

SB · 125

"An Act relating to state compliance with local planning, platting and zoning ordinances; and providing for an effective date."

COMMITTEE REPORT

3/7/75

HOUSE

Mr. Speaker:

Date

4-28

The Committee on C&RA has had SB 125

under consideration. A Majority of the members of the Committee

recommends it DO PASS

sc recommends it DO NOT PASS

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:

<u>Sean P. Gotta</u>	_____	<u>James R. ...</u>	_____
<u>Kathryn ...</u>	_____	<u>James T. ...</u>	_____
<u>Freeman</u>	_____		_____
<u>Sam ...</u>	_____		_____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Sean P. Gotta Chairman

House Committee on
COMMUNITY & REGIONAL AFFAIRS

April 21, 1975
Meeting Minutes

Meeting was called to order at 9:00 to discuss CSHB 246. Present:

Rep. Cotten	Rep. Freeman
Rep. Ostrosky	Rep. Davis
Rep. Hackney	Rep. Ose
Rep. Hershberger	
Barbara Englert Thomas, Staff	
Andrea Guernsey, Staff	
Don Clocksin, Legal Services	
Cheryl Probst, Anchorage Times	

Sec. 300, para C The Committee members wanted an explanation of sec. C of the new committee substitute. Clocksin explained that sec. 300 provides 3 alternative methods: 1) para A--this is the procedure now in use. One individual can protest and the Board may or may not have a hearing. 2) para B--35% of the residents of an established village may require a hearing. 3) para C--this takes care of the situation that Ose was having problems with (license along hiway). The Board will take other things into account besides just the residents.

LETTER OF INTENT

REPORT OUT

Hershberger had the same problem as Ose. Two or 3 residents may be the majority. Ose calls for a letter of intent. Freeman says you can't do much better than the way it is already written in C. Ose withdraws request. Moves to pass bill out. All members signed due pass.

Side 2
0-683

HB 172

The committee now took up several other bills. Bob Pavitt was present, to discuss HB 172. He said it was a good bill and there was not much other discussion. Rep. Freeman moved to report the bill out. With out objection it was reported out with all members signing do pass.

HB 228

Hackney asked for the reason for this bill. Cotten said it was sometimes the case when a city is not more than 25 miles from the boundary of the borough seat. Hershberger moved to report out and it was done with all members signing do pass.

House Committee on
COMMUNITY & REGIONAL AFFAIRS

Meeting Minutes
April 28, 1975

Meeting was called to order at 9:00 to discuss SB358 & HB 136.

Rep. Cotten	Barbara Englert Thomas, Staff
Rep. Ostrosky'	Andrea Guernsey, Staff
Rep. DAVIS	Kevin Waring, Director, Community Planning
Rep. Freeman	
Rep. Hackney	Rep. Hershberger-absent
Rep. Ose	

Chairman Cotten said he was ready to pass out SB 358 if the rest of the members were agreed. The suggested amendments were gone over.

AMENDMENT "shall" Line 13 page 1: change "shall" to "shall be designated to".

AMENDMENT "interest" Ose wants "and interest" to be added on line 29 on page 1 and on line 7, page 2. To make things clearer.

SECTION B Rep. DAVIS doesn't like lines 21, and 22. He says the land belongs to the Native corporations and not to the village councils. Mr. Waring explained that this section covered after the land had been transferred to the State and if the State wanted to do anything else with it they had to get the concurrence of a local body. Regional Corporations are not used because they represent the private interests and not public.

PASS OUT Rep. Ostrosky moved to incorporate the amendments in a committee substitute and pass out. So moved. All members signed do pass.

SB 125 (1342) Rep. Cotten said he received a request from the Municipal League to pass out SB 125, companion to HB 172 already passed out. It's an identical bill and the League would like to pass it out in the interest of time.

REPORT OUT Ose made a motion to pass out. So moved.

ADJOURN Meeting was adjourned at 9:40.)1409)

COMMITTEE REPORT

2/25/75

HOUSE

Mr. Speaker:

Date 5-1

The Committee on CRA has had CSSB 127

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR SB 127 AND THAT

CS FOR SB 127 DO PASS

"and" recommends it BE REFERRED TO THE _____

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

<u>[Signature]</u>	_____	_____
<u>[Signature]</u>	_____	_____
<u>[Signature]</u>	_____	_____
<u>[Signature]</u>	_____	_____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

[Signature] Chairman

SOLID WASTE BILLS
ATTENDANCE

CSSB 127

Meeting was continued with all members of the Committee still present plus: Jim Anderegg, Dept. of C&RA, Jerry Rienvon, deputy Commissioner of Environmental Conservation, Red Swanson, Sponsor of HB 205, Chet Strohmeier, Acme Disposal.

Before discussing solid waste bills, the Committee looked over the committee substitute for SB 127 which had been prepared for today and it was passed out.

HB 445

Mr. Rienvon said there were two things at issue here: revenue and intent. The Dept. supports the intent but the issue of funding transcends the dept. Disposal is a real problem especially in the bush and rural areas. The sliding fee scale is a good concept. Fiscal note around \$1,500,000.

FISCAL NOTE

EXAMPLE OF
HYDABURG

Rep. Hackney asked what a place like Hydaburg with a population of 300-400 would be able to do with the \$4,000 the bill would give them. Jerry said in this case they would probably use it for a driver for a cat to bury the land fill. A small amount will improve the situation somewhat.

REP. OSE

Rep. Ose objects to Anchorage getting the 1/2 million they would get because they are already doing a good job. Oral said the sliding fee scale favors the small communities. The facilities that Anchorage and Fairbanks have the people paid for. Oral thinks it's a good bill, but perhaps there should be a provision making it mandatory to use the money for solid waste.

FREEMAN

HB 205

Rep. Swanson stated that while in the 7th Legislature he saw that the problem existed and so decided to introduce this bill. He represents 30 small communities in interior who have a real problem. He has an idea--to get the Hiway dept. to let the small communities use their old equipment, and with the \$5 from revenue sharing the communities will be able to take care of their problem.

CSSB 90 (side 2)

Cotten pointed out that CSSB90 transfers state equipment to political subdivisions. Will take up that bill tomorrow.

JIM ADEREGG
C&RA POSITION

The dept. is aware of the review of revenue sharing that's supposed to take place this summer so they don't want to push anything right now, but they do favor solid waste. They like the sliding fee scale in HB 445, a fixed amount is not good. The dept. recommends wording that will allow the municipalities to use private contractors. Also set criteria for compliance, and wording to cover the situation in double governments. They recommend against state ceiling on revenue sharing.

Rep. Swanson said the issue in his district was disposal and not collection. Jerry agreed.

Chairman Coten wants to try to put some of these bills together. Freeman likes the approach in HB 445.

Meeting was adjourned at 9:40.

House Committee on
COMMUNITY & REGIONAL AFFAIRS

Meeting Minutes
April 30, 1975

Meeting was called to order at 9:00 to discuss CS for CSSB127.

Rep. Cotten	Barbara Englert Thomas, Staff
Rep. Ostrosky	ANDrea Guernsey, Staff
Rep. Freeman	Don Berry, Municipal League
Rep. DAVIS	Ginny Kline, " "
Rep. Hackney	Cheryl Probst, Anchorage Times
Rep. Ose	Vivian Loovas, Citizen
	Rep. Rhode

WHO PICKS UP TAB

Rep. Freeman wants to know where in the Committee substitute it states who picks up the tab for these exemptions. He wants to be sure there is no question that the State is paying. Cotten said 29.53.020 E-I explains that the State pays. Freeman doesn't see it. 29.53.020 covers real property tax, not assessments. Cotten explained that in the bill, line 15, it merely says that the exemption granted under this section applies to e-i also. But it Mr. Freeman wants to make it more clear a new section could be added, incorporating section G of 29.53.020 into the bill. "The State shall reimburse a home rule or general law municipality for the sewer and water assessment revenues lost to it by the operation of (a) of this section."

AMENDMENT

LETTER FROM
GARY THURLOW

A letter from anchorage Borough Atty., Gary Thurlow, was passed out to members. Mr. Thurlow would like an amendment added to keep people from refinancing the property and getting a rip off. Hackney wondered how many bankers would refinance project for person over 65? Rep. Rhode, a banker, said there wasn't much chance. It is too high risk. The committee members didn't think there was any real need for an amendment.

DELETE HEIRS

One of the areas of concern at previous meetings was passing the land on to heirs. All references to heirs will be deleted.

AMENDMENT
"SINGLE FAMILY
DWELLING"

The committee also wanted something added which clarified this was for single family dwellings and not multi-unit apts..

A new committee substitute will be drawn up and ready for the Committee tomorrow.

Meeting was adjourned at 9:40.

House Committee on
COMMUNITY & REGIONAL AFFAIRS

Meeting Minutes
March 18, 1975

Meeting was called to order at 9:00 for discussion of CSSB 127. Present were:

Rep. Sam Cotten, Chairman	Rep. Larry Davis
Rep. Kathryn Ostosky	Rep. Oral Freeman
Rep. Al Ose	Barbara Englert Thomas, Staff
Rep. Glenn Hackney	Andrea Guernsey, Staff
Bob Dozier, State Assessor	

(7) Cotten gives introduction. He has had a House Committee Substitute for CSSB 127 drawn up. Changed first line--amount of property. Line 18--lien established in favor of State. Changed the language about abode to the same used in the Senior Citizens Property Tax Exemption. Cotten read a letter from Kenai suggesting adding disabled persons to the exemption. Chairman Cotten asked Mr. Dozier THE price for sewer assessment.

(126) Dozier said sewer would be \$27,500 for a year, excluding Fairbanks. Adding Fairbanks wouldn't be over \$50,000.

(196) Cotten asked for the cost to individual. Dozier hasn't figured it but it is based on square feet.

(230) Rep. Freeman said there was great diversity in cost and sited the case of Ketchikan where it is very expensive because of having to drill into rock. There it averaged \$1500/lot.

(280) Mr. Dozier suggests taking out the part about lien. Suggest limit of land-20 acres in rural areas.

(468) Cotten notes there is no mention of pay back by the State in the original bill.

(470) Dozier reads a letter from Gary Thur. Jw, Anch. Borough Atty.

(547) Cotten said that without a lien there is need for a restriction on land but with it you can have unlimited lands.

(579) Rep. Ostrosky sees two choices; exempt land on which the person actually lives or exempt all land with lien. (585) Cotten responds.

(605) Dozier brings out the fact that on transfer to heir the lien is forever forgiven (line 22). This could provide a rip off. (632) Cotten responds.

(648) Hackney asked why heir was included. Cotten responds. (677) Hackney would like to see heir deleted.

(690) Rep. Ostrosky runs through the choices.

(722) Cotten asks Mr. Dozier about property exemptions, especially in the case of a religious organization. Dozier replies.

(776) Rep. Ostrosky asked about a \$15,000 income limit. It was Thurlow's idea, Dozier said, and was too cumbersome. (819) Is there any limitation now, Ostrosky asked? No, Dozier said, but it has been limited verbally to 5 acres in rural areas.

(847) Ostrosky- 20 acres in rural, 5 suburban, 1 urban. (Dozier) Presently there is no limitation in the definition, up to assessor.

(870) Hackney says there are not too many places with water and sewer. The bill was really written for Homer, Dozier said. (908) Hackney-The application would be in the Anchorage area mostly. This would not apply in rural areas.

(951) Chairman Cotten asked the Committee if there were any objections to giving senior citizens sewer exemptions? There was none but Freeman doesn't want to see a rip off.

- (963) Cotten brings up question of land: all land exempt or small plot?
(989) Freeman in favor of limitation. Do away with heirs.
(1073) Ose basically agrees with Freeman.
(1090) Ostrosky-limit size of land.
(1098) Cotten-What about residency? No objection from Committee. What about lien?
It would avoid rip offs.
(1120) Ostrosky asks how that works; person who buys lot from senior citizen wouldn't get assessment? (1131) Dozier explains. If sold to anyone someone pays--if given to heir forever forgiven.
(1145) Hackney has question on line 26.

Meeting adjourned at 9:55. (1154)

House Committee on
COMMUNITY & REGIONAL AFFAIRS

Meeting Minutes
March 12, 1975

Meeting was called to order at 9:00 am by Chairman Cotten for discussion of CSSB 127.

Present were:

Rep. Sam Cotten	Rep. Kathryn Ostrosky
Rep. Larry Davis	Rep. Mike Hershberger
Rep. Glenn Hackney	Barbara Englert Thomas, Staff
Rep. Oral Freeman	Andrea Guernsey, Staff

Bob Dozier, State Assessor
Don Berry, Municipal League
Lee Sharp, City Borough Atty., Juneau

0- Chairman Cotten gives introduction.

14 - Lee Sharp gave his comments on the bill, which are stated in a letter passed out to committee members. He made the point that the way the bill is written only general law municipalities can give exemption. Bill should be changed to include home rule cities. (157) Does the recapture provision provide only to water or for sewer also? The section should be redrafted to make it clear that it applies to both. How is C&RA going to recapture themoney?

261 - Cotten asked if water assessment was a one time thing. Sharp says yes.

313 - Cotten comments on senior citizens making a water connection versus those who don't.

330 - Sharp said if they make the connection they're liable for the payment. If they are exempt, reimbursment will come from C&RA to the municipality.

373 - Cotten-Hypothetical situation of an exempt person selling before he made a connection to a person who was non exempt. Sharp said that C&RA would pay for the first person and would have to police after that.

454 - Cotten calls on Mr. Dozier, Assessor, for his comments.

456 - Dozier had basically the same comments that Mr. Sharp made. He said that under the present wording of the bill deferred taxes covers water and full exemption is given to sewer. The recapture part should also be worked out.

480 - It was brought up that the lien should be against the property.

488 - Hackney thinks the purpose is for the State to pick up the tab. Cotten explains what happens.

510 - Freeman wants to know where the recapture assessment goes. Berry says the money ought to go to the State.

551 - Sharp reiterates that the recapture provision should be redrafted and clarified.

600 - Cotten asked for possible redraft, on line 18. Clearly establish lien that runs in favor of State.

637 - Hackney commented that this was another revenue sharing bill.

645 - Cotten-Does this bill have a retroactive clause? Sharp says no.

6/9 - Hackney-Bill is mandatory and doesn't give the municipalities any room.

689 - Freeman wanted to know what would happen if C&RA didn't have enough money to pay everybody. (705) Dozier said if they can't pay there is a provision in the administrative code. Lien on property. (714) Cotten-What does it cover? Dozier explains.

736 - Dozier brought up the fact that the residency requirement is written differently

in this bill than in the statutes covering senior citizen property tax exemption. It should be the same. There is also no limited amount of property. (832) Hershberger thinks it should be confined to the persons one house and not all his property. Cotten comments. (847) Assessment based on amount of land. Should be some limiting factor. Suggested dwelling unit limited to 5 acres.

- 895 - Cotten asked if there was a limit on the Senior Citizens property tax exemption. He didn't think there was. Dozier explained that there was a limit.
- 931 - Hackney-What is the price tag on this?
- 941 - Dozier-Sewer would be \$400,000 in a lump sum but the State would pay in installments at \$75,000 a year.
- 1004- Cotten talked about the residency requirements again. Dozier-Constitutional problem. Residency very broad. Different for different things. Cotten wants to get the A.G.'s opinion on resident.
- 1060 -Cotten asked for further comments from the committee. Davis didn't like the fact that there was no limitation on annual income or property value. Is this a bill to help the needy or the senior citizens? (1118) Dozier said the easiest way would be to place a limitation on the assessed value. HE GAVE THE figure of \$100,000.
- 1151 -Hershberger moved to table the bill.
More researched needs to be done.

Meeting adjourned at 10:00. (1160)

House Committee on
COMMUNITY & REGIONAL AFFAIRS

Meeting Minutes
March 6, 1975

Meeting was called to order by Chairman Cotten at 9:00 for discussion of HB 227 & CSSB127. Present were: Rep. Cotten; Rep. Ose; Rep. Davis; Rep. Freeman; Danny Plotnick, Office on Aging and Bob Dozier, State Assessor; Barbara Englert Thomas, Staff; Andrea Guernsey, Staff

941-Plotnick started by saying that his office was in favor of the bill if it was in concurrence with Community & Regional Affairs. He read a letter from someone who had missed the deadline—HB 227 would take care of that problem.

978-Dozier was also in favor of the bill. He thinks it should be flexible but still should have a deadline to make the administration of it a little easier. He made the suggestion that late filers should have a penalty of some sort. He gave a run down of the calendar and said the municipalities have the power to accept the application virtually any time of the year as it now reads in the bill. He would like to see a deadline.

1075-Rep. Ose asked why we had this every year. Dozier said the assessor had no way of knowing what the individual has been doing. Just a routine check up.

1101-Mr. Plotnick stated that the Office on Aging would have no objection to adding a deadline. Suggestion on line 27 after the word "him" add: provided that the application be received by X date.

1133-Ose, what is the first date that they can file? During any time, Dozier said.

1138-Freeman asked if the state reimburses and if the cut off date was a problem for the State. Dozier replied that yes the state did and no there was no problem. It wasn't any great problem and the cut off date was not absolutely necessary.

Cotten favors the bill but doesn't want it amended to provide for filing date. Ose made a motion to pass the bill out. All signed due pass.

CSSB 127

1271-Dozier said this bill adds to the senior citizens property tax exemption. There is a problem with the wording in a couple of places; doesn't say to whom amount of money will be paid, it should be specified- to the local government or to the State?

1359-Freeman wanted to know where the money to reimburse comes from and what guarantee there is. Dozier said it was in the budget. This program hasn't been submitted. A separate BRU. Suggested wording: line 19, new sentence: "payment by the owner shall be made to the State to the extent of its reimbursement for revenue lost under this section."

1442-Dozier also said there was a conflict in the definition of resident.

1474-Cotten questioned about water and sewer assessment. Aren't required by federal law to hook up to water. Why distinction between water and sewer, should be for both. Dozier also suggested there be a limit on the amount of land.

1550-Freeman-What is the fiscal note? \$100,000.

Meeting adjourned

end tape

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

DIVISION OF LOCAL GOVERNMENT ASSISTANCE

POUCH B-JUNEAU ~~3000~~ 99811

JAY S. HAMMOND, Governor

X ref CS#B 65

March 6, 1975

The Honorable Samuel R. Cotten
Chairman
House Community & Regional Affairs
Committee
Pouch V
Juneau, AK 99811

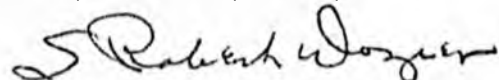
Dear Representative Cotten:

For your information, enclosed are copies of two letters dated February 25, 1975 commenting on Sponser Substitute for House Bill No. 65 (SB 170) relating to farm and unimproved land deferred taxation, and Senate Bill No. 127 relating to deferred taxation for sewer and water special assessments on property owned by a senior citizen.

The Director of Property Assessment and Management Department, Pat McKee, Greater Anchorage Area Borough, has outlined the GAAB and Eagle River Chugiak Borough situation in relation to SS HB No.65 (SB 170) and some ramifications of the proposed legislation.

The GAAB attorney, Gary Thurlow has made comment to Senator Roddy, Chairman, Senate Community & Regional Affairs Committee, in regard to SB 127 which may be pertinent; although, CS for SB 127 has substantially expanded the scope of the original bill.

Very truly yours,



S. Robert Dozier
State Assessor

SRD:nc

Enclosures

GREATER ANCHORAGE AREA BOROUGH. MAR 06 1975

3500 EAST TUDOR ROAD
ANCHORAGE, ALASKA 99507

March 4, 1975

PROPERTY ASSESSMENT AND MANAGEMENT DEPARTMENT



Mr. S. Robert Dozier
State Assessor
Department of Community & Regional Affairs
Pouch B
Juneau, Alaska 99801

Dear Bob:

The main problem I see with Senate Bill 170 is not so much the farm use portion, but the undeveloped land portion under Section C. If you look at the Bill, Page 2, Third line, it refers back to farm use land; either they should talk about undeveloped land or farm use land, there is a difference. They also, on the next line down, did not indicate the rate of interest I am assuming it is the 5% rate referred to in the farm use land section.

Whereas land used for farming is actually producing, I feel that undeveloped land, under this Bill, would benefit speculators. It would also, in my opinion, add to inflation in that, at the time of sale, someone is going to have to pick up the back taxes and possibly the interest on those taxes. Either the seller is going to be forced to take a reduced value, or he will add the cost of taxes and interest to the property value at the time of sale. Land in this area is increasing in value at the rate of between 1% to 3% per month. This Bill would, in my opinion, increase this rate by actually adding to the value of those lands not placed under the protection of Senate Bill 170. There is only so much land left in the Anchorage area and, if a goodly portion of it is sheltered, the remainder will increase much more rapidly thereby placing a much heavier burden on the taxpayers who can not qualify for Senate Bill 170.

For instance, one of the appraisers in my office still has 130 acres of land left in his homestead. He is living on this tract of land, and at the present time it is worth approximately \$1,000,000 or about \$8,000 per acre. For farm use land, as the law now reads, we have been allowing a maximum of \$750 per acre. This would give him an assessed value of \$97,500 for his undeveloped land whereas extremely marginal land with a 10 to 15 foot peat overburden at market value is bringing \$130,000 an acre. If a number of people were to take advantage of this Bill and, I'm sure they would, it would place the burden on the legislative body to increase the mill rates to make up the difference in support of a budget. An increased mill rate would affect

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Mr. S. Robert Dozier

Page 2

March 4, 1975

the "little man" while the person holding large blocks of land would, even if temporarily, be paying on less than 10% of the value of his property. The homeowner and businessman would pick up the difference.

As an example, I took a tract of land containing approximately 2.4 acres and another containing slightly over 2.55 acres. We have many such tracts. If we assume that both of them were valued on the open market at 21¢ per square foot, this would give us a value on the 2.4 acre tract of \$21,955 and \$23,310 on the 2.55 acre tract. Again assume that both properties are being used for residential sites. By discounting the value of the buildings and just speaking to the land, at 18 mills the person owning the 2.4 acre tract would pay \$395 tax on the land while his neighbor taking advantage of Senate Bill 170 would pay \$41.95. This, in my opinion, is discrimination and should not be allowed. The Chugiak/Eagle River Borough has hundreds of such parcels, and it would be severely affected, especially in the first few years.

If inflation continues as it has in the past, a person who decides to convert his land to another use rather than leaving it in its native state would be paying the back taxes on a highly inflated dollar. Again, he would have the benefit over the next door neighbor who had to pay taxes as he went along on a current basis.

Another problem I see is that we have a new residential zoning that makes it mandatory to have five acre tracts for a single family residence. These properties would never be assessed at more than 10% of their full and true value and, by law, could not be used in any other way. This would give us a value of approximately \$3,750 to the land while the person living on a normal single family residential lot is paying on a value of between \$12,000 to \$20,000. I fail to see the equity in this situation.

Another example comes to mind, which is somewhat different. Just outside the central area of the City of Anchorage lies a large 20 acre tract of land, zoned R-4. Next to this property is approximately 20 acres of B-3 zoned property. These properties for all practical purposes are still in their natural state and they have been zoned for many years and not used. If I read Senate Bill 170 correctly, they would also be included under Section C as undeveloped land. They are at this time prime for development, but the owner has chosen for reasons known only to him not to proceed to develop them.

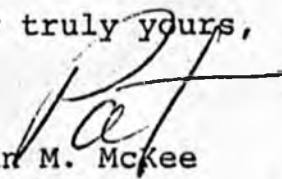
I'm sure we have many millions of dollars worth of property

Mr. S. Robert Dozier
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March 4, 1975

in this Borough that would fall under Senate Bill 170, and I know that the Chugiak/Eagle River Borough would be hurt even worse. The Bill may be fine for some areas in Alaska, but I think the more urbanized you get the more those people who can't qualify are going to be hurt. If we assume a one or two mill increase because of this type of Bill, it would be easier to pay that on 10% of your value rather than all of your value.

I would suggest it be permissive rather than mandatory.

Very truly yours,



Glenn M. McKee
Director

GMM:ma

cc: Mayor's Office

GREATER ANCHORAGE AREA BOROUGH

3500 EAST TUDOR ROAD
ANCHORAGE, ALASKA 99507

DEPARTMENT OF LAW
279-8686



February 25, 1975

Received

Senator Pat Rodey, Chairman
Community and Regional Affairs Committee
Alaska State Senate
Pouch V
Juneau, Alaska 99801

FEB 26 1975

BOROUGH ASSESSOR

Re: Senate Bill No. 127 - An Act Related To Special Assessments

Dear Senator Rodey:

Greater Anchorage Area Borough assessment revenues would not be affected by Senate Bill No. 127 because of the reimbursement provisions of A.S. 29.53.020(E) (I) which Senate Bill No. 127 incorporates.

However, you may want to place some income and property valuation limitations on persons who can qualify under the act. There are currently several residents 65 years of age or over in the Greater Anchorage Area Borough who have properties on which they live, which properties are of a value in excess of \$2,000,000. These persons are already exempted from real property taxation under A.S. 29.53.020 and the annual state subsidy for these persons in the Anchorage area runs as high as \$5,000 per year per property owner.

If such properties are presently unsewered, and become sewerred, a property could easily be worth many times its value in an unsewered state.

For example, if a 40 acre tract of ground, worth \$400,000 in an unsewered state, upon which the owner has his permanent place of abode, is sewerred and is zoned R-1, as many as 120 lots could be carved out of the property. This is three lots per acre. If each lot were sold at \$20,000 each, which is a common price for a lot in the Anchorage area, and if the development cost for each lot were \$10,000 each, the total net profit for the lots would be \$800,000 (\$2,400,000 in gross sales less \$400,000 in land costs less \$1,200,000 in development costs).

Very often the difference between large lot zoning and small lot zoning is the availability of municipal sewage systems. It is very common in the Anchorage area for property to triple and quadruple in

Copy to Bob Doye
Jim

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Senator Pat Rodey
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value because of the availability of municipal sewerage and because of a change in zoning from large lot to small lot zoning which municipal sewerage permits. For some years now one of the greatest opportunities for profit in the Anchorage area has been conversion of land from less intense use to more intense use.

To avoid use of Senate Bill No. 127 by those who are interested in holding or acquiring land for speculative purposes, I suggest a maximum gross income limitation of \$15,000 per property owner plus an acreage limitation sufficient to just cover the area reasonably required for use by the resident's place of abode, say one-half acre.

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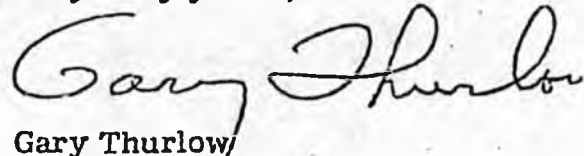
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Senator Pat Rodey
Page 3
February 25, 1975

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Very truly yours,


Gary Thurlow
Borough Attorney

GT/kj

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CS for Senate Bill 127
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letter anyway.

Rt. 3, Box 3114
Juneau, Alaska 99801
April 14, 1975

House Community Regional
Affairs Committee
Pouch V
Juneau, Alaska 98111

Honorable Senator Sam Cotten, Chairman

Dear Senator Cotten:

It is my understanding that Senate Bill 127, Sewage and Water Bill, regarding Senior Citizens, is now in your committee.

To me, a long time resident and property owner in Alaska, also a widow and Senior Citizen, it is very important that this bill pass at this time.

Many of us who are Senior Citizens hope to be able to continue to live in the home we've worked hard for these many years, the place where we raised our children and the place we love - but with our meager fixed income it gets more difficult daily.

Please vote "DO PASS" when this bill comes up in committee ... I URGE QUICK ACTION.

Thank you very much.

Sincerely yours,

Mrs. Wilma Jenkins

Mrs. Wilma Jenkins

KENAI PENINSULA BOROUGH

Box 850

Phone 262-4441

SOLDOTNA, ALASKA 99669

February 26, 1975

STAN THOMPSON
MAYOR

Sen. Clem Tillion
Rep. Keith Specking
Rep. Hugh Malone
Rep. Leo Rhode

Re: Senate Bill 127 - Special Municipal Assessments

Gentlemen:

An excellent and badly needed bill.

My only suggestions would be to add to "occupied by a resident 65 years of age or over"--or "anyone permanently disabled as described under the Social Security terms", and add to sewer assessment also "water assessment".

Sincerely,



Stan Thompson
Borough Mayor

ST/tb

cc: Willard Bowman, Chairman, Rules Committee
Terry Gardiner, Chairman, Judiciary Committee
Susan Sullivan, Chairman, Health, Edu. & Soc. Services
Nels Anderson, Chairman, Resources Committee
William Parker, Chairman, State Affairs Committee
Bob Bradley, Chairman, Commerce Committee
Joseph McKinnon, Chairman, Labor & Management
Samuel Cotten, Chairman, Community & Reg. Affairs Comm.

GREATER ANCHORAGE AREA BOROUGH

3500 EAST TUDOR ROAD
ANCHORAGE, ALASKA 99507



DEPARTMENT OF LAW
279-8686

March 19, 1975

Pat Rodey, Chairman
Senate Committee on Community
and Regional Affairs
Pouch V
Juneau, Alaska 99801

Re: Committee Substitute for Senate Bill No. 127

Dear Pat:

Upon rereading Committee Substitute for Senate Bill No. 127 I see a major loophole that could be plugged by one minor amendment. This amendment would provide that if the owner obtains a loan upon his property or refinances it in an amount which is greater than the loan in effect at the time he obtained his exemption, he would lose his exemption.]

As Committee Substitute for Senate Bill No. 127 is presently written I think there still is a clear opportunity for a person to use the bill to rip off the public taxpayers to the tune of several hundred thousand dollars. The basis for the rip off would be to obtain a loan upon a parcel that is greatly increased in value as opposed to selling a property which is greatly increased in value because of the availability of sewers.

In my last letter to you I indicated the opportunity for making a quick several hundred thousand dollar profit under Senate Bill No. 127 as originally introduced. I think that this opportunity still remains; it's just a little harder to do it under the revised Bill.

As you know, sometimes it is more advantageous to get money out of an appreciated property by refinancing it than it is to sell it outright and take the capital gain. If the property is refinanced there is no income tax to pay on the capital gain. For example, assume that an apartment house has been sold to a person over 65 years of age for \$100,000, \$25,000 of which is a cash down payment and \$75,000 of which

was loaned with the apartment house as security for the loan. Because of demand, economic conditions, inflation, etc., the property becomes worth \$150,000 in a few years. The person over 65 would have the choice, if he has to get some money out of the property, of either selling it and taking the \$50,000 capital gain, upon which he has to pay income tax, or, he could refinance the property at, say, 75%-85% and get some \$112,500 to \$127,500 in cash which would be sufficient to recoup the original \$25,000 investment and earn an additional \$12,500 to \$27,500.

Now, consider the case where a person over 65 has a property on which his residence is located, comprised of 40 acres and worth \$10,000 an acre, for a total of \$400,000. In the Anchorage area the availability of small lot zoning generally hinges upon the availability of sewerage. If the property owner can get the property sewered through a lateral improvement district and have the State of Alaska pick up his share of the assessments, he could very easily quadruple the value of his property by coupling the availability of sewage with new zoning to smaller residential lots. This happens over and over again in the Anchorage area. The result would be that a property formerly worth \$10,000 an acre or \$400,000 will, almost overnight, become worth \$40,000 an acre for a total value of \$1,600,000.

Under Committee Substitute for Senate Bill No. 127 the owner would have to repay the sewer assessment to the State if he should sell, and the sewer assessment would be an offset against the \$1,200,000 profit on the property. However, to get around this, the property owner can be instrumental in bringing about the formation of a lateral improvement district which would benefit his property, obtain State contributions for the amount of sewer assessments allocable to his property, obtain the rezoning and the quadrupling of value, and then borrow an amount equal to, say, 50%-60% of the value of the appreciated property. He would borrow approximately \$800,000 to \$960,000 and would earn an immediate \$400,000 to \$560,000 profit, which profit would be made possible solely as a result of State financing of the sewer assessment.

For a period of several years I spent a great deal of time working on refinancing deals of just this kind which were intended to generate cash without tax liability. Pat McKee, Borough Assessor, could give you some specific examples of

Mr. Rodey

-3-

March 19, 1975

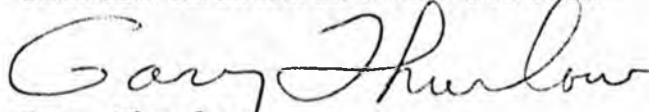
property in the Anchorage area that would be suitable for this type of operation if the property were sold to a person over 65 years of age or if the property were presently owned by a person 65 years of age.

I think that any members of your committee who work with the banks or lending institutions would confirm the feasibility of making a quick profit in the manner outlined above.

You need an amendment to plug the loophole.

Sincerely yours,

GREATER ANCHORAGE AREA BOROUGH


Gary Thurlow
Borough Attorney

GT/vjb

cc: Sam Cotten
Lee McAnerny
Pat McKee



THE CITY AND BOROUGH OF JUNEAU

CAPITAL OF ALASKA

155 SOUTH SEWARD ST. JUNEAU, ALASKA 99801

DATE: March 10, 1975

FILE NO.

SUBJECT: CSSB 127

Hon. Sam Cotten, Chairman
House Community and Regional Affairs Committee
Alaska State Legislature
Juneau, Alaska 99801

Dear Chairman Cotten:

I do not believe that CSSB 127 would create an exemption from sewer and water assessments for senior citizens who reside in a home rule municipality. The bill provides for exemption from assessments "under this chapter", this chapter being Chapter 63 of Title 29 of the Alaska Statutes. Home rule municipalities do not derive their authority to act from statute, nor is their authority limited in any manner by Title 29 except by those parts of Title 29 which are made specifically applicable to home rule municipalities. Those sections of Title 29 which are specifically applicable to home rule municipalities are set forth in AS 29.13.100. You will note that no part of Chapter 63 appears in this home rule shopping list section.

Because Chapter 63 of Title 29 is not applicable to home rule municipalities, special assessments made by home rule municipalities would not, in most cases, be assessments "under this chapter". The effect of enactment of the current language would be to provide an exemption from the named special assessments only for those senior citizens who reside in general law municipalities. If it was intended that the benefits of the exemption accrue to any senior citizen without regard to the character of the municipality in which he resides, a fairly simple change to the language of the bill will accomplish that purpose. The phrase "under this chapter" appears in lines 12 and 13; if this phrase is changed to "by a home rule or general law municipality" in both places the Act would then accomplish its intended purpose. If the above suggested amendment, or one similar to it, is made, then a second section reading as follows should be added to the bill:

Hon. Sam Cotten
March 10, 1975
Page 2

Section 2. AS 29.13.100 is amended by adding a new subsection to read:

Sec. 29.13.100(36). AS 29.63.065 (Special assessment exemptions).

The new section to the bill is required in order to add the proposed section AS 29.63.065 to the home rule shopping list.

There are several questions which you may want to consider relating to the recapture provision. This provision, which starts at about line 14, applies only to property which has been exempted under subsection (2). If it is intended that the recapture provision apply upon the sale or other conveyance of any property which has received an exemption under the proposed section, the recapture provision should be redrafted to make it applicable to the conveyance of any property receiving an exemption under this chapter upon its conveyance and also to any property which has been exempted under (2) upon its receipt of the water connection. Also, the present language of the recapture provision appears to make the repayment a personal liability of the owner rather than a liability of the land. The initial assessment is a liability on the land and not a personal liability of the owner. The bill speaks of the "person exempted" at about line 14 rather than the property exempted. The recapture provision also raises questions as to whom the obligation for repayment runs. At about line 18 the bill provides that "he shall pay the special assessment from which he was initially exempted." As a special assessment was levied by the municipality, was it intended that the seller pay the recaptured assessment to the municipality, which has been reimbursed by CRA for the exemption? Or is the seller obligated to repay CRA? Also, would it be desirable to create a lien running in favor of the state upon its reimbursement of the exemption to the municipality? Such a security device, however, may tend to shift the burden of repayment to a buyer.

The definition of "resident", which begins at about line 19, is probably unconstitutional as a denial of the equal protection of the law. It is also possible that it could be stricken as a violation of a citizen's right to travel under a recent line of U. S. Supreme Court cases.

If I can be of any assistance, please do not hesitate to call on me.

Very truly yours,



Gerald L. Sharp
City-Borough Attorney

GLS/plw



GREATER ANCHORAGE AREA BOROUGH

3500 EAST TUDOR ROAD
ANCHORAGE, ALASKA 99507

DEPARTMENT OF LAW
279-8686

February 25, 1975

Senator Pat Rodey, Chairman
Community and Regional Affairs Committee
Alaska State Senate
Pouch V
Juneau, Alaska 99801

Re: Senate Bill No. 127 - An Act Related To Special Assessments

Dear Senator Rodey:

Greater Anchorage Area Borough assessment revenues would not be affected by Senate Bill No. 127 because of the reimbursement provisions of A.S. 29.53.020(E) (I) which Senate Bill No. 127 incorporates.

However, you may want to place some income and property valuation limitations on persons who can qualify under the act. There are currently several residents 65 years of age or over in the Greater Anchorage Area Borough who have properties on which they live, which properties are of a value in excess of \$2,000,000. These persons are already exempted from real property taxation under A.S. 29.53.020 and the annual state subsidy for these persons in the Anchorage area runs as high as \$5,000 per year per property owner.

If such properties are presently unsewered, and become sewerred, a property could easily be worth many times its value in an unsewerred state.

For example, if a 40 acre tract of ground, worth \$400,000 in an unsewerred state, upon which the owner has his permanent place of abode, is sewerred and is zoned R-1, as many as 120 lots could be carved out of the property. This is three lots per acre. If each lot were sold at \$20,000 each, which is a common price for a lot in the Anchorage area, and if the development cost for each lot were \$10,000 each, the total net profit for the lots would be \$800,000 (\$2,400,000 in gross sales less \$400,000 in land costs less \$1,200,000 in development costs).

Very often the difference between large lot zoning and small lot zoning is the availability of municipal sewage systems. It is very common in the Anchorage area for property to triple and quadruple in

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Senator Pat Rodey
Page 2
February 25, 1975

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Senator Pat Rodey
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CSSB 127

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, Governor

Pouch H01, Juneau 99811

~~POUCH H01, JUNEAU 99811~~

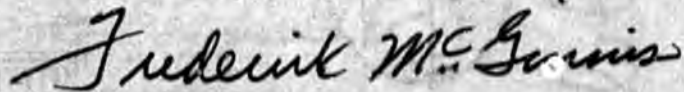
March 5, 1975

The Honorable Samuel R. Cotten
Chairman, House Community & Regional
Affairs Committee
Pouch V
Juneau, Alaska 99801

Dear Mr. Cotten:

Enclosed are this Department's position papers concerning HB 227 relating to senior citizen municipal tax exemption and CSSB 127 relating to municipal special water assessments.

Sincerely,



Frederick McGinnis
Deputy Commissioner

Enclosures

OFFICE ON AGING

POSITION REPORT

ON

House Bill #227

"An Act relating to the senior citizens municipal property tax exemption authorized under AS 29.53.020."

This act makes provision for a person 65 years or over to make application for exemption for that year if, in the opinion of the governing body of the municipality, there is good cause shown to waive the claimant's failure to make timely application for the exemption for that year and authorizing the assessor to accept the application as if timely filed.

If a claimant whose failure to file by January 15 of the assessment year has been waived and the exemption is approved, the amount of tax, penalty, or interest already paid for the assessment year with respect to the property exempted shall be refunded.

We are unable to reliably estimate the cost of this amendment. Such figures and a fiscal note could be prepared by the Department of Community and Regional Affairs, that state agency having authority and jurisdiction over implementation of this chapter.

This Office has received a letter from an apparently qualified senior citizen, who was unable to have his application for exemption to be received in time. (copy attached). If the act passes, it would provide an exemption for this person.

This Office supports the passage of this amendment, *provided The Governor's FY 76 Budget is not adversely affected*
Attachment - letter from Daniel Boone Reed.

Submitted By: M. D. Patrick, Coordinator March 5, 1975
aging office Date

Approved BY: Frederick McGuinn March 5, 1975
deputy Commissioner Date

== (→)

over a period

Can

line 18-19 after discussing; make
land liable rather than the
person, who also, at the time would
own the land



possible limitations; use language
as in senior citizens Prop. tax.



what of limits on annual gross
income or property value.

limit of assessed value.

HCS for CSSB127

3/18/75 - Conversation with Dozier.

1. Making the requirements & limitations of the senior citizen property tax exemption & this special ^{assessment} exemption the same would facilitate not only the administration by the department, but also the application by the eligible resident. There's no reason why they wouldn't apply for both programs with one application - this would probably insure ^{use} more of the program by those it's aimed to serve.
2. Defining the amounts of land allowed for exemption would restrict some rip-offs and would also give teeth to the way the sr. citizens' property tax exemption is being enforced. Presently there are no guidelines set out by law.
3. Limiting the income, and checking tax statements to verify this, is going to add another layer of administration, which is something to consider in a \$100,000 program.

Hearings

CSSB 127

		Notified	Present	Testified
3/6/75	Comm. Williamson, H#SS 3030	X		
	(who will notify office of Agnes) Plotnik	X	X	X
	CRA, Dozier	X	X	X
	Municipal League	X		
	Lee Sharp, City Atty, CFB Tuncan ⁵⁸⁶⁻³³⁰⁰	X	X (written testimony)	X
	AML	X	X	X
	CRA, Bob Dozier	X	X	X
	Comm. Williamson, H#SS (Plotnik)	X		
3/18	Lee Sharp	X	X	
	M.L.	X		
	CRA, Bob Dozier	X	X	X
	Senator Ray	X		
3/26	Municipal League	X		
	CRA, Dozier	X		
3/26	Dozier, CRA	X		
	M.L.	X		
	Lee Sharp 6-3300	X		
	Senator Ray	X		
4/30	Dozier	X		
	M.L.	X		
	Senator Ray	X		
	Lee Sharp (6-3300)	X		
	Vivian Loucas 6-1572	X		