

Terry Harvey

From: Herman, Marcy J (EED) <marcy.herman@alaska.gov>
Sent: Wednesday, April 15, 2015 2:07 PM
To: Terry Harvey; Crystal Koeneman
Cc: Peterson, Darwin R (GOV); Wilcox, Lacy J (GOV); McClanahan, Natasha S (GOV); Grant, Jordyn A (GOV)
Subject: EED//HB 146

Hey Terry & Crystal,

Below is Elizabeth's response to your question. Additionally, she listened to Ron Brown's testimony in SFIN committee from yesterday before responding.

How does HB146 effect the state and local finances?

The foundation formula bases the required local contribution on the full and true value of the taxable real and personal property in the district as determined by the Department of Commerce, Community, and Economic Development under AS 14.17.510 and AS 29.45.110.

What Ron Brown the state assessor testified to is that there are optional and mandatory exemptions and that the optional exemptions do not decrease the DCCED full and true value that is reported to DEED. Because the full and true value reported to DEED is not reduced for optional exemptions, there is not a reduction in the required local effort and therefore the local share versus the state share does not change based on optional exemptions.

So far as the local effect, the foundation requires 2.65 mils of local contribution on full and true value without subtraction of the optional exempt property as discussed above. Because the total 2.65 mil contribution is still required but some property is exempted or deferred the burden of funding the exempted or deferred 2.65 mil local effort for education would need to come from another place, for example the remaining municipality tax payers.

Please let me know if there are additional questions.

Thank you,

Marcy

Marcy Herman
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Terry Harvey

From: Bob Bartholomew <Bob.Bartholomew@juneau.org>
Sent: Tuesday, April 14, 2015 10:41 AM
To: Kevin Jardell; Terry Harvey
Cc: Kim Kiefer
Subject: State FTV Calculation
Attachments: Full Value Determination Worksheet 2014.pdf

Hello,

Attached is 2014 State Assessor Worksheet for calculating CBJ Full & True Value (Real & Personal Property Values). You can see in Column 3 where the Locally Optionally Exempted Property is added back to get to FTV. FTV is multiplied by 2.65 Mills to determine the local minimum required school funding. So if you have increased value when real property is subdivided that increased value is included in FTV. An optional exemption for that increased value does not change FTV. The local government would collect less in property taxes but still be obligated to pay the local minimum required school funding, based on FTV.

Bob

Note: New E-mail address – Bob.Bartholomew@Juneau.org

Bob Bartholomew

Director of Finance

City and Borough of Juneau

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FULL VALUE DETERMINATION WORKSHEET					
OFFICE OF THE STATE ASSESSOR					
	Municipality:	City & Borough of Juneau			Valuation Year
	Population:	33,064			2014
Real Property					
	Locally	Optionally	Total		OSA
<u>Explanation</u>	<u>Assessed \$</u>	<u>Exempted \$</u>	<u>Taxable \$</u>	<u>Ratio</u>	<u>Full Value \$\$\$</u>
THIS LINE RESERVED FOR OSA VALUES				RNHA	\$27,551,200
Comm. Purpose (Real)	\$0	\$20,426,200	\$20,426,200	97.34%	\$20,984,400
	\$0	\$0	\$0	97.34%	\$0
	\$0	\$0	\$0	97.34%	\$0
	\$0	\$0	\$0	97.34%	\$0
	\$0	\$0	\$0	97.34%	\$0
ALL	\$4,055,145,300	\$0	\$4,055,145,300	97.34%	\$4,165,959,800
Real Property Total	\$4,055,145,300	\$20,426,200	\$4,075,571,500		\$4,214,495,400
Personal Property					
	(Locally Est.)				
Property	Locally	Optionally	OSA		
<u>Type</u>	<u>Assessed \$</u>	<u>Exempted \$</u>	<u>Dollar Estimates</u>		<u>Full Value \$\$\$</u>
Motor Vehicles	\$0	\$0	\$164,784,443		\$164,784,400
Aircraft	\$2,392,189	\$2,054,200	\$14,655,987		\$19,102,400
Boats & Vessels	\$0	\$0	\$62,652,211		\$62,652,200
Mach/Equip/Fixt	\$340,185,044	\$48,859,407	\$0		\$389,044,500
Inventory	\$0	\$0	\$66,128,000		\$66,128,000
Export Mfg (BPP)	\$0	\$0	\$0		\$0
Comm Purpose (BPP)	\$0	\$0	\$0		\$0
1ST \$100K BPP	\$0	\$0	\$0		\$0
Personal Prop. Total	\$342,577,233	\$50,913,607	\$308,220,641	Overall	\$701,711,500
				Ratio	
Real/Personal Total	\$4,397,722,533	\$71,339,807	\$4,383,792,141	89.45%	\$4,916,206,900
COMPILATION OF FULL VALUE					
REAL PROPERTY			\$4,214,495,400		
PERSONAL PROPERTY			\$701,711,500		
STATE ASSESSED OIL & GAS (43.56)			\$0		
OIL & GAS SUPPL.			\$0		
TOTAL FULL VALUE DETERMINATION			\$4,916,206,900		\$4,916,206,900
			Includes 43.56		EXcludes 43.56
			Oil & Gas Prop.		Oil & Gas Prop.
Previous Years FVD :	\$4,892,381,900	0.49%	(Current year increase/(decrease) from previous year)		

**FULL VALUE DETERMINATION WORKSHEET
OFFICE OF THE STATE ASSESSOR**

	Municipality:	Sample			Valuation Year
	Population:	10,000			2015
Real Property					
Explanation	Locally Assessed \$	Optionally Exempted \$	Total Taxable \$	Ratio	OSA Full Value \$\$\$
	THIS LINE RESERVED FOR OSA VALUES				RNHA
\$50,000 Hmsted Ex.	\$0	\$30,000,000	\$30,000,000	95.00%	\$0
Over \$150,000 SC/DAV	\$0	\$17,000,000	\$17,000,000	95.00%	\$31,578,900
Deteriorated Property	\$0	\$1,000,000	\$1,000,000	95.00%	\$17,894,700
Newly Subdivided	\$0	\$5,000,000	\$5,000,000	95.00%	\$1,052,600
				95.00%	\$5,263,200
Local Assessed Real	\$500,000,000	\$0	\$500,000,000	95.00%	\$0
					\$526,315,800
Totals	\$500,000,000	\$53,000,000	\$553,000,000		\$582,105,200
Personal Property		(Locally Est.)			
Property Type	Locally Assessed \$	Optionally Exempted \$	OSA Dollar Estimates		Full Value \$\$\$
Motor Vehicles	\$0	\$0	\$105,000,000		\$105,000,000
Aircraft	\$7,000,000	\$13,000,000	\$0		\$20,000,000
Boats & Vessels	\$0	\$2,000,000	\$0		\$2,000,000
Mach/Equip/Fixt	\$20,000,000	\$0	\$0		\$20,000,000
Inventory	\$0	\$0	\$10,000,000		\$10,000,000
Misc	\$14,000,000	\$0	\$0		\$14,000,000
Supplemental	\$0	\$0	\$0		\$0
Personal Prop. Total	\$41,000,000	\$15,000,000	\$115,000,000	Overall Ratio	\$171,000,000
Real/Personal Total	\$541,000,000	\$68,000,000	\$668,000,000	71.84%	\$753,105,200
COMPILATION OF FULL VALUE					
REAL PROPERTY			\$582,105,200		
PERSONAL PROPERTY			\$171,000,000		
STATE ASSESSED OIL & GAS (43.56)			\$0		
OIL & GAS SUPPL.			\$0		
TOTAL FULL VALUE DETERMINATION			\$753,105,200		
			Includes 43.56		
			Oil & Gas Prop.		