

ALASKA STATE LEGISLATURE
HOUSE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE

March 12, 2015

8:05 a.m.

MEMBERS PRESENT

Representative Cathy Tilton, Chair
Representative Paul Seaton, Vice Chair
Representative Shelley Hughes
Representative Harriet Drummond
Representative Dan Ortiz

MEMBERS ABSENT

Representative Benjamin Nageak
Representative Lora Reinbold

COMMITTEE CALENDAR

CONFIRMATION HEARING(S):

State Assessment Review Board

William Roberts - Kodiak

- CONFIRMATION(S) ADVANCED

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

WILLIAM ROBERTS, Appointee
State Assessment Review Board
Kodiak, Alaska

POSITION STATEMENT: During the confirmation hearing for the State Assessment Review Board, provided his background and answered questions.

STEVE VAN SANT, Appointee
State Assessment Review Board
Palmer, Alaska

POSITION STATEMENT: During the confirmation hearing for the State Assessment Review Board, provided his background and answered questions.

ACTION NARRATIVE

[8:05:13 AM](#)

CHAIR CATHY TILTON called the House Community and Regional Affairs Standing Committee meeting to order at 8:05 a.m. Representatives Seaton, Hughes, Ortiz, and Tilton were present at the call to order. Representative Drummond arrived as the meeting was in progress.

CONFIRMATION HEARING(S): **State Assessment Review Board**

[8:05:39 AM](#)

CHAIR TILTON announced that the only order of business would be the consideration of the appointees to the State Assessment Review Board, which is a five-member board of members knowledgeable in assessment procedures for pipeline transportation of gas or unrefined oil. The members of the board are appointed by the governor. She highlighted that the board conducts oil and gas property assessment appeal hearings on values set by the Department of Revenue. Chair Tilton then reminded the committee that its job is only to review the histories and qualifications of the appointees and [that signing the reports regarding appointments to boards and commissions in no way reflects individual members' approval or disapproval of the appointees, and that the nominations are merely forwarded to the full legislature for confirmation or rejection.]

[8:06:55 AM](#)

WILLIAM ROBERTS, Appointee, State Assessment Review Board, informed the committee that he is a 39-year resident of Alaska and Kodiak and is currently the assessor for the Kodiak Island Borough and has been in the appraising and assessing field for about 32 years. He related that he began as an appraiser in the Kodiak Island Assessing Office and then became a fee appraiser. He said he has appraised around the state as a general appraiser for both residential and commercial [property]. In his present job, Mr. Roberts explained that he was hired to take over an assessment office that needed to be reorganized. Through the reorganization, he said he has stressed fair and equitable assessments across the board. As a member of the State Assessment Review Board, he acknowledged that he would hear

appraisals for the pipeline and other oil and gas properties and determine whether those appraisals, the methodologies used to reach those appraisals, and the conclusions reached were reasonable.

8:08:12 AM

REPRESENTATIVE SEATON inquired as to the differences and similarities between reviewing the assessment for oil and gas facilities and pipelines versus commercial and industrial buildings, such as a processing plants.

MR. ROBERTS specified that appraisals and assessments on industrial properties, whether they are oil and gas pipelines or fish processing plants or manufacturing plants, are all the same. Although there are three methodologies that are used, the methodology typically used for oil and gas and the pipeline is a cost approach. The cost approach is the cost to replace it less the depreciation, which is based on both physical and economic depreciation in terms of its ability to generate income. The aforementioned is the case for industrial properties as well. He acknowledged that there is an income approach, but pointed out that most typically, a cost approach is used for complex properties, factoring into that economic conditions that surround the property.

8:09:58 AM

REPRESENTATIVE SEATON surmised then that Mr. Roberts has participated in the cost approach assessments and reviews. He asked if the cost approach is the current approach utilized for the Trans-Alaska Pipeline System (TAPS). He further asked if there has been a problem with TAPS and whether he had any problems with how it has been achieved.

MR. ROBERTS said he has reviewed some of the past State Assessment Review Board (SARB) findings, which have typically been the cost approach. He related that he has no problem with using the cost approach.

8:11:15 AM

STEVE VAN SANT, Appointee, State Assessment Review Board, informed the committee that he has been in the assessment/appraisal field for over 40 years in Alaska. He noted that he has been an assessor in the Fairbanks North Star Borough, the Matanuska-Susitna Borough, and the Municipality of

Anchorage. He pointed out that for the past 22 years, he has been the state assessor for the State of Alaska. Mr. Van Sant also pointed out that he served on the State Assessment Review Board for 25 years 15 years of which he served as the chair. He mentioned that he has owned his own appraisal business as well as several other businesses in the state. He told the committee that he understands the dealings of the SARB as he has been on the SARB for 25 years until he took a break in 2009. In fact, he related that he was a member of SARB when the first appeal of TAPS was before the Board in 2006. Mr. Van Sant said his application is before the committee as he was asked to return to SARB.

[8:12:37 AM](#)

REPRESENTATIVE HUGHES inquired as to why Mr. Van Sant agreed to serve again.

MR. VAN SANT explained that he resigned in 2009, but briefly returned in 2010 because the SARB couldn't achieve a quorum. He further explained that now that he is retired, he believes he can serve as it doesn't consume a lot of time since it usually only meets once a year for about a week.

[8:13:52 AM](#)

REPRESENTATIVE HUGHES then inquired as to the years in which Mr. Van Sant was the president of the Palmer Chamber of Commerce.

MR. VAN SANT recalled that it was 1985.

[8:14:23 AM](#)

REPRESENTATIVE SEATON requested clarification as to why Mr. Van Sant's general information says he or any member of his family could be affected financially by decisions by SARB but doesn't explain the potential financial benefit.

MR. VAN SANT explained that typically any tax dollars gained through any of the appeals of oil and gas properties would be reflected in the permanent fund dividend (PFD) that Alaskans receive. Therefore, decisions could impact the PFD and benefit him or members of his family, but no more than for any other resident of the state.

[8:15:48 AM](#)

REPRESENTATIVE DRUMMOND said she was glad [for the state] to have Mr. Van Sant's experience. She then questioned whether existing legislation regarding the right-of-way of the gasline traveling through the Matanuska-Susitna Borough could result in a potential financial impact on Mr. Van Sant's family via property taxes.

MR. VAN SANT replied that conceivably it could. However, SARB listens to appeals from both sides of the oil and gas properties, including the property owner and the assessing entity. Mr. Van Sant clarified that SARB doesn't do the assessments, rather it merely makes a decision on the final value conclusion based on the evidence presented.

[8:17:47 AM](#)

REPRESENTATIVE SEATON recalled from Mr. Roberts' testimony that of the three methodologies, the cost approach methodology is most typically used. He then asked if the cost approach methodology would be the methodology Mr. Van Sant would support using for oil and gas properties in his review.

MR. VAN SANT concurred that typically the value on the TAPS project has been concluded on the cost approach. Although the other two approaches are available during the review, Mr. Van Sant pointed out that TAPS presents a unique structure as there is nothing like it in the entire world. Furthermore, statute places limitation on oil and gas properties in terms of what the department can use to set the value. Therefore, the other approaches, the income and market approaches, are somewhat limited. Mr. Van Sant concluded by relating that he has had years of experience with the cost approach.

[8:19:21 AM](#)

CHAIR TILTON, upon determining no one else wished to testify, closed public testimony.

[8:19:45 AM](#)

CHAIR TILTON reminded the committee that it is merely reviewing the qualifications of the appointees and [that signing the reports regarding appointments to boards and commissions in no way reflects individual members' approval or disapproval of the appointees, and that the nominations are merely forwarded to the full legislature for confirmation or rejection.]

8:20:01 AM

REPRESENTATIVE SEATON moved to forward the names of William Roberts and Steve Van Sant to the State Assessment Review Board for consideration in joint session by the House and Senate. There being no objection, the names were forwarded.

8:21:09 AM

ADJOURNMENT

There being no further business before the committee, the House Community and Regional Affairs Standing Committee meeting was adjourned at 8:21 a.m.