



STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

Division of Community and Regional Affairs

Sean Parnell, Governor
Emil Notti, Commissioner
Tara Jollie, Director

MEMORANDUM

DATE: April 9, 2010
TO: Ted Madsen, Legislative Aide
FROM: Ronald Brown, Asst. State Assessor *REB*
RE: HB 10 Fiscal Impact Estimates

Per your request, here is a short synopsis of the estimated fiscal impacts, by section, for HB 10.

Sections 1 & 2: The immediate impact of section one would be zero, since it extends an exemption that is already in place. However, the estimated value of the assets currently exempted is estimated at \$200,000,000. The four mill equivalency on the possessory interest of these assets is estimated at \$400,000 per year in state education funds. The extension of the exemption to November 30, 2012 would mean that these assets would not appear on the full value determination until the year 2013. Thus the four mill equivalency payments would not commence until the 2015 cycle.

Section 3: The impact of this section should be limited primarily to Fairbanks and Anchorage due to the military emphasis, however there may be some limited impact in other communities. Estimated costs to Fairbanks and Anchorage should be less than \$50,000 each, per year. The fiscal impact to other municipalities would be far less if any at all.

Sections 4 & 5: The current 2010 valuation of the APU/ASI property is \$14,704,200 for land and building. Using last year's millage rate of 15.5, this equates to approximately \$227,915 in taxes for the year. The property is leased for 20 years with a remaining term of 13 years, consequently the possessory interest value would be approximately \$8,961,300. At the same rate of 15.5 mills, the taxes on this amount would be \$138,900. Thus the fiscal impact to the Municipality of Anchorage would be close to \$89,015 for 2010. Note however, that as the remaining life of the lease decreases, the negative fiscal impact of the exemption would increase each year until the lease fully expires.

Section 6: If adopted by a municipality, the estimated impact should be less than \$30,000 in the Anchorage area and it is estimated it would be less than \$100,000 statewide.

Please let me know if there is any other information you require.