

**TESTIMONY OF DAVID LANDIS,
MAYOR OF THE KETCHIKAN GATEWAY BOROUGH**

**BEFORE THE UNITED STATES SENATE
COMMITTEE ON ENERGY AND NATURAL RESOURCES**

**THE NEED TO PROVIDE GREATER FISCAL CERTAINTY
FOR RESOURCE-DEPENDENT COMMUNITIES
WITH TAX-EXEMPT FEDERAL LANDS**

MAY 2, 2017

Madam Chair Murkowski, Ranking Member Cantwell, and Members of the Senate Committee on Energy and Natural Resources: For the record, my name is David Landis, I am the Mayor of the Ketchikan Gateway Borough in Alaska.

Boroughs in Alaska are unlike boroughs in other states which you may be familiar with. Organized boroughs in Alaska are municipal corporations – they are equivalent to a higher form of county government.

The Ketchikan Gateway Borough has existed for more than a half-century. It has a broad range of significant responsibilities including:

- public education (K-12);
- tax assessment and collection;
- public transportation (airport, ferries, and buses);
- fire protection and emergency medical services;
- utilities (water, sewer, and solid waste);
- libraries;
- parks and recreation;
- animal control;
- land use regulation, planning, and platting;
- road maintenance;
- docks; and
- economic development.

Nationwide, nearly 28 percent of the land in our great country is owned by the federal government. However, there is federal ownership of 96.7 percent of all lands within the corporate boundaries of our Borough. Because that figure is so astounding, it warrants repeating: 96.7 percent of all lands within the Ketchikan Gateway Borough are owned by the federal government. All told, the federal land within our boundaries comprises an area larger than the entire state of Connecticut.

Beyond the extensive federal ownership, almost 3 percent of the land in the Borough is owned by other tax-exempt entities (e.g., State of Alaska, Native corporations, local governments, and non-profit corporations). Thus, over ninety-nine and a half percent of the land in the Borough is

exempt from property taxes. This leaves a less than one-half of one percent of the land within the Ketchikan Gateway Borough which is subject to taxation.

Clearly, those circumstances can create significant challenges in terms of developing and maintaining an economy and funding local public services.

For 90 years -- beginning with the creation of the Tongass National Forest in 1907 -- residents of Ketchikan have been blessed with the ability to utilize, in a responsible and sustainable manner, the abundant natural resources which surround us. That ended in the mid-1990s with significant shifts in federal land-use policies which were forced upon us and prevented us from utilizing nearly all of the lands within our region.

As a result, the foundation upon which the Ketchikan Gateway Borough was formed has crumbled. Fortunately, the federal government has sustained Secure Rural Schools funding and PILT payments to provide a modest, but important, measure of compensation for the tax-exempt status of 96.7 percent of lands within the Borough.

The Ketchikan Gateway Borough dedicates its Secure Rural Schools funding to help pay the cost of educating the 2,285 students served by the Borough's schools. PILT funding is efficiently utilized for other critical Borough services outlined earlier.

However, that critical federal support has eroded significantly -- more than 30 percent -- in the past eight years alone. These two programs face real threats of further significant reductions. Continued reductions in program funding are untenable. At the same time, Borough residents acknowledge the need for fiscal reform at the federal level.

The citizens of the Ketchikan Gateway Borough support solutions. These may include a revival of the timber industry through creation of a State forest (e.g., Representative Don Young's 2-million-acre allocation proposal) or a multi-year stream for SRS and PILT funding programs. In our view, Congress cannot continue the current course of preventing reasonable and responsible use of federal lands while compensating organized boroughs and counties significantly less and less for the tax-exempt status of those lands.

The severe challenges that land ownership in the Borough present in terms of funding local services are compounded by the fact that the State of Alaska is presently experiencing the greatest fiscal challenge in its history.

While our State officials have struggled to resolve the State of Alaska's own fiscal crisis, I have witnessed ever higher costs pushed onto the Ketchikan Gateway Borough by the State of Alaska. Again, the same is happening at the federal level with regard to SRS and PILT funding, and other beneficial federal programs.

Given the circumstances which I have outlined here today, the Secure Rural Schools and Community Self Determination Act program -- which has existed in some form for more than a century -- and the Federal Payments In Lieu of Taxes program -- which has been around for more than four decades -- are truly vital to maintaining essential public services in the Ketchikan

Gateway Borough. The federal funds received under PILT and the SSRS Program are a critical offset to our losses in property taxes due to the significant federal lands within the boundaries of the Ketchikan Gateway Borough. These programs recognize that the inability of local governments to collect property taxes on federally-owned land have a significant financial impact on municipal governments such as the Ketchikan Gateway Borough.

I implore you to recognize that these federal programs have stood the test of time and are more critical now than ever. The federal government must not turn its back to the boroughs and counties within its 50 great states – not now – not ever.

Madam Chair, thank you for the opportunity to testify before the Committee this morning. If you have questions, I will do my best to answer them now. If I cannot answer them this morning, I will follow up as quickly as possible.