

S B

3 0 7

HOUSE COMMITTEE REPORT

(5)

Date Referred: April 2, 1990

FURTHER REFERRALS:

FINANCE

Date of Committee Action: 5/1/90

The COMMUNITY & REGIONAL AFFAIRS Committee considered:

SB 307

SENATE BILL NO. 307

REPURCHASE FROM MUNI/FORECLOSED PROPERTY

"An Act relating to property foreclosed upon by a municipality."

RECOMMENDATIONS:

- be replaced with _____ the same title
- have 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):
(Dept)

APPROVES PREVIOUS: (Date/Dept)

- fiscal impact _____
- zero fiscal note _____
- zero with analysis _____

- fiscal note(s) _____
- zero fiscal note(s) Dept of Rev., C & RA
- zero fn/analysis _____

SIGNING DO PASS:

SIGNING:
(Check approp. column)

Do Not
Pass No Rec Amend

| <u>Eileen P. Maclean</u> MACLEAN | | | |
|-----------------------------------|--|---|--|
| <u>Eugene Kubina</u> KUBINA | | | |
| <u>Richard [Signature]</u> FOSTER | | x | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

Eileen P. Maclean
Chairman's Signature

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

February 14, 1990

- P.O. BOX B
JUNEAU, ALASKA 99811-2100
PHONE: (907) 465-4700
- 949 E. 36TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508-4302
PHONE: (907) 563-1073

POSITION PAPER

RE: Senate Bill 307

SPONSOR: Senator Drue Pearce

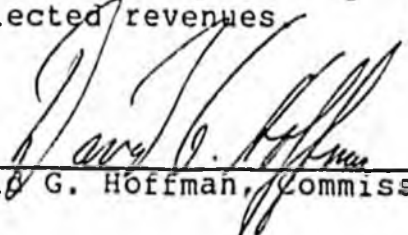
Program Effects

Senate Bill 307 provides for reimbursement to municipalities for certain costs incurred as a result of maintaining and managing property which has been foreclosed on because of non-payment of local property taxes. The bill adds to the existing list of costs those expenditures by a municipality for insurance, repairs, association dues (condominium), and management fees.

Comments

Over the past few years, as municipal economies have been negatively impacted by reduced revenues, the subsequent reductions in populations have magnified problems related to property foreclosure. Municipalities typically must foreclose on properties which are less desirable and, therefore difficult to sell. Those types of property are likely to be in need of costly repair before they can be marketed. These problems, combined with a glut of available property on the market, cause the holding period to be extended, thereby increasing the costs to municipalities for maintenance and management of the properties.

The department supports the passage of SB 307. The bill provides for fair and reasonable reimbursement of maintenance and management expenses, and only to the extent that those expenses exceed any income to the municipality through rental or other payments made during the holding period. The recovery of these costs through the sale of the property would eliminate the present necessity of the municipality having to pay the costs by using other locally-collected revenues.



David G. Hoffman, Commissioner

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Repurchase from Municipality of Foreclosed Property
Sponsor: Pearce
Requestor: Senate Community & Regional Affairs

Agency Affected: Department of Revenue
BRU: Treasury
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 91 | FY 92 | FY 93 | FY 94 | FY 95 | FY 96 |
|------------------------|----------|----------|----------|----------|----------|----------|
| OPERATING | | | | | | |
| PERSONAL SERVICES | 0 | 0 | 0 | 0 | 0 | 0 |
| TRAVEL | 0 | 0 | 0 | 0 | 0 | 0 |
| CONTRACTUAL | 0 | 0 | 0 | 0 | 0 | 0 |
| SUPPLIES | 0 | 0 | 0 | 0 | 0 | 0 |
| EQUIPMENT | 0 | 0 | 0 | 0 | 0 | 0 |
| LANDS & STRUCTURES | 0 | 0 | 0 | 0 | 0 | 0 |
| GRANTS, CLAIMS | 0 | 0 | 0 | 0 | 0 | 0 |
| MISCELLANEOUS | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL OPERATING | 0 | 0 | 0 | 0 | 0 | 0 |
| CAPITAL | 0 | 0 | 0 | 0 | 0 | 0 |
| REVENUE | 0 | 0 | 0 | 0 | 0 | 0 |

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|----------|----------|----------|----------|----------|----------|
| GENERAL FUND | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS | 0 | 0 | 0 | 0 | 0 | 0 |
| OTHER | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 0 | 0 | 0 | 0 |

POSITIONS:

| | | | | | | |
|-----------|---|---|---|---|---|---|
| FULL-TIME | 0 | 0 | 0 | 0 | 0 | 0 |
| PART-TIME | 0 | 0 | 0 | 0 | 0 | 0 |
| TEMPORARY | 0 | 0 | 0 | 0 | 0 | 0 |

ANALYSIS: attach a separate page for analysis.

Fiscal year 1990 effect is zero.

Prepared By: Milt Barker MB
Division: Treasury
Approved by Commissioner: [Signature]
Agency: Department of Revenue

Phone: 465-2350
Date: February 1, 1990
Date: 2/1/90

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: "An Act relating to property fore-
closed upon by a municipality."
Sponsor: Senator Pearce
Requestor: _____

Agency Affected: Community & Regional Affairs
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY 91 | FY 92 | FY 93 | FY 94 | FY 95 | FY 96 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | | | | | | |
| TRAVEL | | | | | | |
| CONTRACTUAL | | | | | | |
| SUPPLIES | | | | | | |
| EQUIPMENT | | | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | -0- | -0- | -0- | -0- | -0- | -0- |

| | | | | | | |
|---------|--|--|--|--|--|--|
| CAPITAL | | | | | | |
|---------|--|--|--|--|--|--|

| | | | | | | |
|---------|--|--|--|--|--|--|
| REVENUE | | | | | | |
|---------|--|--|--|--|--|--|

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|-----|-----|-----|-----|-----|-----|
| GENERAL FUND | -0- | -0- | -0- | -0- | -0- | -0- |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | -0- | -0- | -0- | -0- | -0- | -0- |

POSITIONS:

| | | | | | | |
|-----------|-----|-----|-----|-----|-----|-----|
| FULL-TIME | -0- | -0- | -0- | -0- | -0- | -0- |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

ANALYSIS : (Attach a separate page if necessary)

There is no fiscal effect for FY 90.

Prepared by: Jim Plasman, Deputy Director
Division: Municipal & Regional Assistance
Approved by Commissioner: Carole Ho
Agency: Community & Regional Affairs

Phone: 465-4750
Date: 7-1-90
Date: 7-4-90

Distribution (by preparer):

Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

Alaska State Legislature

3111 C Street, Suite 150
Anchorage, Alaska 99503
(907) 561-2038



During Session:
P.O. Box V
Juneau, Alaska 99811
(907) 465-4993

Senator Drue Pearce
District G

SB 307

Sponsor Statement

April 29, 1990

Over the past few years municipal economies have been negatively impacted by reduced revenues, and reductions in population have magnified problems related to property foreclosure. Typically, municipalities must foreclose on properties which are less desirable and therefore more difficult to sell. These properties are often in need of repair before they can be marketed. These problems and the glut of available property on the market can result in an extended holding period, thereby increasing property maintenance and management costs to the municipalities.

Current statutes provide that the record owner of tax foreclosed property may repurchase the property for ten years after foreclosure, if the property is not otherwise sold. In order to redeem, the previous owner must pay the municipality the full amount of the judgment, together with interest computed from the date of the entry of judgment to the date of repurchase at a rate

not to exceed 15% per annum. He must also pay delinquent taxes assessed as though the property had remained in private ownership, and the costs of foreclosure and sale.

SB 307 adds the costs of management and maintenance to the sale price of the property and allows the municipality to recover them to the extent that they exceed income received by the municipality for the use of the property during the holding period.

This Bill, which passed the Senate by an 18/0 vote, was originally requested by the Municipality of Anchorage and has the support of the Alaska Municipal League.

DP:pc

**Municipality
of
Anchorage**



P.O. BOX 196650
ANCHORAGE, ALASKA 99519-6650
(907) 343-4433

TOM FINK,
MAYOR

OFFICE OF THE MUNICIPAL MANAGER

April 6, 1990

Senator Drue Pearce
Alaska State Legislature
P.O. Box V (MS 3100)
Juneau, AK 99811

Re: Senate Bill No. 307, an act relating to property foreclosed upon by a municipality

Dear Senator Pearce:

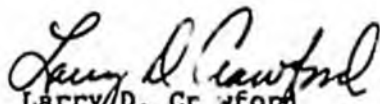
The Municipality of Anchorage strongly endorses SB 307.

The language in the existing tax-foreclosure legislation allows the Municipality to recover costs associated with preparing tax-foreclosed properties for tax-foreclosure sales. SB 307 provides a means to recover expenses incurred by the Municipality in property management and maintenance costs, upkeep, code compliance, lease management, etc., of tax-foreclosed properties when the properties are not sold or designated for a public purpose, but held for an indefinite period and eventually reclaimed by the former owner of record. The recovery of these expenses is important, especially when considering our diminishing budget.

The Municipality of Anchorage supports this legislation and will urge other municipalities to support bill.

If you have any questions, please contact Ken Lythgoe, Director of Property & Facility Management at 786-8114.

Sincerely,


Larry D. Crawford
Municipal Manager

0237n