



Southeast Alaska Building Industry Association

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February 4, 2015

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The Honorable Mayor Sanford
Assembly Members
City and Borough of Juneau
155 S. Seward Street
Juneau, AK 99801

Dear Mayor and Assembly Members:

I am writing to ask for your support for a legislative change to AS 29.45.051 pertaining to tax deferral for certain subdivision property.

Representative Munoz introduced legislation to defer increased property tax on newly created subdivisions for a period of five years or until sold. This legislation was at the request of members of the Southeast Alaska Building Industry Association (SEABIA) and the Juneau Affordable Housing Commission as well as the Alaska State Home Building Association (ASHBA). Representative Munoz was well aware of the housing issues facing Juneau as she is a past Chairwomen of the Juneau Affordable Housing Commission. The legislation passed and was put into law locally the following year with City Ordinance #2013-20(b).

Since passage of the property tax deferral legislation and local acceptance of it few builders/developers have used the deferral. Reports from these people to Representative Munoz' office have stated that the incentive is not enough for the work to take advantage of a deferral given that the added tax liability created when subdividing raw land is still owed. Developer's experience across the state has shown that lots created have been lost due to unpaid property taxes given the ups and downs of the state economy.

A tax exemption of the increased tax amount due when creating additional lots will put more buildable lots on to the real-estate market. This exemption will not affect local government revenue as it is an exemption of only the increase in value of the property. The tax amount on a property would remain the same until the new lots for a period of five years or until lots are sold. It is the belief of ASHBA, SEABIA and members of the Juneau Affordable Housing Commission that the exemption will in fact create additional property tax income. As new lots become available homes will be built, thus increasing the purchased/developed lots value 100 fold.

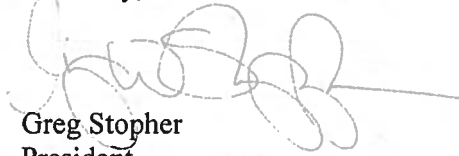
The proposed change from a deferral to an exemption was brought to the attention of the Affordable Housing Commission and the Mayor almost a year ago, with SEABIA's understanding that a letter of support would be sent from the Mayor to Representative Munoz last spring. At this time, it is our understanding that Representative Munoz is waiting on a signed letter from the mayor. With support

from the Mayor, Representative Munoz is in a position to facilitate introduction of legislation for the proposed change to AS 29.45.041.

Time is of essence on this matter as the legislative session is underway and time is short for introduction of legislation.

We appreciate your support on this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Stopher", with a long horizontal line extending to the right.

Greg Stopher
President
Southeast Alaska Building Industry Association

cc: Representative Cathy Munoz
CBJ Affordable Housing Commission
Alaska State Home Building Association
SEABIA Board of Directors