

Original sponsor: Rules Committee by  
request of the Governor

Offered: 4/21/75  
Referred: Finance

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 173

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 a  
7 decrease in property values within the City and Borough  
8 of Juneau resulting from enactment of the capital  
9 relocation initiative; and providing for an effective  
10 date."

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

12 \* Section 1. PURPOSE. The purpose of this Act is to establish a mecha-  
13 nism for the fair and equitable indemnification of individuals, businesses or  
14 corporations who experience financial losses when selling property located  
15 within the City and Borough of Juneau because of the relocation of the state  
16 capital.

17 \* Sec. 2. ROLE OF COMMISSIONER. The commissioner of the Department of  
18 Community and Regional Affairs shall administer the indemnification program.

19 \* Sec. 3. INDEMNIFICATION FOR FINANCIAL LOSS. If the commissioner deter-  
20 mines that the program commencement criteria specified in sec. 9 of this Act  
21 have been met, he shall

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

25 (2) determine that the actual sale price was the result of a  
26 reasonable effort by the seller to sell the property on the open market;

27 (3) determine the amount of reimbursement by subtracting the  
28 actual sales price at the time of sale, computed as specified in sec. 11 of  
29 this Act, from the fair market value as specified in sec. 12 of this Act;

1 (4) approve the indemnification amount before the consummation  
2 of the sale of the property and transfer the indemnification amount to the  
3 seller within 30 days after the consummation of the sale of the property.

4 \* Sec. 4. PURCHASE OF PROPERTY. If a piece of eligible property with  
5 marketable title cannot be sold, the commissioner shall, after he has deter-  
6 mined that reasonable efforts to find a buyer have been made, purchase the  
7 property. The purchase price shall be 95 per cent of the adjusted base year  
8 fair market value according to sec. 12 of this Act.

9 \* Sec. 5. COMMISSIONER TO MANAGE PURCHASED PROPERTY. The commissioner  
10 may take any reasonable action necessary for the safety and maintenance of  
11 property acquired under this Act.

12 \* Sec. 6. AUTHORITY TO DISPOSE OF PURCHASED PROPERTY. (a) The commis-  
13 sioner may dispose of property acquired under this Act at public sale to the  
14 highest bidder on such terms as he considers beneficial to the state.

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

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

21 (d) The commissioner shall convey marketable title to the purchaser of  
22 the property.

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

24 \* Sec. 7. CAPITAL RELOCATION REVOLVING FUND. (a) There is created the  
25 capital relocation revolving fund which is composed of money appropriated by  
26 the legislature, money received in payment for property sold as provided in  
27 sec. 6 of this Act, and any other money transferred to the commissioner for  
28 the indemnification program including any money transferred for this purpose  
29 by the United States.

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

4 \* Sec. 8. ELIGIBLE PROPERTY. An indemnification application, provided  
5 for in sec. 3 of this Act, may be filed by any person owning real property, a  
6 mobile home, or capital assets, which were in existence before January 1,  
7 1978, subject to the following provisions:

8 (1) Residential property, including both land and fixtures, must  
9 be in actual use as a residence at the time of the commencement of the indem-  
10 nification program.

11 (2) Real property held for investment purposes must be owned by  
12 the applicant for at least three months before the commencement of the indem-  
13 nification program.

14 (3) Mobile home property, including land, homes and fixtures, must  
15 be owned by the applicant at the time of the commencement of the indemnifica-  
16 tion program. All those structures listed as mobile homes by the assessor of  
17 the City and Borough of Juneau for property tax purposes and used as a pri-  
18 mary residence by an applicant for indemnification shall be considered mobile  
19 home property.

20 (4) Business capital assets include rental property and major  
21 items of machinery and fixed equipment which produce income but are not  
22 bought or sold in the ordinary course of the proprietor's business. Business  
23 capital assets must be in use in an ongoing business which has been carried  
24 on for at least three months before commencement of the program.

25 (5) Business property, including both land and fixtures, must be  
26 used for an ongoing business which has been carried on for at least three  
27 months before the commencement of the indemnification program.

28 (6) Personal property other than mobile homes and business inven-  
29 tories are not eligible for indemnification under this program.

1 (7) Real property held for recreational purposes is not eligible  
2 for indemnification under this program.

3 (8) Real property owned by a public utility is not eligible for  
4 indemnification under this program.

5 \* Sec. 9. COMMENCEMENT OF THE INDEMNIFICATION PROGRAM. (a) The commis-  
6 sioner shall begin to process indemnification applications at the time the  
7 first of either of the following occurs:

8 (1) the commissioner makes a determination that the average Juneau  
9 employment share in a particular month falls below the fiscal year 1976 aver-  
10 age Juneau employment share by more than five per cent for that same month  
11 and remains below that average for three consecutive months; or

12 (2) the commissioner certifies that there has occurred a precipi-  
13 tous decline in the market value of property offered for sale in the City and  
14 Borough of Juneau; in making this determination, the commissioner shall con-  
15 sider the number of pieces of property being offered for sale, the number of  
16 potential buyers, loss of population within the City and Borough of Juneau,  
17 and the ability of new residents to purchase property offered for sale on the  
18 Juneau market at a fair market price.

19 (b) The average Juneau employment share for a particular month shall be  
20 determined by computing the percentage of the average employment in the whole  
21 state that month represented by the average employment in Juneau during the  
22 same month. The estimates used to make this computation shall be drawn from  
23 the monthly estimates of civilian employment prepared by the Alaska Depart-  
24 ment of Labor.

25 \* Sec. 10. CONCLUSION OF THE INDEMNIFICATION PROGRAM. No application may  
26 be accepted after the legislature sitting at the new capital site declares  
27 the indemnification program terminated.

28 \* Sec. 11. ACTUAL SALES PRICE. The actual sales price includes the cost  
29 of any real estate commission and other selling expenses.

1 \* Sec. 12. FAIR MARKET VALUE. (a) The fair market value for eligible  
2 property other than mobile homes and capital assets shall be computed by  
3 adjusting either the value of the property determined in the base year assess-  
4 ment under sec. 13 of this Act, or the actual sales price received from a  
5 prior sale after commencement of this report, whichever is less:

6 (1) upward to account for the cost of any additions, renovations,  
7 or improvements made on the property;

8 (2) downward to account for any decrease in property value result-  
9 ing from unrestored, complete or partial destruction or loss attributable to  
10 natural disaster, fire, accident, riot, vandalism, or similar unexpected and  
11 sudden physically damaging event;

12 (3) downward to account for loss in value due to inadequate mainte-  
13 nance as determined by the commissioner; and

14 (4) upward to reflect quarterly changes in value as determined by  
15 comparing the then current quarterly homeownership costs in the Anchorage  
16 consumer price index, published by the United States Department of Labor,  
17 Bureau of Labor Statistics with those published for July 1975; in no case  
18 shall the quarterly adjustment factor exceed the average quarterly rate of  
19 increase in the index for the calendar years 1971 through 1974.

20 (b) The fair market value for mobile home property shall be computed  
21 using the methods employed by the assessor of the City and Borough of Juneau  
22 in arriving at market value for tax purposes. The fair market value shall be  
23 reviewed by the commissioner following an on-site inspection of the property  
24 and is subject to revision.

25 (c) The fair market value of capital assets shall be computed on the  
26 basis of sales year replacement cost less depreciation.

27 \* Sec. 13. BASE YEAR APPRAISAL. (a) The state assessor shall within one  
28 year of the effective date of this Act take the steps necessary to complete  
29 the appraisal of all real property within the City and Borough of Juneau at

1 its full and true value as of January 1, 1976. All additional real property  
2 coming into existence between January 1, 1976 and January 1, 1978 shall be  
3 appraised at its full and true value as of the assessment date for tax pur-  
4 poses in that year.

5 (b) The cost of the initial assessment shall be paid equally by the  
6 state and the City and Borough of Juneau. Assessments on additional real  
7 property shall be paid by the City and Borough of Juneau.

8 (c) All adjustments in valuation approved by the board of equalization  
9 are subject to review and final approval by the commissioner.

10 (d) An applicant for indemnification aggrieved by any determination of  
11 the base year assessment may appeal under AS 29.53.130 - 29.53.135. A deter-  
12 mination of the board of equalization or subsequently by the commissioner is  
13 final.

14 \* Sec. 14. REGULATIONS. (a) The commissioner shall adopt regulations  
15 necessary to carry out the purposes of this Act.

16 (b) Following adequate public notice, the commissioner shall hold  
17 public hearings in Juneau before adopting any regulations.

18 (c) The commissioner must obtain the approval of the attorney general  
19 for any proposed regulations but otherwise need not comply with the provi-  
20 sions of AS 44.62.

21 \* Sec. 15. ANNUAL REPORT. The commissioner shall submit an annual report  
22 of his activities under this Act to the governor and the legislature at the  
23 beginning of each regular legislative session.

24 \* Sec. 16. DEFINITIONS. In this Act "commissioner" means the commis-  
25 sioner of the Department of Community and Regional Affairs.

26 \* Sec. 17. EFFECTIVE DATE. This Act takes effect immediately in accor-  
27 dance with AS 01.10.070(c).  
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