

S B

11 2

Sen. Orsini



Alaska State Legislature

POUCH Y, STATE CAPITOL
JUNEAU, ALASKA 99811
907 465-3800

3/7/77

Joe:

*Could you please let me
know when it would be
convenient for your committee
to schedule SB112?*

(Municipal Information - Finance)

Thanks. —

Joe

ANALYSIS OF SEC. 10 S.B. 112

Estimated Net Income

Net Income with Permanent Fund Contribution at 25%

	1979	1980	1981	1982	1983
Property Tax	170600.0	170600.0	173700.0	176900.0	180100.0
Oil & Gas Production Tax	153700.0	192200.0	296600.0	471500.0	593300.0
Sale of State Minerals	800.0	800.0	800.0	800.0	800.0
Coal Royalties	5.0	5.0	5.0	5.0	5.0
Oil & Gas Royalties	<u>519300.0</u>	<u>664900.0</u>	<u>788300.0</u>	<u>915100.0</u>	<u>1173700.0</u>
Total Gross Income	844405.0	1028505.0	1259405.0	1564305.0	1947905.0
Less:					
Native Land Claims	72500.0	97900.0	119100.0	139600.0	30000.0
Perm. Fund Contb. @ 25%	<u>129800.0</u>	<u>166200.0</u>	<u>197100.0</u>	<u>228800.0</u>	<u>293400.0</u>
Total Net Income	642105.0	764405.0	943205.0	1195905.0	1624505.0

Net Income with Permanent Fund Contribution at 50%

Total Gross Income	844405.0	1028505.0	1259405.0	1564305.0	1947905.0
Less:					
Native Land Claims	72500.0	97900.0	119100.0	139600.0	30000.0
Perm. Fund Contb. @ 50%	<u>259650.0</u>	<u>332450.0</u>	<u>394150.0</u>	<u>457550.0</u>	<u>586850.0</u>
Total Net Income	512255.0	598155.0	746155.0	967155.0	1331055.0

Oil revenues are based on world oil prices as of January, 1977.

FROM REVENUE



Matanuska-Susitna Borough, Inc.

BOX B, PALMER, ALASKA 99645 • PHONE 745-3246

BOROUGH ASSEMBLY

Borough Mayor

March 16, 1977

Honorable Jalmar Kerttula
State Senate
Pouch V
Juneau, Alaska

Re: SB 112

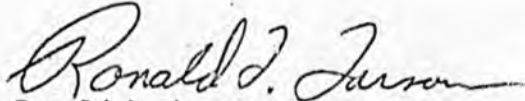
Dear Jay,

To confirm a phone call to you today, the Borough Assembly wishes to go on record in opposition to SB 112. A copy of Mr. Howe's memo giving reasons for opposition is enclosed. With the growth in this area, you can well understand the problem that this bill would create.

We would appreciate any assistance you can give in opposing this bill in the Senate and/or House and, as always, we are sure we can rely on you to work on our behalf.

By copy of this letter, we are advising Mr. Ose and the Chairman of both the House and Senate Finance and Community and Regional Affairs Committees of our stand on this bill.

Yours respectfully,


Ronald L. Larson
Borough Mayor

/et
Enc.



Matanuska-Susitna Borough, Inc.

BOX B, PALMER, ALASKA 99645 • PHONE 745-3246

DEPARTMENT OF ADMINISTRATION

March 2, 1977

MEMORANDUM

To: Mayor and Borough Assembly
From: Wesley M. Howe, Borough Manager
Subject: SB 112 An Act Relating to Municipal Taxation and Finance

This bill has several undesirable aspects:

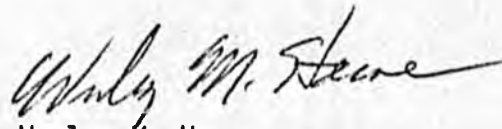
1. In our Borough it would require that two values be placed on practically every parcel of property, since property values are increasing at more than 5% per year. We cannot estimate the administrative cost of this, but it would be substantial. There would also be administrative costs at the state level. Administrative regulations and court decisions would be needed creating red tape and confusion.

2. The Borough would not be fully reimbursed for revenues lost since we levy a property tax amounting to more than 10 mills. (See Section 43.18.070.)

3. Inequities would be created. Starting from a base of 100, property increasing in value at a slow rate, say 5%, would be appraised at 129 after five years and this would also be the "limited assessed value" for tax purposes.

Property in another part of the Borough increasing more rapidly, say 10%, would have a value of 161 after five years, but would only be taxed at the "limited assessed value" of 129 for tax purposes. Undoubtedly many unforeseen problems would arise. If this process were to go on for say 50 years the result would be ridiculous.

I recommend that the Assembly oppose SB 112.


Wesley M. Howe
Borough Manager

WMH:er

to:

Senator Orsini*

Jay Kerttula

21-650A Apricot Street
Elmendorf Air Force Base, Alaska
March 4, 1977

Mr. Jalmar Kerttula
Senate Majority Leader
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Kerttula:

I am writing you in support of SB 112. We have just (this week) completed closing on our new home here in Anchorage. It was really shocking to us to discover the taxes were half again what they were last year on this same house. I had been aware of your legislation, but before becoming a home owner had not felt affected by it one way or the other. Now, needless to say, I am very much in support of this bill.

Sincerely

Dera C. Doris
Dera C. Doris

(3)

Abbey's Amendment } \$ 142K admin
1-2 M first rev

CITY OF SKAGWAY

GATEWAY TO THE GOLD RUSH OF "98"

P. O. BOX 415 SKAGWAY, ALASKA 99840

February 7, 1977

Senator Joe Orsini, Chairman
Community & Regional Affairs Committee
Pouch V
Juneau, Alaska 99811

Dear Senator Orsini:

Please reference your letter of 3 February inviting comments on several proposed Senate Bills pending consideration by your committee. The City of Skagway has no objection to proposed Senate Bills Nos. 80 and 114; however, Bill No. 112 "An Act relating to municipal taxation and finance-----" is viewed with grave misgivings. There are several bases upon which to question the wisdom and practicability of this Bill:

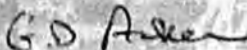
Sec. 25.53.050 (a) The limitation of property tax to no more than one per cent of assessed valuation is unrealistic.

Sec. 25.53.050 (b) The limitation of annual increase in assessed valuation to five percent is unrealistic. For S.E. Alaska the annual average rate of appreciation of property values has been in the range of 8 to 10 per cent for the past three years. Adherence to this restriction could in a period of ten years produce a limited assessed value from 30 to 70 per cent under the full and true value of a property -e.g. in comparison to the base value of comparable property just coming on the tax rolls in the tenth year.

Sec. 43.18.070 Computation and Payment of State Assistance. This section is ambiguous.

Pending clarification of these questions, the City of Skagway is to be noted as opposing Senate Bill 112.

Sincerely,



G.D. Acker
City Manager

cc: City Attorney - Ruddy

GDA: p