

Introduced: 2/18/75
Referred: State Affairs and
Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

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HOUSE BILL NO. 173

(FIN)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing for indemnification in the event of
7 a decrease in property values within the City and
8 Borough of Juneau resulting from enactment of the
9 capital relocation initiative; and providing for an
10 effective date."

11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

12 * Section 1. PURPOSE. The purpose of this chapter is to establish a
13 mechanism for the fair and equitable indemnification of persons who experi-
14 ence financial losses when selling property located within the City and
15 Borough of Juneau because of the relocation of the state capital.

16 * Section 2. ROLE OF ALASKA STATE HOUSING AUTHORITY. The director of
17 the Alaska State Housing Authority shall administer the indemnification
18 program.

19 * Section 3. INDEMNIFICATION FOR FINANCIAL LOSS. If the director
20 determines the program commencement criteria specified in sec. 9 of this
21 Act have been met, the Alaska State Housing Authority shall:

22 (1) accept, on forms prescribed by the authority, applications
23 for reimbursement; the application must be signed by the owner of the real
24 property and, if the property is subject to a mortgage, by the mortgagor;

25 (2) determine the amount of reimbursement by subtracting the
26 adjusted market price at the time of sale, computed as specified in sec. 11
27 of this Act, from the adjusted base year fair market value as specified in
28 sec. 12 of this Act;

29 (3) approve the indemnification amount before the consummation

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1 of the sale of the property and transfer the indemnification amount to the
2 seller within 30 days after the consummation of the sale of the property.

3 * Section 4. PURCHASE OF PROPERTY. If a piece of real property cannot
4 be sold, the authority may, after the director has determined that reasonable
5 efforts to find a buyer have been made, purchase the property. The purchase
6 price shall be 95 per cent of the adjusted base year fair market value
7 according to sec. 12 of this Act.

8 * Section 5. AUTHORITY TO MANAGE PURCHASED PROPERTY. The authority may
9 take any reasonable action necessary for the safety and maintenance of
10 property acquired under this Act.

11 * Section 6. AUTHORITY TO DISPOSE OF PURCHASED PROPERTY. (a) The
12 authority may dispose of property acquired under this Act at public
13 sale to the highest bidder on such terms as it considers beneficial to the
14 state.

15 (b) The authority shall provide the public with notice of a proposed
16 sale. The notice shall identify specific parcels of property and any
17 encumbrances to which they may be subject.

18 (c) The authority may, at its discretion, offer for sale units of
19 state property made by combining parcels of land acquired under this Act,
20 parcels as purchased by the authority, or portions of parcels purchased by
21 the authority.

22 (d) The authority shall convey marketable title to the purchaser of
23 the property.

24 (e) The purchaser under this section shall pay his own closing costs.

25 * Section 7. CAPITAL RELOCATION REVOLVING FUND. (a) There is created
26 the Capital Relocation Revolving Fund which is composed of money appropriated
27 by the legislature, money received in payment for property sold as provided
28 in sec. 6 of this Act, and any other money transferred to the authority for
29 the indemnification program including any money transferred for this purpose

1 by the United States.

2 (b) The director or his designee may authorize withdrawals from the
3 fund for the purpose of effectuating the provisions of secs. 3, 4, 5 and 6
4 of this Act.

5 * Section 8. ELIGIBILITY. (a) An indemnification application, provided
6 for in sec. 3 of this Act, may be filed by any person owning real property
7 located within the City and Borough of Juneau if all the following conditions
8 are met:

9 (1) residential property must be in actual use as the primary
10 residence of the owner of the property at the time of the commencement of
11 the indemnification program;

12 (2) business property must contain a structure in which an on-
13 going business has been carried on for at least three months before the
14 commencement of the indemnification program;

15 (3) the prospective seller of either residential property or
16 business property must indicate an intention to leave the City and Borough
17 of Juneau and establish a domicile in another location outside the City and
18 Borough of Juneau.

19 (b) If, after selling his property and receiving a payment as provided
20 in secs. 3 or 4 of this Act, a person elects to remain in the City and
21 Borough of Juneau, the authority may commence legal action in superior
22 court for the return of any money paid under secs. 3 or 4 of this Act.

23 * Section 9. COMMENCEMENT OF THE INDEMNIFICATION PROGRAM. (a) The
24 authority shall begin to process indemnification applications at the time
25 the first of either of the following occurs:

26 (1) the director makes a determination that the average Juneau
27 employment share in a particular month falls below the Fiscal Year 1975
28 average Juneau employment share by more than one per cent for that same
29 month and remains below that average for three consecutive months; or

1 (2) the director certifies that there has occurred a precipitous
2 decline in the market value of property offered for sale in the City and
3 Borough of Juneau; in making this determination, the director shall consider
4 the number of pieces of property being offered for sale, the number of
5 potential buyers, loss of population within the City and Borough of Juneau,
6 and the ability of new residents to purchase property offered for sale on
7 the Juneau market at a fair market price.

8 (b) The average Juneau employment share for a particular month shall
9 be determined by computing the percentage of the average employment in the
10 whole state that month represented by the average employment in Juneau
11 during the same month. The estimates used to make this computation shall
12 be drawn from the monthly estimates of civilian employment prepared by the
13 Alaska Department of Labor.

14 * Section 10. CONCLUSION OF THE INDEMNIFICATION PROGRAM. No application
15 may be accepted after any of the following occurs:

16 (1) the director determines that the average Juneau employment
17 share for a particular month calculated as required in sec. 9(b) of this
18 Act equals or exceeds the Fiscal Year 1975 average Juneau employment share
19 in each of three consecutive months;

20 (2) the director determines that the market value of property
21 offered for sale within the City and Borough of Juneau has regained the
22 levels of the base year assessment; or

23 (3) after 10 years from the date on which the program began.

24 * Section 11. ADJUSTED MARKET PRICE. The market price at the time of
25 sale is the actual sales price including the cost of any real estate com-
26 mission and other selling expenses.

27 * Section 12. ADJUSTED BASE YEAR FAIR MARKET VALUE. (a) The adjusted
28 base year fair market value shall be computed by adjusting the value of the
29 property determined in the base year assessment: (1) upward to account for

1 the cost of any additions, renovations, or improvements made on the property;
2 (2) downward to account for any decrease in property value resulting from
3 unrestored, complete or partial destruction or loss attributable to natural
4 disaster, fire, accident, riot, vandalism, or similar unexpected and sudden
5 physically damaging event; and (3) downward to account for loss in value
6 due to inadequate maintenance as determined by the director.

7 (b) The adjusted base year fair market value of residential property
8 shall be adjusted upward to reflect quarterly changes in value as determined
9 from the July 1975 National Consumer Price Index for Homeownership published
10 by the U.S. Department of Labor, Bureau of Labor Statistics.

11 (c) The adjusted base year fair market value of business property
12 shall be adjusted downward to account for depreciation which occurred in
13 the period intervening between the base year assessment and the actual
14 sale. Depreciation shall be taken at the same rate as depreciation actually
15 claimed for income tax purposes or at the rate allowed by the Internal
16 Revenue Service for property of a similar nature.

17 * Section 13. THE ESTIMATED FAIR MARKET PURCHASE PRICE. (a) The
18 estimated fair market price shall be computed by adjusting the value of the
19 property determined in the base year assessment: (1) upward to account for
20 the cost of any additions, renovations, or improvements made on the property;
21 (2) downward to account for any decrease in property value resulting from
22 unrestored, complete or partial destruction or loss attributable to natural
23 disaster, fire, accident, riot, vandalism, or similar unexpected and sudden
24 physically damaging event; and (3) downward to account for loss in value
25 due to inadequate maintenance as determined by the director.

26 (b) The estimated fair market purchase price of residential property
27 shall be adjusted upward to reflect quarterly changes in value as determined
28 from the July 1975 National Consumer Price Index for Homeownership published
29 by the U.S. Department of Labor, Bureau of Labor Statistics.

1 (c) The estimated fair market purchase price of business property
2 shall be adjusted downward to account for depreciation which occurred in
3 the period between the base year assessment and the date of actual purchase.
4 The authority shall require that depreciation be taken at the same rate as
5 depreciation actually claimed for income tax purposes or at the rate allowed
6 by the Internal Revenue Service for property of a similar nature.

7 * Section 14. BASE YEAR ASSESSMENT. (a) The state assessor shall take
8 the steps necessary to assess the value of all real property in the City
9 and Borough of Juneau before January 1, 1976.

10 (b) The cost of this assessment shall be paid equally by the state
11 and by the City and Borough of Juneau.

12 * Section 15. REGULATIONS. (a) The authority shall adopt regulations
13 necessary to carry out the purposes of this chapter.

14 (b) Following adequate public notice, the authority shall hold public
15 hearings in Juneau before adopting any regulations.

16 (c) The authority must obtain the approval of the attorney general
17 for any proposed regulations but otherwise need not comply with the provisions
18 of AS 44.62.

19 * Section 15. ANNUAL REPORT. The authority shall submit an annual
20 report of its activities under this chapter to the governor and the legis-
21 lature at the beginning of each regular legislative session.

22 * Section 16. DEFINITIONS. In this Act, "authority" means the Alaska
23 State Housing Authority, and "director" means the director of the authority.

24 * Section 17. EFFECTIVE DATE. This Act takes effect immediately in
25 accordance with AS 01.10.070(c).

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