the municipal police have been called an excessive number of times and may provide for the recording and notice of the lien. When recorded, a lien under this subsection has priority over all other liens except

(1) liens for property taxes, special assessments, and sales and use taxes;

(2) liens that were perfected before the recording of the lien under this subsection; and

(3) mechanics' and materialmen's liens for which claims of lien under AS 34.35.070 or notices of right to lien under AS 34.35.064 have been recorded before the recording of the lien under this subsection.

(d) This section applies to home rule and general law municipalities.

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SB 183
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
 Title Municipal Economic Deveopment BRU Comm Assist & Econ Dev (405)
 Component Community & Business
 Development
 Sponsor Senator Seekins Component No. 2486
 Requester Senate Community & Regional Affairs

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
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

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 (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: _____
 Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation proposes to add language to Title 29, Municipal Government, to explicitly provide for the municipal power to expend municipal revenues for the purpose of economic development. This would have no fiscal effect on the department.

Prepared by: Gene Kane, Director Phone 907-269-4580
 Division Community and Business Development Date/Time 4/24/03 9:45 AM
 Approved by: Edgar Blatchford, Commissioner Date 4/24/2003
 Agency Department of Community and Economic Development

ALASKA STATE SENATE



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State Capitol
Juneau, Alaska 99801-1182
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(907) 465-5241 Fax

Interim:
119 N. Cushman, Suite 201
Fairbanks, Alaska 99701
(907) 456-8161
Senator_Ralph_Seekins@legis.state.ak.us

Senator Ralph Seekins
District D

SB 183 Sponsor Statement

An Act Authorizing Municipalities to Provide for Economic Development

Current state law places a limitation on second-class boroughs with respect to expending funds designated for economic development purposes.

Presently, second-class boroughs may only use these funds on a *non-areawide* basis. This means that the Fairbanks North Star Borough can only deploy these funds on projects located *outside* the city limits of Fairbanks and North Pole.

It is desirable for the Borough to have the ability to utilize economic development funds on an *areawide* basis. In this way, worthy projects can be funded irrespective of their location--within, or without, municipal boundaries--so long as the project remains within the greater Borough boundary. Such projects will benefit the *entire* Borough community while physical location, whether within city boundaries or not, is considered immaterial to this greater good.

This legislation is proposed at the request of the Fairbanks North Star Borough as well as the Cities of Fairbanks and North Pole. In summary, it will facilitate the development of economically attractive projects throughout the *entire* Fairbanks North Star Borough without regard to internal municipal boundaries. Senate Bill 183's companion is HB 126.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

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FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

February 28, 2003

SUBJECT: Municipal economic development; sectional summary (HB 126)

TO: Representative James Holm
Attn: Jos Govaars

FROM: Tamara Brandt Cook
Director *TBC*

Sec. 1. Adds as a general power that all municipalities may exercise, subject to other provisions of law, the power to provide for economic development that benefits the municipality.

Sec. 2. Under AS 29.35.110(a) boroughs may use revenue received through taxes collected areawide (that is, in borough areas both outside and inside of cities) only for general administrative costs and areawide functions. Taxes collected on a nonareawide basis may not be used for services in cities. This bill section creates an exception that allows use of borough revenue for economic development without regard to the areawide/nonareawide distinction.

Sec. 3. This repeals the provision that permits a second class borough to exercise the power of economic development by ordinance, but only on a nonareawide basis.

TBC:med
03-217.med

By: Rhonda Boyles, Mayor
Introduced: 09/12/02
Adopted: 09/12/02

RESOLUTION NO. 2002 -70

A RESOLUTION IN SUPPORT OF AN AMENDMENT TO STATE LAW REGARDING MUNICIPAL POWERS AND ECONOMIC DEVELOPMENT

WHEREAS, the Fairbanks North Star Borough is a second class borough and has the power to provide economic development only on a non-areawide basis, outside the city limits; and

WHEREAS, the Fairbanks North Star Borough cannot expend revenue collected on an areawide basis for economic development; and

WHEREAS, the current separation of how funds may be expended for economic development reduces the overall effectiveness of city and borough funds; and

WHEREAS, an amendment of state law to provide that all municipalities may expend funds for economic development in their region of the state would grant the Fairbanks North Star Borough the authority to promote economic development for the Interior, including within the boundaries of the City of Fairbanks.

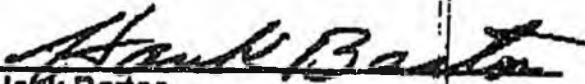
NOW, THEREFORE BE IT RESOLVED that Rhonda Boyles, Borough Mayor, and the Fairbanks North Star Borough Assembly supports an amendment to Alaska state law to authorize all local governments to provide economic development in their region of the state using areawide funds.

BE IT FURTHER RESOLVED that this resolution be distributed to:

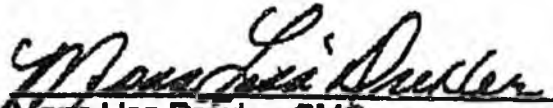
- Governor Tony Knowles
- Interior Delegation
- Mayor Rhonda Boyles, Fairbanks North Star Borough
- Fairbanks North Star Borough Assembly
- Mayor Steve Thompson, City of Fairbanks
- Fairbanks City Council
- Mayor Jeff Jacobson, City of North Pole
- North Pole City Council

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES

PASSED AND APPROVED THIS 12th DAY OF SEPTEMBER 2002.


Hank Bartos
Presiding Officer

ATTEST:


Mona Lisa Drexler, CMC
Municipal Borough Clerk

Ayes: Holm, Hutchison, Henry, Williams, Beck, Webb, Foote, Battley, Bartos
Noes: None

RESOLUTION NO. 2002-70
Page 2 of 2

Introduced by: Mayor Thompson
Date: August 12, 2002

**RESOLUTION NO. 4015
A RESOLUTION IN SUPPORT OF THE AMENDING STATE LAW
REGARDING MUNICIPAL ECONOMIC DEVELOPMENT POWERS.**

WHEREAS, As a Home Rule municipality, the City has the power to expend funds to promote economic development for interior Alaska without regard to the corporate boundaries of the City; and

WHEREAS, under current state law, second class boroughs like the Fairbanks North Star Borough only have non-area wide economic development powers, meaning that they face the impractical and illogical situation where they can technically only promote economic development in the areas of the borough outside cities; and

WHEREAS, amendment of state law so all municipalities may expend funds for economic development in their region of the state would grant the Fairbanks North Borough the authority to promote economic development for the Interior.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Fairbanks,

Section 1. The City of Fairbanks respectfully requests the Governor and the Alaska Legislature to amend state law to authorize all municipalities to expend funds to promote economic development of the region of the state in which they are located. Attached is suggested wording.

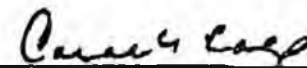
Section 2. That a copy of this Resolution be sent to the Governor, the Interior Delegation, and to the Alaska Municipal League.

Passed and Approved this 12 day of Aug, 2002.

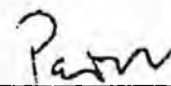

STEVE M. THOMPSON, MAYOR

AYES: 6
NAYS: 0
ABSTAIN:
ABSENT:
ADOPTED: August 12, 2002
ATTEST:

APPROVED AS TO FORM



Carol L. Colp, City Clerk



for Herbert P. Kuss, City Attorney

Introduced by: Mayor Jacobson
Adopted: August 5, 2002

CITY OF NORTH POLE

RESOLUTION 02-26

**A RESOLUTION IN SUPPORT OF THE AMENDMENT OF STATE LAW
REGARDING MUNICIPAL POWERS REGARDING ECONOMIC
DEVELOPMENT**

WHEREAS, the City of North Pole, as a Home Rule municipality, has the power to expend funds to promote economic development for Interior Alaska without regard to the corporate boundaries of the city; and

WHEREAS, over the past decades, the City has supported the visitor industry and other organizations that promote the economic development of the City of North Pole and the Interior; and

WHEREAS, under current state law, the Fairbanks North Star Borough only has non-area wide economic development powers, meaning that it faces the impractical situation where it can technically only promote economic development in the areas of the borough outside the City of Fairbanks and the City of North Pole; and

WHEREAS, amendment of state law to provide that all municipalities may expend funds for economic development will clarify that the Borough may promote economic development for Interior Alaska in the same manner as the City does.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of North Pole, that the City of North Pole respectfully requests the Governor and the Alaska Legislature to amend state law to authorize all municipalities to expend funds to promote economic development of the State and that a copy of this Resolution be sent to the Governor, the Interior Delegation, and to the Alaska Municipal League.

Passed and Approved this 5th day of August, 2002



Jeffrey James Jacobson
JEFFREY JAMES JACOBSON, Mayor

Kathryn Weber
KATHRYN WEBER, City Clerk

GREATER * FAIRBANKS
CHAMBER
OF COMMERCE

250 Cushman St., Suite 2D, Fairbanks, AK 99701-4665
phone: (907) 452-1105, fax: (907) 456-6968

e-mail: staff@fairbankschamber.org
website: www.fairbankschamber.org

March 4, 2003

Representative Jim Holm
State Capitol Building
Juneau, AK 99801

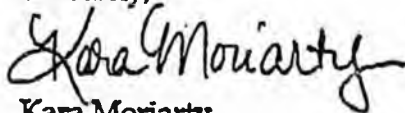
Dear Representative Holm:

On behalf of the Greater Fairbanks Chamber of Commerce Board of Directors, I would like to thank you for introducing House Bill 126, an act authorizing municipalities to provide for economic development and authorizing boroughs to expend revenue collected on an area-wide or non area-wide basis to provide for economic development.

This issue has been identified as one of the Chamber's top three legislative priorities for the year. The Board of Directors passed its first resolution of support for this change in state law in August 2002. Today, the Board made some simple revisions to the resolution and it attached.

We appreciate your leadership on this issue and we support House Bill 126 in its current form. We look forward to working with you on this issue. If you have any questions, please do not hesitate to give me a call.

Sincerely,



Kara Moriarty
President/CEO

**GREATER * FAIRBANKS
CHAMBER
OF COMMERCE**

250 Cushman St., Suite 2D, Fairbanks, AK 99701-4665
phone: (907) 452-1105, fax: (907) 456-6968

e-mail: staff@fairbankschamber.org
website: www.fairbankschamber.org

Introduced By: Board of Directors
Date Introduced: March 4, 2003
Date Passed: March 4, 2003
Date Transmitted: March 4, 2003

RESOLUTION 03-0304

**A RESOLUTION BY THE GREATER FAIRBANKS CHAMBER OF
COMMERCE SUPPORTING A CHANGE IN ALASKA STATE LAW
REGARDING MUNICIPAL POWERS AND ECONOMIC
DEVELOPMENT**

WHEREAS the City of Fairbanks is a Home Rule municipality; and

WHEREAS as a Home Rule municipality, the City of Fairbanks has the power to expend funds to promote economic development without regard to the city boundaries; and

WHEREAS this allows the City of Fairbanks to use public funds to promote economic development throughout Interior Alaska; and

WHEREAS the Fairbanks North Star Borough is a second class borough; and

WHEREAS as a second class borough, the Fairbanks North Star Borough may only expend funds for non-area wide economic development, which means the Fairbanks North Star Borough can only promote economic development in areas of the borough outside city limits; and

WHEREAS non-area wide economic development powers do not allow the Fairbanks North Star Borough to effectively expend funds for economic development due to the impractical stipulation that the funds cannot be spent within the city limits; and

WHEREAS a change in Alaska state law allowing municipalities to expend funds for economic development in their region of the state would allow the Fairbanks North Star Borough the authority to promote economic development for the Interior, including inside the city limits:



250 Cushman St., Suite 2D, Fairbanks, AK 99701-4665
 phone: (907) 452-1105, fax: (907) 456-6968

e-mail: staff@fairbankschamber.org
 website: www.fairbankschamber.org

NOW THEREFORE BE IT RESOLVED that the Greater Fairbanks Chamber of Commerce fully supports a change in Alaska state law to authorize all local governments to fund economic development in their region of the state, regardless of the source of funding.

BE IT FURTHER RESOLVED that this resolution be distributed to:

- Representative Jim Holm
- Governor Frank Murkowski
- Interior Delegation
- Mayor Rhonda Boyles, Fairbanks North Star Borough
- Fairbanks North Star Borough Assembly
- Mayor Steve Thompson, City of Fairbanks
- Fairbanks City Council
- Mayor Jeff Jacobsen, City of North Pole
- North Pole City Council

PASSED in Fairbanks, Alaska this 4th day of March, 2003 by the Greater Fairbanks Chamber of Commerce Board of Directors.

Terry Aldridge
 Board Chair

Kara Moriarty
 President/CEO

Subject: HB126

Date: Fri, 28 Feb 2003 14:23:38 -0900

From: Dean Owen <fedcowen@alaska.com>

To: jos_govaars@legis.state.ak.us

Jos, the Fairbanks Economic Development Corporation was very pleased to learn that Representative Holm has introduced HB 126 related to Municipal Economic Development. This legislation greatly assist the efforts of FEDC to develop economic opportunity in the Fairbanks area. We need to be able to apply our funding toward the best opportunities to develop a sustainable economy for our communities and the State.

Dean M. Owen
President and CEO
Fairbanks Economic Development Corporation



217 Second Street, Suite 200 • Juneau, Alaska 99801
Tel (907) 586-1325 • Fax (907) 463-5480 • www.akml.org

March 5, 2003

Representative James Holm
State Capitol, Room 110
Juneau, AK 99801

Re: HB 126

Dear Representative Holm,

The AML Policy Statement strongly supports local economic development activities. In fact, this year the AML created a special Economic Development Task Force to stimulate more local action in support of economic development. The AML Policy Statement also supports allowing municipalities optional powers and authority. Our understanding of HB 126 is that it simply creates an additional optional local power and is therefore consistent with AML Policy.

On a technical level, the ability to avoid areawide vs. nonareawide issues in economic development is basically simply broadening the current exemption in AS 29.35.100 for tourism marketing, which is also an economic development exemption.

An official specific AML position on HB 126 will be discussed by the AML Legislative Committee at their teleconference on March 24th.

Sincerely,

Kevin Ritchie
Executive Director

SB

227

SESSION ADDRESS:
Alaska State Capitol
Juneau, Alaska 99801-1182
(907) 465-4925
Fax: (907) 465-3517
Toll Free: 1-800-821-4925

Senator Gary Stevens
Alaska State Legislature

INTERIM ADDRESS:
112 Mill Bay Road
Kodiak, Alaska 99615
(907) 486-4925
Fax: (907) 486-5264



Sponsor Statement SB 227

Senate Bill 227: "An Act relating to municipal initiative and referendum elections."

SB 227 was introduced specifically to help local governments avoid costly special initiative elections and referendums brought forward by voters. In many cases, these measures are not so pressing in nature that they could not wait for the regular municipal election.

Special Elections are costly and generally result in a lower voter turnout than the regular election. Recently, the Fairbanks North Star Borough had over 46 petitions filed in a period of 4 months. Although these petitions resulted in only one special election (at a cost of \$35,000), there was a potential for many more special elections at great cost to the municipality.

This bill could result in cost savings to municipalities who could choose to wait until the next regular election, typically in October, to consider an issue. This legislation would give the municipal governing body the option of calling a special election if the Council or Assembly wished to have the initiative and referendum considered in a more timely manner.

This bill is supported by the Alaska Municipal League and the Kenai Peninsula Borough. I ask for your support of this important measure.

Sponsor Statement

Senate District R
Senator_Gary_Stevens@legis.state.ak.us



217 Second Street, Suite 200 • Juneau, Alaska 99801
Tel (907) 586-1325 • Fax (907) 463-5480 • www.akml.org

February 10, 2004

Senator Gary Stevens
State Capitol
Juneau, AK 99801

Re: Support for SB 227

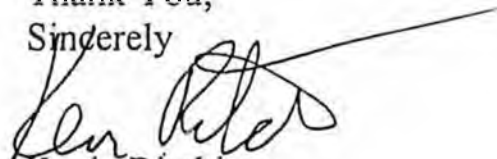
Dear Senator Stevens,

Thank you for introducing SB 227. This bill primarily removes the unfunded state mandate that municipalities hold special elections, and allows municipalities, with citizen input, to make their own decision regarding the scheduling of an election.

In times of great fiscal stress, allowing communities and citizens to save money by making local decisions on local issues is much appreciated.

The concept of the bill is strongly supported in the 2004 AML Policy Statement. The bill was also discussed again fully and endorsed by the AML Local Government Legislative Subcommittee on February 9, 2004.

Thank You,
Sincerely



Kevin Ritchie
Executive Director

Supporting
Documentation

Member of the National League of Cities and the National Association of Counties

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**KENAI PENINSULA BO**

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PostNet	Date	# of pages
Fax Note R7873	1/15/04	2
To	Drug	
From	Linda S. Murphy	
Phone		

LINDA MURPHY, MMC
 BOROUGH CLERK

April 29, 2003

The Honorable Gary Stevens
 Alaska State Senate
 State Capitol, Room 417
 Juneau, AK 99801-1182

RE: Requested Changes to Title 29 (Municipal Initiative and Referendum Elections)

Dear Senator Stevens:

It was a pleasure to meet with you in Juneau last week. As I discussed with you at that time, I am hopeful that you will sponsor legislation for the 2004 session that will eliminate the requirement that municipalities call a special election to consider an initiative or referendum brought forward by the voters. As you know, special elections are costly and generally result in a lower voter turnout than the regular election. In addition, most measures brought forward using the initiative or referendum process are not so pressing in nature that they could not wait for the regular municipal election. Of course, nothing in the change I am suggesting would prohibit the governing body from calling a special election if the Council or Assembly wished to have the matter considered in a more timely manner.

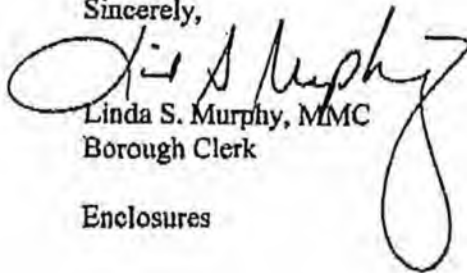
This amendment is supported by the Alaska Municipal League and is included in its 2003 policy statement. I have enclosed that portion of the policy statement for your information. I have also enclosed some language I drafted to make the requisite changes to AS 29.26.170 and AS 29.26.180.

You can expect support for this legislation from members of the Fairbanks North Star Borough delegation. Last year, the FNSB had a total of 46 petitions filed over a period of 4 months. Although these petitions resulted in only one special election (at a cost of \$35,000), there was the potential for many more at great cost to the municipality.

I will be asking Representative Seaton to sponsor a companion bill in the Senate. It is my hope that this bill can be prefiled in both houses this winter and move expeditiously through the legislature.

Thank you once again for your assistance.

Sincerely,


 Linda S. Murphy, MMC
 Borough Clerk

Enclosures

ALASKA ASSOCIATION OF MUNICIPAL CLERKS

RESOLUTION NO. 2004-01

**A RESOLUTION OF THE ALASKA ASSOCIATION OF MUNICIPAL CLERKS
SUPPORTING SB 227 AND HB 322 RELATING TO MUNICIPAL INITIATIVE
AND REFERENDUM ELECTIONS**

WHEREAS, municipal clerks in the State of Alaska strongly support the right of its citizens to petition the government through the initiative and referendum process; and

WHEREAS, AS 29.26.270 and 29.26.280 mandate that a municipality to conduct a special election on initiative and referendum questions respectively when no regular election occurs within 75 days after certification of a sufficient initiative or referendum petition; and

WHEREAS, there is no such requirement that mandates a special election for initiative and referendum questions submitted to the state for state elections; and

WHEREAS, special elections are costly, consume staff time for extended periods, and often result in a much lower turnout than the municipality's regular election; and

WHEREAS, it is often difficult to obtain election officials for multiple elections; and

WHEREAS, many municipalities are struggling to provide basic services to its citizens and cannot easily afford the cost of an unbudgeted special election; and

WHEREAS, in recognition of these factors, Senator Gary Stevens and Representative Paul Seaton have sponsored SB 227 and HB 322 respectively to eliminate the mandate that a municipality call a special election after certification of an initiative or a referendum petition; and

WHEREAS, nothing in these bills eliminates the local government option to call a special election if one is deemed necessary or advisable by the governing body;

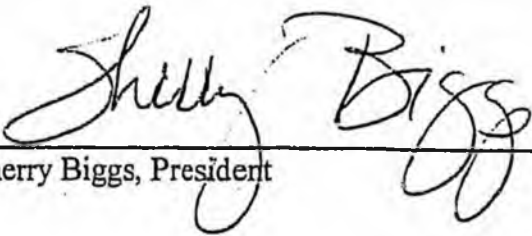
NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ALASKA ASSOCIATION OF MUNICIPAL CLERKS (AAMC):

SECTION 1. That AAMC supports the passage of SB 227 and HB 322 and urges the State Legislature to expeditiously move these bills through their respective houses.

SECTION 2. That a copy of this resolution shall be mailed to each member of the Alaska Senate and the Alaska House of Representatives.

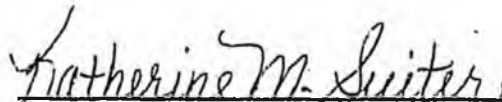
SECTION 3. That this resolution takes effect immediately upon its adoption.

ADOPTED BY THE ALASKA ASSOCIATION OF MUNICIPAL CLERKS this 7th day of February, 2004.



Sherry Biggs, President

ATTEST:



Katy Suiter, Secretary

By:	FNSB Assembly
Introduced:	02/12/04
Adopted:	02/12/04

FAIRBANKS NORTH STAR BOROUGH

RESOLUTION NO. 2004-15

A RESOLUTION SUPPORTING HB 322, "AN ACT REQUIRING A MUNICIPAL INITIATIVE OR MUNICIPAL REFERENDUM TO BE SUBMITTED TO THE VOTERS AT THE NEXT REGULAR ELECTION OCCURRING NOT SOONER THAN 60 DAYS AFTER CERTIFICATION OF THE INITIATIVE OR REFERENDUM PETITION" AND SB 227, "AN ACT RELATING TO MUNICIPAL INITIATIVE AND REFERENDUM ELECTIONS".

WHEREAS, AS 29.26.270 and 29.26.280 mandate that a municipality conduct a special election on initiative and referendum questions respectively when no regular election occurs within 75 days after certification of a sufficient initiative or referendum petition; and

WHEREAS, special elections are costly, consume staff time for extended periods, and result in a much lower turnout than the municipality's regular election; and

WHEREAS, it is difficult to obtain election officials and polling locations for special elections; and

WHEREAS, many municipality's are struggling to provide basic services to its citizens and cannot easily afford the cost of an unbudgeted special election; and

WHEREAS, HB 322 and SB 227 do not effect the right of the local governing body to call a special election if necessary.

NOW, THEREFORE, BE IT RESOLVED that the Assembly of the Fairbanks North Star Borough supports the passage of HB 322 and SB 227 and urges the State Legislature to expeditiously move these bills through their respective bodies

BE IT FURTHER RESOLVED, that copies of this resolution shall be sent to the Honorable Governor Murkowski and the Alaska State Legislature.

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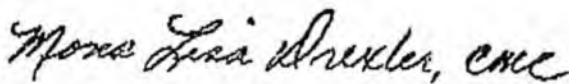
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PASSED AND APPROVED THIS 12th DAY OF FEBRUARY 2004.



Hank Bartos
Presiding Officer

ATTEST:



Mona Lisa Drexler, CMC
Municipal Borough Clerk

Ayes: Hutchison, Sattley, Rex, Henry, Williams, Beck, Frank, Aldridge, Cummings, Bartos
Noes: None



ALASKA STATE LEGISLATURE

SENATE COMMITTEE ON COMMUNITY & REGIONAL AFFAIRS

Senator Bert K. Stedman, Chair

Official Business

Senator Tom Wagoner, Vice-Chair
Senator Kim Elton
Senator Georgianna Lincoln
Senator Gary Stevens

State Capitol, Room 30
Juneau, AK 99801-1182
Phone: (907) 465-4989
Fax: (907) 465-3922

TO: Senate Secretary
FROM: Senator Bert Stedman
DATE: February 12, 2004
SUBJECT: C&RA Committee Schedule Week of February 16th, 2004

The following is the schedule for the Senate Committee on Community & Regional Affairs for the week of February 16th, 2004:

Feb 16 th	Monday	Fahrenkamp 203	1:30 PM
		NO MEETING SCHEDULED	
Feb 18 th	Wednesday	Fahrenkamp 203	1:30 PM
+*		SB 227 MUNICIPAL INITIATIVE AND REFERENDUM ELECTIONS	
		<i>Bills Previously Heard</i>	
+ =		SB 269 PARENTAL ACCESS TO CHILDREN'S RECORDS	
Feb 20 th	Friday	Fahrenkamp 203	1:30 PM
		NO MEETING SCHEDULED	

+ Teleconferenced
* First Hearing
= Previously Heard

SESSION ADDRESS:
Alaska State Capitol
Juneau, Alaska 99801-1182
(907) 465-4925
Fax: (907) 465-3517
Toll Free: 1-800-821-4925

Senator Gary Stevens
Alaska State Legislature

INTERIM ADDRESS:
112 Mill Bay Road
Kodiak, Alaska 99615
(907) 486-4925
Fax: (907) 486-5264

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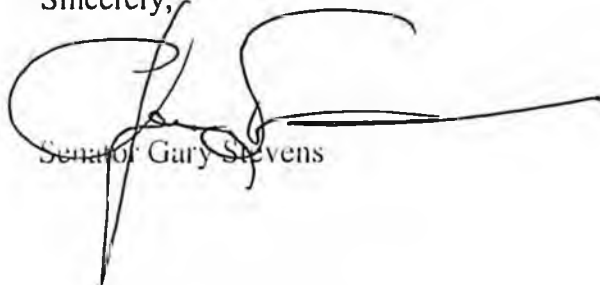
Memorandum

DT: January 16, 2004
TO: Senator Bert Stedman
Senate Community and Regional Affairs Committee
FR: Senator Gary Stevens
RE: SB 227

I would like to request a committee hearing at your earliest convenience on Senate Bill 227, "An Act Relating to municipal initiatives and referendum elections."

Thank you for your consideration of this request.

Sincerely,



Senator Gary Stevens

SESSION ADDRESS:
Alaska State Capitol
Juneau, Alaska 99801-1182
(907) 465-4925
Fax: (907) 465-3517
Toll Free: 1-800-821-4925

Senator Gary Stevens
Alaska State Legislature

INTERIM ADDRESS:
112 Mill Bay Road
Kodiak, Alaska 99615
(907) 486-4925
Fax: (907) 486-5264

Sponsor Statement SB 227

Senate Bill 227: "An Act relating to municipal initiative and referendum elections."

SB 227 was introduced specifically to help local governments avoid costly special initiative elections and referendums brought forward by voters. In many cases, these measures are not so pressing in nature that they could not wait for the regular municipal election.

Special Elections are costly and generally result in a lower voter turnout than the regular election. Recently, the Fairbanks North Star Borough had over 46 petitions filed in a period of 4 months. Although these petitions resulted in only one special election (at a cost of \$35,000), there was a potential for many more special elections at great cost to the municipality.

This bill could result in cost savings to municipalities who could choose to wait until the next regular election, typically in October, to consider an issue. This legislation would give the municipal governing body the option of calling a special election if the Council or Assembly wished to have the initiative and referendum considered in a more timely manner.

This bill is supported by the Alaska Municipal League and the Kenai Peninsula Borough. I ask for your support of this important measure.

Initiative

The right and procedure by which citizens can propose a law by petition and ensure its submission to the electorate.

referendum

The submission of a proposed public measure or actual statute to a direct popular vote.



ALASKA STATE LEGISLATURE

SENATE COMMITTEE ON COMMUNITY & REGIONAL AFFAIRS

Senator Bert K. Stedman, Chair

Official Business

Senator Tom Wagoner, Vice-Chair
Senator Kim Elton
Senator Georgianna Lincoln
Senator Gary Stevens

State Capitol, Room 30
Juneau, AK 99801-1182
Phone: (907) 465-4989
Fax: (907) 465-3922

February 18, 2004
1:30 – 3:30 PM
Fahrenkamp 203

AGENDA

I. Call To Order

II. Bills Previously Heard

SB 269 Parental Access to Children's Records

Sponsor Senator Lyda Green, Dist G (R-Wasilla)

III. New Business

SB 227 Municipal Initiative Referendum Elections

Sponsor Testimony:

Senator Gary Stevens, Dist R (R-Kodiak)

Public Testimony:

IV. Adjourn

**SENATE COMMITTEE REPORT
First Committee of Referral**

DATE: 5/15/03

FURTHER: State Affairs

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED IN TO OFFICE: 2/18/04

Community and Regional Affairs Committee considered SENATE BILL NO. 227

SB 227 MUNI INITIATIVE AND REFERENDUM ELECTIONS

"An Act relating to municipal initiative and referendum elections."

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
DCED	2/18/04		✓	

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✗			
<i>[Signature]</i>			✓	
CHAIR: <i>[Signature]</i>	✓			

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

May 16, 2003

SUBJECT: Sectional summary (SB 227)

TO: Senator Gary Stevens
Attn: Doug Letch

FROM: Tamara Brandt Cook
Director

TBC

Section 1. Requires a matter proposed by municipal initiative petition to be submitted to the voters at the next regular (municipal) election that occurs no sooner than 60 days after certification of the petition. Eliminates current provision for holding a special election on an initiative proposal.

Section 2. Technical change.

Section 3. Requires a referendum proposal to be submitted to the voters at the next election that occurs no sooner than 60 days after certification of the petition. Eliminates current provision for holding a special election on a referendum proposal.

TBC:med
03-551.med

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: SB 227
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
Title Muni Initiative & Referendum Elections RDU Comm Assist & Ec Dev (405)
Component Community Advocacy
Sponsor Senator Gary Stevens
Requester Senate Community & Regional Affairs Component No. 2703

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
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

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 0.0
Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation relates to municipal initiatives and referendum elections.

This legislation has no impact on the operations of this division.

Prepared by: Gene Kane, Director Phone (907) 269-4580
Division Community Advocacy Date/Time 2/18/04 8:45 AM
Approved by: Edgar Blatchford, Commissioner Date 2/18/2004
Agency Department of Community & Economic Development

SB

250

SESSION ADDRESS:
Alaska State Capitol
Juneau, Alaska 99801-1182
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Senator Gary Stevens
Alaska State Legislature

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112 Mill Bay Road
Kodiak, Alaska 99615
(907) 486-4925
Fax: (907) 486-5264



Sponsor Statement SB 250
(Updated February 4, 2004)

Senate Bill 250, "An Act establishing a moratorium on the issuance of state shallow natural gas leases in the vicinity of Kachemak Bay, and directing the commissioner of natural resources to reacquire shallow natural gas leases on the Kenai Peninsula within the moratorium area."

SB 250 reaffirms the State of Alaska's previous findings that Kachemak Bay and the Homer area are not appropriate for oil and gas development.

In 1976, the State of Alaska found it in the best interest of the state to reacquire oil and gas leasehold interests in Kachemak Bay and the surrounding upland areas. The state approved SB 720 (1976) because it found that the natural environment, resources, and intrinsic beauty of the Kachemak Bay area supported a community economic development path based on renewable resources such as tourism and fishing. The state reacquired the leases in 1976 so that the local communities would be unencumbered by the conflicts associated with oil and gas development in this unique environment.

In 1999, the state again found it to be in the best interest of the state to exclude the Homer area from the Area Wide Oil and Gas Lease Sale Program. Today, Homer enjoys the benefits realized by the forethoughts of previous state leaders. Surrounded by the Kachemak Bay Fox River Flats Critical Habitat Area, the Kachemak Bay State Park, the Alaska Maritime National Wildlife Refuge, and Alaska's only National Estuarine Research Reserve, Homer has built a thriving economy based on tourism, fishing, and small businesses.

An unintended consequence of the 1999 decision to exclude the Homer area from the Area Wide Oil and Gas Lease Sale Program of Cook Inlet basin was to make the area available for the streamlined and less regulated Shallow Natural Gas Leasing Program (HB 394, 1996).

Following the letter of the law in HB 394, but not the precedence set over the past 30 years, the Department of Natural Resources leased the subsurface rights of 22,000 acres of land in the Homer area (June, 2003). These leases include predominately residential areas, schoolyards, municipal reservoirs, and the natural environment excluded from past lease sales. There is serious concern that the benefits of exploiting such a small gas

reserve (22,000 acres to a depth of only 3,000 feet) would be much smaller than the economic and environmental costs to the community.

The residents of the Kachemak Bay area are also concerned about the streamlined process by which these leases were let, the lack of local public notice, the unintended statutory preemption of DNR's ability to consider public comments, the potential for administrative override of local ordinances, and the lack of clear, environmental regulations.

I urge your support for this extremely important legislation to continue the state's 30 year consensus of supporting the renewable resource economic development path of the Southern Kenai Peninsula.

CITY OF HOMER

HOMER, ALASKA

Mayor. Ladd.

RESOLUTION 03-147(S)

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA REGARDING LOWER PENINSULA SHALLOW NATURAL GAS LEASES AND COAL BED METHANE DEVELOPMENT.

WHEREAS, Leases for Coal Bed Methane (CBM) development in the City of Homer and surrounding areas have been approved by the State of Alaska, Division of Oil and Gas, and;

WHEREAS, Notification of said leases ~~was never forwarded~~ by the State of Alaska to the City of Homer **has not occurred since year 2000** and therefore this community was not given ~~adequate notice~~ **current information** in which to comment to the State concerning these leases and;

WHEREAS, At a Homer Public Information Meeting, November 10, 2003, the Department of Natural Resources, Department of Revenue, Department of Environmental Conservation, and the Alaska Oil and Gas Conservation Commission heard a preponderance of public testimony questioning the State of Alaska's decision to lease Lower Peninsula coal bed methane sub surface land without having provided notification to and timely opportunity for citizen input, and;

WHEREAS, The closed decision-making process utilized by the State of Alaska to lease Lower Peninsula coal bed methane land is contrary to widely held beliefs of Homer area residents and the City of Homer, and;

WHEREAS, CBM development could severely and adversely impact quality of life as well as private and public property including:

- the City of Homer water supply that serves approximately 1100 homes and businesses in the City via water mains and approximately 450 homes and businesses inside and outside the City via water trucks;
- groundwater vitally important for:

private water wells,

health of the general ecology and the local area economics that are heavily dependent on a healthy ecology (commercial, sport, charter, guided and subsistence fishing, visitor and tourism industries;

home and land values;

roads and public safety;

NOW, THEREFORE, BE IT RESOLVED, that the City of Council of Homer, Alaska declares that CBM development may not be consistent with the goals of the residential, commercial, recreational, and tourism growth of this community and that the potential adverse impacts of CBM development may far outweigh the potential benefits; and

Page Two

Resolution 03-147(S)

City of Homer

BE IT FURTHER RESOLVED, that the Homer City Council declares that projects such as natural gas leases and coal bed methane development are very sensitive to local planning and quality of life, and waiving shallow natural gas and CBM developer compliance from local ordinances and regulations based upon HB 69 is contrary to principles of representative government, and;

BE IT FURTHER RESOLVED, that the Homer City Council requests that the Legislature and the Governor agree to legislation providing the Commissioner of the Department of Natural Resources the authority to buy back the leases, ~~Director of the Division of Oil and Gas revoke the existing CBM leases or repurchase leases within the Homer Bridge Creek Watershed including other environmentally sensitive areas within the City, and deny all future applications for CBM development in, or near the City of Homer and surrounding area, and;~~

BE IT FURTHER RESOLVED, that the Homer City Council asks that the ~~Kenai Borough and the State of Alaska~~ place a moratorium on any further leasing or permitting of shallow gas leases and CBM activity in the area until the short and long term adverse effects of CBM and shallow gas development shall be studied and properly regulated in Alaska State ~~and Kenai Borough statutes~~, and;

BE IT FURTHER RESOLVED, that the Homer City Council requests legislators to repeal HBC9 so that local governments may properly regulate CBM development within their jurisdictions.

PASSED AND ADOPTED by the City Council of Homer, Alaska this 24th day of November, 2003.

CITY OF HOMER

ATTEST: JACK CUSHING, MAYOR

MARY L. CALHOUN, CMC, CITY CLERK

Fiscal Note: NA

**CITY OF KACHEMAK
KACHEMAK, ALASKA**

RESOLUTION 2003-12A

**A RESOLUTION OF THE CITY OF KACHEMAK, ALASKA
REGARDING LOWER PENINSULA SHALLOW NATURAL GAS
LEASES AND COAL BED METHANE DEVELOPMENT**

WHEREAS, leases for shallow gas or coal bed methane (CBM) development in Kachemak City and the surrounding Homer area have been approved by the State of Alaska, Division of Oil and Gas and;

WHEREAS, notification of said leases was never forwarded by the State of Alaska to Kachemak City, the City of Homer, individual property owners, or announced in either of the local papers and therefore this community was not given adequate notice in which to comment to the State concerning these leases;

WHEREAS, shallow gas or CBM development could severely and adversely impact private and public property including home and land values, groundwater, roads and public safety;

THEREFORE BE IT RESOLVED, that the Kachemak City Council declares that shallow gas or CBM development is inconsistent with the goals of this residential, commercial, recreational and tourism-oriented community and that the potential adverse impacts of natural gas or CBM development would far outweigh any potential benefits and;

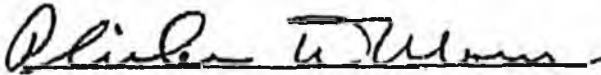
BE IT FURTHER RESOLVED, that Kachemak City requests the Director of the Division of Oil and Gas and all other relevant state agencies to immediately place a moratorium on all permitting activities related to shallow gas or CBM development in, or near, Kachemak City and;

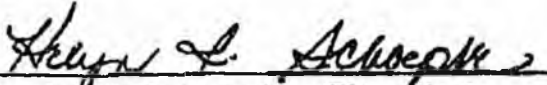
BE IT FURTHER RESOLVED, that Kachemak City requests the Alaska State Legislature to consider buying back the shallow gas leases sold in Kachemak City and the surrounding residential area, and to establish a new shallow gas and CBM program limited to non-residential lands with proper environmental safeguards and citizen participation.

BE IT FURTHER RESOLVED, that Kachemak City directs the Alaska Legislature to repeal HB69 so that local governments may properly regulate shallow gas or CBM development and impacts within their jurisdictions.

ADOPTED BY THE COUNCIL OF THE CITY OF KACHEMAK ON THIS 10th DAY OF December 2003.

CITY OF KACHEMAK


Philemon D. Morris, Mayor


Helyn I. Schoepke, City Clerk

Introduced by: Martin, Moss
Date: 12/16/03

KENAI PENINSULA BOROUGH
RESOLUTION 2003-___

A RESOLUTION REQUESTING AMENDMENT OF ALASKA STATUTES 31.05.125 AND 38.05.177(O), WHICH AUTHORIZE THE DEPARTMENT OF NATURAL RESOURCES COMMISSIONER TO WAIVE COMPLIANCE WITH LOCAL LAWS FOR SHALLOW NATURAL GAS LEASES IN LIMITED CASES, REQUESTING ADDITIONAL PUBLIC NOTICE REQUIREMENTS, AND REQUESTING THAT THE STATE BUY BACK SOUTH PENINSULA SHALLOW GAS LEASES

WHEREAS, in House Bill 69, effective June 7, 2003, the state legislature amended numerous provisions in state law to encourage the development of shallow natural gas resources; and

WHEREAS, in House Bill 394, effective October 9, 1996, the state legislature also amended numerous statutes to authorize shallow natural gas leasing from sources within 3,000 feet of the surface and including related provisions; and

WHEREAS, while the development of natural resources in Alaska is an important element of Alaska's economy, the recognition of property rights and local authority to regulate uses of property for protection of property rights is similarly important; and

WHEREAS, Sections 4 and 6 of HB 69 enact AS 31.05.125 and 38.05.177(o), which delegate to the Commissioner of the Department of Natural Resources (³DNR²) the authority to waive local requirements relating to compliance with local laws upon a demonstration of an overriding state interest; and

WHEREAS, the local planning authority, including planning commissions, councils and assemblies, are best able to understand and implement the needs of the local community respecting land uses; and

WHEREAS, it is in the state's best interest to develop its natural resources utilizing partnerships between the state, mineral lessees, surface owners and the public to ensure public understanding and involvement, as supported by Governor Murkowski in his November 12, 2003 address to the Alaska Municipal League; and

WHEREAS, HB 394 enacted AS 38.055.177 governing shallow gas leases, but only requires notice of the lease application be published in a newspaper of general circulation and not in additional local media if available; and

WHEREAS, requiring publication in the local media will significantly improve notice to members of local communities with local media; and

WHEREAS, the Homer community was not given adequate notice of the proposed shallow gas leases, and was not sufficiently made aware of the impact of HB 394 on the process used for issuing shallow gas leases; and

WHEREAS, because processing a lease application may take more than one year it is appropriate to require additional public notice as circumstances may have changed within the intervening year; and

WHEREAS, at a public meeting held November 10, 2003 in Homer, many residents encouraged the state to buy back the South Peninsula Shallow Gas Leases, and Governor Murkowski preliminarily indicated that he may consider this option after further analysis, if it is feasible and desired by the people, recognizing that any buy back would require legislative approval;

NOW THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. For all of the above reasons, the Kenai Peninsula Borough Assembly respectfully requests Governor Frank Murkowski and the Alaska State Legislature buy back the South Peninsula Shallow Gas Leases particularly within the Homer Bridge Creek Watershed and other environmentally sensitive areas in the Homer area.

SECTION 2. The Kenai Peninsula Borough urges the Alaska State legislature to significantly amend Alaska Statutes 31.05.125 and 38.05.177(o), to eliminate the ability of the state to waive local land use regulations without advance public notice and hearings, and to require the adoption of clear and high standards that must be met before any local laws may be waived by the DNR Commissioner to accommodate shallow gas leasing.

SECTION 3. That Alaska Statute 38.05.177(c) be amended to require notice of a lease application be published by local news media if available, as well as in a newspaper of general circulation, and to require additional such publication if more than one year elapses between submission of the lease application and final action on the application by the director.

SECTION 4. That copies of this resolution shall be provided to Governor Frank Murkowski, Representatives Vic Kohring, Carl Morgan, Mike Hawker, Kelly Wolf, Mike Chenault, and Paul Seaton, and Senators Georgianna Lincoln, Con Bunde, Thomas Wagoner, and Gary Stevens.

SECTION 5. That this resolution takes effect immediately upon its adoption.
ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS
16TH DAY OF DECEMBER 2003.

ATTEST: Pete Sprague, Assembly President

Linda S. Murphy, Borough Clerk

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Web posted Monday, January 5, 2004

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Public needs to be heard
South peninsula residents have legitimate concerns about leases

Milli Martin
Voices Of The Peninsula

Editor's Note: The following is a response to Sen. Tom Wagoner's column on shallow gas leases which was printed in the Peninsula Clarion on Dec. 29.

Kenai Peninsula Borough Resolution 2003-129, of which I am a co-sponsor, asks three things:

1. To buy back the Homer area leases;
2. To amend Alaska Statutes 31.05.125 and 38.05.177 to eliminate the ability of the state to waive local land use regulations; and
3. To require notice of lease applications be published by local news media if available, and to republicize if more than one year elapses between submission of the lease application and final action.

As I recall, the intent of House Bill 69 and other measures that passed the Legislature in the 2003 session, was a well intentioned and needed effort to streamline what had become a very cumbersome permitting process. But I also believe that as a result of House Bill 69 and the coastal zone management changes that the state has gone overboard. Putting up roadblocks to public participation is not good public policy, nor good government. It is the public, after-all, that all of us serve.

It was appreciated that Sen. Wagoner was the only senator willing to amend some of what the Senate put into House Bill 69. And please understand, I believe there is good in that bill that needs to remain. Prior to going to the Senate it was supported by Rep. Paul Seaton of Homer. However, so much was added, that although Sen. Wagoner's amendment certainly helped, the one

issue we all felt was wrong, was retained.

In the interim, Rep. Paul Seaton and Sen. Gary Stevens have pre-filed bills to buy back those leases, with the proviso to extend a credit to the purchaser toward new leases < which is in response to public requests.

Did landowners on the southern Kenai Peninsula know they do not own subsurface rights? Perhaps. True, that is a realm of buyer beware. However, because of the power extended to the

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beware. however, because of the power extended to the commissioner of the Alaska Department of Natural Resources, an appointed position, in House Bill 69, these same property owners are keenly concerned about what will happen with their lands and about private property rights that all of us cherish.

It has been my observation that the folks of the Kenai Peninsula consider their private property rights to be almost sacrosanct. It is one reason the Kenai Peninsula has so little zoning.

In reviewing the DNR history of the shallow gas leases, both in the Mat-Su and on the Kenai Peninsula, these were initially advertised in February of 2000 in the Peninsula Clarion, the Anchorage Daily News and the Frontiersman, for one day. That satisfied the requirements as set out in House Bill 394 in 1996 (Alaska Statute 38.055.177). There were leases being considered for the southern peninsula as well as Nikiski and Kasilof.

To then say that Homer was notified is a stretch. Advertising in the Clarion did clearly notify the north peninsula area, but not Homer. According to the the Peninsula Clarion's circulation manager, currently the newspaper delivers 23 issues of the Clarion to Homer via mail and sells about 25 to 35 per day besides, for a total circulation south of Anchor Point of 60 issues per day, maximum. Had this been advertised in the Homer News, it would have reached a circulation of 3,200! That is a vast difference. Note, too, the leases were initially advertised in 2000, but were not let until June of 2003, with no further noticing. It is my view that posting of notices to the Homer Post Office is useless, because where it is posted, if it is posted, is in a small box behind the stamp machine, where it is rarely seen by the public. This issue of noticing to the public is in my view a violation of due process.

As noted by the Department of Natural Resources in its report of the history of these leases, DNR received 14 public comments from the Talkeetna area. (The leases were advertised in the local paper, the Frontiersman.) Subsequently, DNR arranged several public hearings in the community, and as a result withdrew that sale noting "the staff met and corresponded with the Talkeetna Community Council and residents of the area. ... Geologists from two agencies independently reported that this prospective lease would be of only marginal interest for commercial production of coalbed methane and that the area is estimated to have low potential ... (and) have concluded that, in this case, community concerns outweigh the probability of significant benefits to the State."

Would the Homer area have been given the same consideration? I believe so.

How many times during the ensuing discussions has the Kenai Peninsula Borough's oil and gas liaison stated that the lower peninsula is of marginal interest? The attendance at the two public hearings in Homer, conducted long after the fact, certainly demonstrated community feelings.

Where is, where was, the consideration for that before the leases were let?

It has been said that buying back the leases would be bad for business on the peninsula. I disagree.

To the contrary, good business practices would indicate that they will be far more comfortable working in an area where proper groundwork has been laid beforehand. Unfortunately, the people of Homer were

not included in the process, and it was wrong.

Does the southern peninsula oppose gas and oil development? I believe residents have legitimate concerns because of unstable soils, the bluff, their drinking water supply (one lease is directly under the city of Homer reservoir) and the impact on the tourism industry, as well as the issues reviewed above.

These are all issues that should have received a thorough review before the leases were let. To just say we oppose all development flies in the face of the facts. The borough economic reports certainly indicate a rather healthy economy in Homer. I think the record will show that considerable gas reserves will be tapped in the North Fork area outside of Anchor Point that will benefit both the Homer area and the north peninsula for some years to come.

Development is a given, and it will happen. But it has to happen right, with public planning and public input.

As Gov. Frank Murkowski said in his address to the Alaska Municipal League last November, with resource development there must be public participation. It didn't happen here.

We are asking to start the process over and give us the same consideration that was extended to Talkeetna, and we would certainly appreciate Sen. Wagoner's support in that effort.

Milli Martin is a member of the Kenai Peninsula Borough Assembly. She represents District 9, the South Peninsula.

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Senator Gary Stevens

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Phone: (907) 465-4989
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February 04, 2004
1:30 – 3:30 PM
Fahrenkamp 203

AGENDA

I. Call To Order

II. New Business

SB 250 Natural Gas Lease Closure Kachemak Bay & Kenai Peninsula

Sponsor: *Senator Gary Stevens, Dist R (R-Kodiak)*
Fiscal Impact: *Mark Meyers, Director Oil & Gas, DNR*

III. Old Business

Bills Previously Heard/Scheduled

IV. Adjourn

February 4th, 2004

C&RA MEETING SCRIPT

TO BEGIN

The meeting of the Senate **Community & Regional Affairs**

Committee is called to order. Let the record show it's

1:34 **PM on February 4th 2004.**

Let the record show there is a quorum. Present are:

Vice-Chair Senator Wagoner

Senators Stevens, Elton, Lincoln

and myself Senator Stedman.

CHAIR'S INTO REMARKS

Today we will consider **SB 250, introduced by our own Senator**

Gary Stevens, which establishes a moratorium on the issuance

of shallow natural gas leases in the Kachemak Bay area and

asks the state to reacquire existing leases within the

moratorium area along the Kenai Peninsula.

This is a bill that touches on a number of vital areas of concern to

the state. It has potential revenue and cost implications to the

state's treasury and I know it is also of concern to the constituents in the effected communities.

Which is way it is **not my intention** to move this bill today, but to allow **Senator Stevens** to familiarize the members with it and then have **Mark Meyers, Director of Oil & Gas, Department of Natural Resources** speak to the fiscal impact. So we will not be taking public comment here today, but as always, the public is welcome to submit written comments via e-mail or fax to my office. However, we have members of the public in the committee room today and have invited interested members from other communities – specifically the effected communities of **Homer & Kenai** - to listen in through their local Legislative Information Office.

Senator Stevens, would you like to begin by giving us an introduction of this bill?

SPONSOR TESTIMONY:

****** Senator Stevens Testimony******

QUESTIONS BY THE CHAIR:

****** Questions******

QUESTIONS BY MEMBERS:

****** Questions******

INTRODUCTION OF SECOND WITNESS:

Are there other questions for **Senator Stevens** from the members?

If there are no other questions for Senator Stevens, **Director Meyers**, would you please begin by identifying yourself, who you represent and then give us your thoughts on the fiscal impact of this bill on the state.

WITNESS TESTIMONY:

****** Mark Meyers Testimony******

QUESTIONS BY MEMBERS:

****** Questions******

Are there other questions for **Director Meyers** from the members?

CHAIR'S CLOSING REMARKS:

I'd like to thank you both for your testimony today, it has been very informative.

ADJOURN

There being no further business before the committee, our next meeting will be here at **1:30pm Monday, February 9th** - where will will take up **SB 260**.

We are adjourned at 2:21 PM

POTENTIAL QUESTIONS
C&RA Committee
February 4, 2004

For Sen Stevens:

Senator Stevens, as I consider this bill, what would really help me understand the effected areas better, is a detailed map outlining the specific moratorium areas. I see that Section 1 of the bill refers to leases in the "vicinity of Kachemak Bay to adjacent upland areas". If our intent is to close off land to potentially valuable economic development, I think we need to look carefully at those areas and make sure we don't paint it with too broad a brush. Perhaps you could provide the committee with some additional detail for our consideration???

In addition to the negative cost to the State of buying back the existing leases, there will also be a revenue effect in the form of lost royalties to the state. Might this moratorium also have an effect on local city and borough funds if we close development in this area?

FOR Director Meyers:

I understand that DNR has been working through the process of determining whether site specific measures - like setback requirements, noise thresholds, water quality, etc. – might be necessary before actually methane development begins, can you tell us whether that analysis has been completed in the areas effected by this moratorium?

Director Meyers, I see that the City Council of Homer has passed a resolution in support of this bill. In that resolution, they state that DNR did not consider public testimony in opposition to area CBM leases and that the State used a “closed decision-making process” to lease land in the Lower Kenai Peninsula. How do you feel about that assertion?

Bertal Bates

I know that one concern has been that the subsurface rights leased in the Homer area last year through HB 69 – used a streamlined and less regulated process available only to Shallow Natural Gas leases. The implication being that if the Oil & Gas leasing process had been followed, that the bill might not have passed. Can help me understand how the public's involvement – either individual landowners and/or the local borough governments – is different under the two leasing procedures??

I don't understand how ~~the~~ the fiscal impact on the state is “Indeterminate”? I know it will be negative, but can't we get at least a base-line estimate? If we are talking about buying back 8 shallow

natural gas leases – at a minimum we should know what those leases initially sold for?

Do you have a sense for what the loss revenue to the state might be if 22,000 acres in Homer were taken off the table for development?