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STATE OF ALASKA  
THE LEGISLATURE

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May, 1988

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Mary Van Nimwegen

House C+RA

3-23-87

3:00 p.m.

# HOUSE COMMITTEE REPORT

Date referred: 2/27/87

FURTHER REFERRALS: Transportation

DATE: 03/23/87

The Community and Regional Affairs Committee has considered SB 25 am

"An Act providing a special assessment for private airports open for public use; and providing for an effective date."

**RECOMMENDS:**

- replace with \_\_\_\_\_  the same title
- attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

**ADOPTS:**  \_\_\_\_\_ letter of intent

**ATTACHES NEW FISCAL NOTE(S):**

- fiscal impact  same as previous fiscal note published \_\_\_\_\_
- zero fiscal note  same as previous zero fiscal note published \_\_\_\_\_
- zero with analysis

**SIGNING DO PASS:**

**SIGNING OTHER RECOMMENDATIONS:**

Coto Bette Coto

Zawacki Jim Zawacki

Springer Heinrich Springer

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\_\_\_\_\_

Herrmann Adelheid Herrmann No Rec.

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\_\_\_\_\_

Springer Heinrich Springer  
Chairman's signature



(6) SB 25 am

<sup>25</sup>  
SB ~~22~~ "An Act providing a special assessment for private airports open for public use; and providing for an effective date."

~~Mr.~~ Mister Chairman, members of the committee, for the record my name is Charles Christensen. I am an aide to Senator Bennett, the sponsor of this bill.

~~Senator Bennett introduced this bill after being contacted by~~  
~~the bill was introduced in response to~~  
~~constituents in the Fairbanks area who are concerned~~ about the decline of our local general aviation airports.

The problem is simple. State law permits a borough to levy property taxes. (AS 29.45.010). It further provides that local government must assess land at its full and true value. (AS 29.45.110(a)). This is defined as the estimated price which the property would bring on the open market. The law provides only two exceptions to the rule requiring assessment of real property at its full and true value. The first of these is for property affected by a natural disaster. (AS 29.45.230.) The second is for certain agricultural land, which must be assessed at its value for farm use, rather than its true value for some other use, such as subdivisions. (AS 29.45.060.)

Much like farms, airports require a large area of land which is frequently more valuable on the open market if it were put to a

different use. Like farms, airports cannot generate the same kind of income per square foot for their owners as can a shopping mall or a housing project. Thus, farmers, like airport operators, frequently cannot afford to pay true value tax assessments out of the low income their land actually produces. The reason state law makes an exception for farm land is because to do otherwise would encourage people to turn farms into subdivisions and businesses, and this is considered bad public policy.

The philosophy behind SB <sup>25</sup> ~~4~~ is that it is also bad public policy to encourage the closure and development of airport land. I do not need to tell the members of this committee about the importance of aviation to Alaska. What I will tell you is about the significance of private airports to aviation. In Fairbanks, for example, we have <sup>Alaska</sup> ~~one~~ <sup>only</sup> one publically owned airport, and seven privately owned airports which are open to the public. The <sup>of</sup> privately owned airports handle about one half of the general aviation traffic in the area, all of which would go to our international airport if the private airports were to close. Al Crook, the FAA's district manager for general aviation, has stated that he favors the continued operation of these private airports, because they relieve air traffic at the international airport, from which all major commercial aircraft operate. Cutting down light traffic at the international airport, of course, enhances safety and reduces public expenditures <sup>for general</sup> ~~on the~~ airport.

Unfortunately, high tax assessments are hurting the small private airports. Metro Field, for example, our largest private airport, has its future in doubt because of high taxes which make its economic viability as an airport marginal at best.

In answer to this problem, SB ~~41~~<sup>5</sup> gives municipalities the authority to assess privately owned airports at their true value for airport use. An airport must be open to the public, and it must be of benefit to the public or the municipality. Most importantly, the bill does not mandate that private airports be assessed at their value as an airport. Instead, it merely gives local governments the authority to decide if it is in the best interest of the community to value airport land as such, rather than valueing it simply as real estate ripe for development.

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SB 25am

BILL WORKSHEET

Bill #: SB 25am  
Date Sched.: HCRA Committee, Monday, March 16, 1987  
Title: "An Act Providing a special assessment for private airports open for public use"  
Sponsors: Sen. Bennett

Info Attached: Copy of Bill  
Fiscal Note  
History of Bill Action  
Documentation from Senate: article from Fairbanks News Miner

**Sponsor's Briefing, Intent/purpose:**

To encourage continued use of private airfields in urbanizing areas. Property taxes threaten continued existence of such airfields. The bill would allow municipalities the option of extending tax relief to private airports which are open to the public. The bill would permit such fields to be taxed at their value as an airfield.

**Effect of Bill:**

The bill is a local option which municipalities may exercise if they so choose. The airfields most likely to be affected are those already in use as quasi-public strips. Since there is a liability and inconvenience factor for the owners of such property, they are or will most likely become commercial type operations.

**Fiscal Impact:**

0 (Zero)

**Proponents:**

**Opponents:**

**Analysis of Bill's effect, by staff:**

As above. The committee may wish to add language which clearly indicates that by issuing the tax certification the municipality assumes no liability for certifying the condition of the airfield for public use.

**Committee Report:**

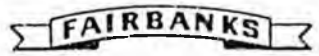
SB 25am

③ SB 25am

6—Fairbanks Daily News-Miner, Fairbanks, Alaska Jan. 16, 1987

Backup from  
Sponsor ?  
Senate  
3/12/87

*Editorial Opinion and Comment of*



**Daily News - Miner**

*"Independent in All Things. Neutral in None"*

Other opinions expressed on this page do not necessarily reflect those of the Daily News-Miner.



**Airfield options**

Private airports face an uncertain future in urbanizing areas such as Fairbanks.

Because these airports require lots of land in comparison to the income they can earn, property taxes can threaten their very existence.

A bill being introduced in the legislature by Sen. Don Bennett (R-Fairbanks) would allow local governments to give a property tax break to private airports that are open to the public. Rather than a break, it would be more of a just tax considering their value to the communities they serve. At present, state law prohibits municipalities like the Fairbanks North Star Borough from offering such tax breaks except to farmland.

Private airports make an important contribution to Alaska aviation. Among other things, they help draw light planes away from major government-run airports that serve airliners and other heavy aircraft. Anything that separates small planes from their bigger brothers increases the safety and convenience of all air travelers.

In addition, they reduce the need to expand government-run airports, reducing the demands on the public purse.

Bennett's bill would not require tax relief for private airports; it would only allow such relief. The choice would be up to the local government, just as it should be. And the tax break could be extended only to private airports open to the public.

This bill would cost the state nothing while providing an important and useful option to local government in Alaska. We hope it passes.

No 25

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

REQUEST: \_\_\_\_\_  
Revision Date: Original  
Title: Special Assessment for private airports open for public use...  
Sponsor: Bennett  
Requestor: Senator Jones

Bill Version: SB 25  
Publish Date: 2-4

Agency Affected: DOT&PF  
BRU: \_\_\_\_\_  
Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

This Bill will not impact DOT&PF. All duties, authorities and responsibilities rest with the municipality and the owner of the airport.

Prepared by: Ron B. Lind Phone: 465-2171  
Division: Plans, Programs and Budget Date: \_\_\_\_\_

Approved by Commissioner: [Signature] Date: 1/30/87  
Agency: Department of Transportation and Public Facilities

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