

From: [Michael Nigro](#)
To: [Commission, Boundary \(CED sponsored\)](#); [Smith, Jedediah R \(CED\)](#)
Subject: Berg/Nigro Xunaa Borough Petition Comments
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February 19, 2024

Local Boundary Commission
Division of Community & Regional Affairs
Department of Commerce, Community & Economic Development
550 W. 7th Ave., Suite 1650
Anchorage, AK 99501

To Whom It May Concern:

We're writing to comment on the City of Hoonah's petition for the incorporation of a new Xunaa Borough and to object to the proposed boundaries, which are not in the best interests of the state or neighboring communities.

The petition provides no explanation or justification for including over 10,000 square miles in its jurisdiction, which would include all the waters of Glacier Bay and Icy Strait. This can only mean that its size is intended to maximize the amount of state municipal entitlement lands that the state would be required to provide the borough. The state would struggle to deliver un-reserved lands within the borough for municipal entitlement which would result in a need to deliver state or federal lands within the borough. Reducing the size of the borough would resolve this issue.

Incorporation of the borough with its current boundaries would also tightly encroach on our community of Gustavus, along with Pelican, and Tenakee Springs. The borough would control adjacent land and waters on which these communities depend and which are critical to maintaining their resource-based economies and subsistence lifestyle.

The enclave cities of Gustavus, Pelican, and Tenakee Springs comprise over half the population of the unorganized borough. Looking to the future, there is the possibility that the new Hoonah borough could later annex these cities by legislative action. To prevent that, each city or a coalition of northern Icy Straits communities would need to form their own borough, much like Skagway did in order to prevent being annexed by Haines. However, the proposed boundaries do not allow these three communities to be accessible to each other and would allow no adjacent land for future growth since it would be part of Hoonah's borough. If the Northern Icy Strait communities are separated by boundaries, it would limit our ability to possibly form a future borough based on shared cultural, economic, business and subsistence models.

There is further concern that the annual budget for the City of Gustavus (COG) would suffer

significantly by the loss of Federal Payment in Lieu of Taxes (PILT) and State Forest Timber receipts, both of which fund a majority of the COG's annual budget, including the annual maintenance of our unpaved road system. The loss of revenue for our community would not serve the state's interest.

It's the intent of the new borough to assess a seasonal 1% sales tax which would include charter and tour boat operators along with commercial fisherman whose point of sale and base of operations are not within the borough's boundaries, but who conduct their business or even merely transit through the borough waters. This presents more questions than answers and the petition lacks the practical information on how this tax would be implemented. It seems an argument could be made citing overreach by the borough in taxing businesses that are not based in the borough and therefore won't benefit, unlike businesses that are based in Hoonah proper.

There are several other points of concern in the petition that have been raised in letters to the LBC by other interested parties and municipalities that we won't address here. We would only encourage the LBC to examine the issues closely to determine the accuracy and legitimacy of the borough petition.

Thank you for your time and attention to this matter.

Respectfully Submitted,

Kara Berg & Michael Nigro
PO Box 81
Gustavus, AK 99826
Email: mjnalaska@gmail.com