

HB

305

"An Act relating to assessment of real property for local taxation; and providing for an effective date."

COMMITTEE REPORT

3-17-73

HOUSE

Mr. Speaker:

Date 3-27-74

The Committee on COMM. APPROP. APPEALS has had HR 335

under consideration. A Majority of the members of the Committee

() recommends it DO PASS

() recommends it DO NOT PASS

(x) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

() recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

() "and" recommends it BE REFERRED TO THE _____

COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

_____ recommends: _____

_____ recommends: _____

_____ recommends: _____

_____ recommends: _____

_____ recommends: _____

_____ Chairman

AMENDMENT

OFFERED IN THE HOUSE:

By: Community and Regional
Affairs Committee

To: AMEND HOUSE BILL No. 305

SENATE BILL No. _____

PAGE: 1

LINE: 10

After the word "of", insert "real".

After the word "property", insert "owned and occupied
as a permanent place of abode, not to exceed 160 acres,
and"

POUCH V
JUNEAU, ALASKA
99801

Alaska State House of Representatives



MEMBERS:
REPRESENTATIVE
MILO FRITZ
REPRESENTATIVE
PHILLIP GUY
REPRESENTATIVE
JACOB LAKTONEN
REPRESENTATIVE
LARRY PETERSEN
REPRESENTATIVE
TERRY GARDNER

CHAIRMAN
REP. SELWYN CARROL
VICE CHAIRMAN
REP. GLENN HACKNEY

ADMINISTRATIVE ASSISTANT
GUY VAN DOREN

COMMITTEE SECRETARY
VICKI UMPHREY

Community and Regional Affairs Committee

March 7, 1974

Dear _____:

The House Community and Regional Affairs Committee will be holding hearings on House Bill 305, an act relating to the assessment of real property for local taxation. The hearings will be held on March 14 at 8:30 a.m. in Room 211 of the Assembly Building.

The Committee invites your testimony. If you cannot attend, the Committee will receive written comments.

Sincerely,

Selwyn Carrol, Chairman
House Community and Regional Affairs Committee

By: Guy A. Van Doren,
Administrative Assistant

SC/mt
Encl

2-15-74

Look into Mike Beckman

Jack Arnold

Donald Schroter -

Borough required to pay the assessment they determine -

FARM land cannot be taxed at the same rate as sub-division -

Don Berry Municipal League - Request that Borough Assessor Testify before the Committee - TO ASK why

Also explanation as to how a govt.

entity CAN take away A MAN'S improvements with just compensation -

FRUSTRATION
NO

SMOKING

Board of Equalization usually backs up their smaller boards or Assessor -

8,500 (About) in Eagle River

Re-evaluation

→ See Jack Radich re HB 305

Berry - Take out Sold, Traded or Exchanged -

Council on STATE Govt - Re RAW land - TAX drops on Land that has been improved

3 class of Prop. Land - Land Improvement - Personal property -

→ See Sen. Radich. Re: this.

Introduced: 3/6/73
Referred: Community &
Regional Affairs

1 IN THE HOUSE

BY FINK

2 HOUSE BILL NO. 305

3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 EIGHTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to assessment of real property for
7 local taxation; and providing for an effective date."

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

9 * Section 1. AS 29.53.060 is amended by adding a new subsection to read:

10 (c) The assessed value of property which has not been sold,
11 traded or exchanged within the preceding 10 years may not be increased
12 by more than 50 per cent in one assessment year, except to the extent
13 of improvements to the property.

14 * Sec. 2 This Act takes effect on the day after its passage and approval
15 or on the day it becomes law without approval.

16 *to Constitutionality*

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Sincerely,

A handwritten signature in cursive script that reads "Selwyn Carrol".

Selwyn Carrol, Chairman
House Community and Regional Affairs Committee

By: Guy A. Van Doren,
Administrative Assistant

SC/int
Encl.

TELEGRAM

BCA ALASKA COMMUNICATIONS, INC.

PHONE: 586-6440

JUNEAU, ALASKA 99801

1974 MAR 13 PM 7 20

04036 NL ANCHORAGE ALASKA 152 03-13 0450P ADT

PNS MR S ROBERT DOZIER 586-6221 CALL IMMEDIATELY

STATE ASSESSOR DEPT OF COMMUNITY AND REGIONAL AFFAIRS

1108
DIVN OF LOCAL GOVERNMENT ASSISTANCE

POUCH B

JUN

BT

THE ADMINISTRATION OF GREATER ANCHORAGE AREA BOROUGH WOULD LIKE TO GO ON RECORD AS BEING AGAINST HB305. FOR THE FOLLOWING REASONS: THE BILL ASSUMES THAT ALL PROPERTIES ARE AT FULL AND TRUE VALUES. THIS IS NOT SO. NOR WILL IT BE IN THE NEAR FUTURE WITHOUT EXPENDING SEVERAL MILLIONS OF DOLLARS.

PROPERTIES THAT WERE APPRAISED, THREE TO FOUR YEARS AGO AND FALL INTO THE PROPER CATEGORY MAY NEVER REACH FAIR MARKET

VALUE GAIN. THE RISE IN PROPERTY VALUES MANY TIME EXCEEDS THE ALLOWABLE INCREASE OF THE BILL.

AS WRITTEN, THE BILL ACTUALLY ASSESSES THE OWNER NOT THE PROPERTY. INEQUITIES WILL BE CREATED THAT WILL NEVER BE OVERCOME, IMPROVEMENTS ARE NOT DEFINED, I.E. IS ZONING AN IMPROVEMENT, IF A WET PROPERTY IS DRAINED BY NO ACTION OF THE OWNER OF THE PROPERTY IS THAT AN IMPROVEMENT. BEFORE PASSING THE BILL OUT OF THE COMMITTEE THE ADMINISTRATION FEELS THAT MORE LOCAL IMPUT IS NECESSARY

M MCKEE ASSESSOR GREATERANCHORAGE AREA BOROUGH

TRENDS IN MAJOR LOCAL GOVERNMENT REVENUE SOURCES, 1969-1973

APR 305

Huy

<u>CITY OF ANCHORAGE</u>	<u>GENERAL PROPERTY TAX REVENUES</u>	<u>INTERGOVERNMENTAL REVENUES</u>
1969	\$ 4,748,378	\$ 936,053
1973	6,865,940	5,809,078
CHANGE:	+ \$ 2,117,562	+ \$ 4,873,025
	or + <u>44.6%</u>	or + <u>520.6%</u>
<u>CITY OF FAIRBANKS</u>	<u>GENERAL PROPERTY TAX REVENUES</u>	<u>INTERGOVERNMENTAL REVENUES (STATE)</u>
1969	\$ 1,137,380	\$ 263,414
1973(est.)	2,242,694	928,200
CHANGE:	+ \$ 1,105,314	+ \$ 664,786
	or + <u>97.2%</u>	or + <u>252.4%</u>
<u>FAIRBANKS NORTH STAR BOROUGH</u>	<u>GENERAL PROPERTY TAX REVENUES</u>	<u>INTERGOVERNMENTAL REVENUES (STATE)</u>
1969	\$ 2,747,000	\$ 5,304,000
1972	1,504,000	1,817,000
CHANGE:	- \$ 1,243,000	+ \$ 6,513,000
	or - <u>45.2%</u>	or - <u>122.8%</u>
<u>GREATER ANCHORAGE AREA BOR.</u>	<u>GENERAL PROPERTY TAX REVENUES</u>	<u>INTERGOVERNMENTAL REVENUES</u>
1969	\$15,830,776	\$17,489,311
1973	23,170,894	46,839,037
CHANGE:	+ \$ 7,340,118	+ \$29,349,726
	or + <u>46.4%</u>	or + <u>167.8%</u>
<u>CITY OF VALDEZ</u>	<u>REAL PROPERTY TAX REVENUES</u>	<u>INTERGOVERNMENTAL REVENUES</u>
1969	\$ 96,361	\$ 14,361
1973	172,274	163,269
CHANGE:	+ \$ 75,913	+ \$ 148,905
	or + <u>78.8%</u>	or + <u>1036.9%</u>

LOCAL PROPERTY TAX AND REVENUE TRENDS: 1969-1973

	<u>ASSESSED VALUATION</u>	<u>MILL RATE</u>	<u>GENERAL PROPERTY TAX REVENUE</u>	<u>INTERGOV. REVENUE</u>
CITY OF ANCHORAGE	+ 81.1%	- 21.0%	+ 46.6%	+ 520.6%
CITY OF FAIRBANKS	+ 75.0%	+ 25.0%	+ 97.2%	+ 252.4% ²
FAIRBANKS NORTH STAR BOR. ¹	+ 90.0%	- 61.4%	- 45.2%	+ 122.8% ²
GREATER ANCHORAGE AREA BOR.	+109.5%	- 18.0%	+ 46.4%	+ 167.8%
CITY OF VALDEZ	+509.3%	no change	+ 78.8%	+1036.9%

¹For the period 1969-1972.

²State intergovernmental revenues only.

TELETYPE

BOA ALASKA COMMUNICATIONS, INC.
PHONE: 586-8440
BUREAU, ALASKA 99801

17 MAR 13 PM 7 20

84086 NL ANCHORAGE ALASKA 152 03-13 0450P ADT

PMS: MR. S ROBERT DOZIER 586-6221 CALL IMMEDIATELY

STATE ASSESSOR DEPT OF COMMUNITY AND REGIONAL AFFAIRS

1108
DIVISION OF LOCAL GOVERNMENT ASSISTANCE

TO: H H

FROM:

RE:

THE ADMINISTRATION OF GREATER ANCHORAGE AREA BOROUGH WOULD
LIKE TO GO ON RECORD AS BEING AGAINST HB305 FOR THE FOLLOWING

REASONS: THE BILL ASSUMES THAT ALL PROPERTIES ARE AT FULL
AND TRUE VALUES. THIS IS NOT SO. NOR WILL IT BE IN THE NEAR
FUTURE WITHOUT EXPENDING SEVERAL MILLIONS OF DOLLARS.

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ADDITION, THE BILL ACTUALLY ASSESSES THE OWNER NOT THE
PROPERTY. INEQUITIES WILL BE CREATED THAT WILL NEVER BE
CORRECTED, IMPROVEMENTS ARE NOT DEFINED, I.E. IS ZONING
AN IMPROVEMENT, IF A WET PROPERTY IS DRAINED BY NO ACTION OF
THE OWNER OF THE PROPERTY IS THAT AN IMPROVEMENT. BEFORE
THE BILL OUT OF THE COMMITTEE THE ADMINISTRATION
STATED THAT MORE LOCAL INPUT IS NECESSARY

STATE ASSESSOR GREATER ANCHORAGE AREA BOROUGH

STATE
of ALASKA

MEMORANDUM

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
DIVISION OF LOCAL GOVERNMENT ASSISTANCE

Engle

TO: [] JACK CHENOWETH
DIRECTOR

DATE : MARCH 6, 1974

FROM: S. ROBERT DOZIER
STATE ASSESSOR *RH*

SUBJECT: COMMENTS ON HOUSE BILL 305
INTRODUCED 3-6-73 BY FINK
COMMUNITY & REGIONAL AFFAIRS

House Bill 305 and Senate Bill 178 are designed to provide grants of public funds in aid to taxpayers whose property, which is held for future use or speculation, is rapidly increasing in value.

House Bill 305: AS 29.53.060, Full and True Value

(c) The assessed value of property which has not been sold, traded or exchanged within the preceding ten years may not be increased by more than 50% in one assessment year, except to the extent of improvements to the property.

House Bill 305 and Senate Bill 178 are designed to benefit taxpayers whose land is strategically situated to important industrial developments like the site of the trans-Alaska oil or gas pipeline projects and various other projects including highway relocation and community improvement projects.

House Bill 305 provides preferential assessment for a period which will enable property owners of longstanding, the opportunity to exercise leverage by holding property off the market and thereby realize substantial capital gain on their investment at the expense of other taxpayers, and the municipality.

A dramatic rise in assessed values may occur in some areas of the state, within a service area or within a neighborhood, which increase is based on assessed values established and unchanged for several years.

Assessed values are based on the full value (market value) of the property assessed. Any limitation based upon previous equalized assessments will cause dramatic inequalities and underassessment of certain properties and thereby destroy the equalization process.

In addition to general or specific economic increases in valuation, Property tax administrative procedures and funding available or authorized for reassessment must be considered. The cost of annual reassessment is considered prohibitive in municipal financial budgetary matters. The sectional assessment method is generally used; that is, a percentage portion of the total taxing jurisdiction is reassessed each year, preferably by service area, completing the reassessment cycle during a period of three to five years.

An example of the 50% assessed value limitation is outlined below. The example indicates a January 1, 1974 assessment of \$500 per acre value, which is an increase of 10 times over the previous assessment of \$50 per acre established for the subject property on January 1, 1969.

The example illustrates that in 1979, the assessed value would reach the reassessment figure as indicated for January 1, 1974. It is not uncommon that property strategically located could increase many times more than the example, in which case the assessed value as restricted by Senate Bill 305 would never again be at full and true value.

Example: Remote Acreage

January 1, 1969 Reassessment,	Assessed Value \$ 50.00 per acre
January 1, 1974 Reassessment	Assessed Value \$500.00 per acre

HB 305: Assessed Value Increases Limited to 50%

January 1, 1974	50% Increase	75.00 per acre value
" " 1975	" "	112.50 " " "
" " 1976	" "	168.75 " " "
" " 1977	" "	253.13 " " "
" " 1978	" "	379.70 " " "
" " 1979	" "	569.55 " " "