

Original sponsor: Rules Committee by
request of the Governor

Offered: 4/29/75
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 173 (Finance)

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 community and
18 regional affairs shall administer the indemnification program.

19 * Sec. 3. INDEMNIFICATION FOR FINANCIAL LOSS. The commissioner shall
20 (1) accept, on forms prescribed by the commissioner, applications
21 for reimbursement; the application must be signed by the owner of the eligible
22 property and, if the property is subject to a mortgage, by the mortgagee;
23 (2) determine that the actual sale price was the result of a
24 reasonable effort by the seller to sell the property on the open market;
25 (3) determine the difference between the actual price at the time
26 of sale, computed as specified in sec. 10 of this Act, and the fair market
27 value as specified in sec. 11 of this Act;
28 (4) determine, if the actual sales price is less than 95 per cent
29 of the adjusted base year fair market value, that portion of the difference

1 which is attributable to the impact of the capital relocation initiative;

2 (5) approve an indemnification amount in accordance with (4) of
3 this section before the consummation of the sale of the property and transfer
4 the indemnification amount to the seller within 30 days after the consumma-
5 tion of the sale of the property;

6 (6) submit applications for reimbursement on business capital
7 assets to the Legislative Budget and Audit Committee for a determination as
8 to whether the decline in market value is attributable to the capital reloca-
9 tion initiative.

10 * Sec. 4. PURCHASE OF PROPERTY. If eligible property with marketable
11 title cannot be sold, the commissioner shall, after he has determined that
12 reasonable efforts to find a buyer have been made, purchase the property.
13 The purchase price shall be 95 per cent of the adjusted base year fair market
14 value according to sec. 11 of this Act.

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

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

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

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

27 (d) The commissioner shall convey marketable title to the purchaser of
28 the property.

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

1 * Sec. 7. CAPITAL RELOCATION REVOLVING FUND. (a) There is created the
2 capital relocation revolving fund which consists of money appropriated by the
3 legislature, money received in payment for property sold as provided in sec.
4 6 of this Act, and any other money transferred to the commissioner for the
5 indemnification program including any money transferred for this purpose by
6 the United States.

7 (b) The commissioner or his designee, after consultation with the
8 Legislative Budget and Audit Committee, may authorize withdrawals from the
9 fund for the purpose of implementing the provisions of secs. 3 - 6 of this
10 Act.

11 * Sec. 8. ELIGIBLE PROPERTY. An indemnification application, provided
12 for in sec. 3 of this Act, may be filed by any person owning real property, a
13 mobile home, or business capital assets, subject to the following provisions:

14 (1) Residential property, both real and mobile homes, including
15 both land and fixtures, must be in actual use as a residence at the time the
16 application for indemnification is submitted.

17 (2) Real property and mobile home property held for investment
18 purposes must be owned by the applicant for at least one year before the
19 application is submitted. All those structures listed as mobile homes by the
20 assessor of the City and Borough of Juneau for property tax purposes and used
21 as a residence shall be considered mobile home property.

22 (3) Business capital assets include rental real property and major
23 items of fixed equipment and machinery which produce income but are not
24 bought or sold in the ordinary course of the proprietor's business. Business
25 capital assets must be in use in an ongoing business which has been carried
26 on for at least one year before the application is submitted.

27 (4) Business property, including both land and fixtures, must be
28 used for an ongoing business which has been carried on for at least one year
29 before the application is submitted.

1 (5) Personal property other than mobile homes and business inven-
2 tories are not eligible for indemnification under this program.

3 (6) Real property held for recreational purposes is not eligible
4 for indemnification under this program.

5 (7) Real property owned by a public utility is not eligible for
6 indemnification under this program.

7 * Sec. 9. CONCLUSION OF THE INDEMNIFICATION PROGRAM. No application may
8 be accepted after the legislature sitting at the new capital site declares
9 the indemnification program terminated.

10 * Sec. 10. ACTUAL SALES PRICE. The actual sales price includes the cost
11 of any real estate commission and other selling expenses.

12 * Sec. 11. FAIR MARKET VALUE. (a) The fair market value for eligible
13 property other than mobile homes and business capital assets shall be com-
14 puted by adjusting either the value of the property determined in the base
15 year assessment under sec. 12 of this Act, or the actual sales price received
16 from a prior sale after the completion of the base year assessment, whichever
17 is less:

18 (1) to account for the cost of any additions, renovations, or
19 improvements made on the property;

20 (2) to account for any decrease in property value resulting from
21 unrestored, complete or partial destruction or loss attributable to natural
22 disaster, fire, accident, riot, vandalism, or similar unexpected and sudden
23 physically damaging event;

24 (3) to account for loss in value due to inadequate maintenance as
25 determined by the commissioner; and

26 (4) to reflect quarterly changes in value as determined by com-
27 paring the then current quarterly homeownership costs in the Anchorage
28 consumer price index, published by the United States Department of Labor,
29 Bureau of Labor Statistics with those published for July 1975; in no case

1 shall the quarterly adjustment factor exceed the average quarterly rate of
2 increase in the index for the calendar years 1971 through 1974.

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

8 (c) The fair market value of business capital assets shall be computed
9 on the basis of replacement cost in the year of sale less depreciation.

10 * Sec. 12. BASE YEAR ASSESSMENT. (a) The state assessor shall within
11 one year of the effective date of this Act take the steps necessary to complete
12 the assessment of all real property within the City and Borough of Juneau at
13 its full and true value as of January 1, 1976. All additional real property
14 coming into existence between January 1, 1976 and January 1, 1978 shall be
15 appraised at its full and true value as of the assessment date for tax pur-
16 poses in that year.

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

20 (c) A property owner aggrieved by determination of his assessment may
21 appeal under AS 29.53.130 - 29.53.135.

22 (d) All adjustments in valuation approved by the board of equalization
23 are subject to review and final approval by the commissioner. A property
24 owner may appeal the final determination in accordance with AS 29.53.140.

25 * Sec. 13. REGULATIONS. The commissioner shall adopt regulations in
26 accordance with the Administrative Procedure Act (AS 44.62) to carry out the
27 purposes of this Act.

28 * Sec. 14. ANNUAL REPORT. The commissioner shall submit an annual report
29 of his activities under this Act to the governor and the legislature at the

1 beginning of each regular legislative session.

2 * Sec. 15. DEFINITIONS. In this Act "commissioner" means the commis-
3 sioner of community and regional affairs.

4 * Sec. 16. EFFECTIVE DATE. This Act takes effect immediately in accor-
5 dance with AS 01.10.070(c).

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