

**S B**

**308**

STEVE COWPER, GOVERNOR

**DEPARTMENT OF REVENUE**

TREASURY DIVISION  
February 22, 1990

ELEVENTH FLOOR  
STATE OFFICE BUILDING  
P.O. BOX SB  
JUNEAU, ALASKA 99811-0400

The Honorable Mike Szymanski  
Chairman  
Senate Community & Regional Affairs Committee  
Alaska State Legislature  
P. O. Box V  
Juneau, Alaska 99811

Dear Senator Szymanski:

At the request of your committee, I compare below the estimated increases in Public Employees' and Teachers' Retirement Systems ("PERS" and "TRS") contributions for certain municipalities and their expected increased revenue from taxes on PERS and TRS property as a result of SB 308:

	<u>Increased Contributions</u>	<u>Increased Taxes</u>
Anchorage	\$ 80,376	\$176,374
Fairbanks	21,276	21,555
Juneau	10,638	15,766
Other Municipalities	<u>92,196</u>	<u>180,305</u>
Total Municipalities	\$204,486	\$394,000

No municipality above stands to lose although Fairbanks appears to be a wash. Although other municipalities as a whole benefit, it is obvious that any municipality which does not have PERS or TRS property on its tax rolls would lose, though the amounts are undoubtedly rather minor. PERS and TRS foreclosed properties exist in -- besides the above three municipalities -- only the following:

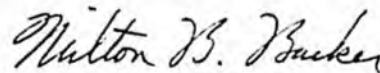
Bethel  
Big Lake  
Delta Junction  
Dillingham  
Eagle River  
Glennallen  
Homer  
Kenai  
Ketchikan  
Kodiak  
Palme  
Sand Point  
Seward  
Sitka  
Soldotna  
Valdez  
Wasilla  
Whittier

The Honorable Mike Szymanski  
February 22, 1990  
Page 2

Several of these municipalities have only one PERS or TRS parcel and might not gain from SB 308.

Also enclosed is the requested estimation of foreclosed property disposals in the coming years.

Yours truly,



Milton B. Barker  
Deputy Commissioner

MBB/ph

encls.

cc: The Honorable Drue Pearce

90-38

OTHER REAL ESTATE OWNED SOLD (OREOS)  
COMBINED PERS & TRS TRUSTS

	<u>ANNUAL</u> <u>TOTAL OREOS</u>		<u>OREOS</u> <u>SOLD</u>	
FY 87	88	\$11,358,655	22	\$ 3,155,576
FY 88	144	\$18,338,681	22	\$ 2,766,937
FY 89	205	\$23,797,548	31	\$ 3,050,973
FY 90 (ESTIMATED)	205	\$23,787,548	40	\$ 4,641,440
FY 91 (ESTIMATED)	185	\$21,466,660	50	\$ 5,801,800
FY 92 (ESTIMATED)	145	\$16,825,220	60	\$ 6,962,160

Projected OREO sales will increase due to economic stability!

Annual Total OREO increase will reverse and continue with steady decline due to economic stability!

(Estimates for FY's 90, 91 and 92 are based on FY 89 average figures; \$116,036 per loan)

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: An Act relating to taxation of certain state property by municipalities  
Sponsor: Pearce  
Requestor: Senate C & RA

Agency Affected: Department of Revenue  
BRU: PERS & TRS  
Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
<b>OPERATING</b>						
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	394.0	350.0	325.0	300.0	275.0	250.0
<b>TOTAL OPERATING</b>	<b>394.0</b>	<b>350.0</b>	<b>325.0</b>	<b>300.0</b>	<b>275.0</b>	<b>250.0</b>
<b>CAPITAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>REVENUE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	394.0	350.0	325.0	300.0	275.0	250.0
<b>TOTAL</b>	<b>394.0</b>	<b>350.0</b>	<b>325.0</b>	<b>300.0</b>	<b>275.0</b>	<b>250.0</b>

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. No fiscal impact for FY 90.  
The tax on \$23.5 million of defaulted loans at an average of 17 mills would equate to approximately \$394,000. Over the years, property acquired thru foreclosure should decrease.

Prepared By: Milton B. Barker <sup>MB</sup>  
Division: Treasury

Phone: 465-2350

Date: 1-31-90

Approved by Commissioner: \_\_\_\_\_  
Agency: Department of Revenue

Date: 2/1/90

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

Original sponsor(s): SEN. PEARCE

IN THE SENATE

BY THE C&RA COMMITTEE

CS FOR SENATE BILL NO. 308 (C&RA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SIXTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to taxation of certain state and federal property by municipalities; and providing for an effective date."

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

\* Section 1. AS 14.25.200(a) is amended to read:

(a) Except as provided in AS 29.45.030(a)(1), member [MEMBER] contributions and other amounts held in the system on behalf of a member or other person who is or may become eligible for benefits under the system are exempt from Alaska state and municipal taxes and are not subject to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge of any kind, either voluntary or involuntary, before they are received by the person entitled to the amount under the terms of the system, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge, or otherwise dispose of any right to amounts accrued in the system is void. However, a member's right to receive benefits may be assigned under a qualified domestic relations order.

\* Sec. 2. AS 29.45.030(a) is amended to read:

(a) The following property is exempt from general taxation:

(1) municipal or [,] state [, OR FEDERALLY OWNED] property, except that

(A) a private leasehold, contract, or other interest in the property is taxable to the extent of the interest;

(B) notwithstanding any other provision of law,

property acquired by a political subdivision, agency, corporation, or other entity of the state through foreclosure or deed in lieu of foreclosure and retained as an investment of a state entity is taxable;

(2) household furniture and personal effects of members of a household;

(3) property used exclusively for nonprofit religious, charitable, cemetery, hospital, or educational purposes;

(4) property of a nonbusiness organization composed entirely of persons with 90 days or more of active service in the armed forces of the United States whose conditions of service and separation were other than dishonorable, or the property of an auxiliary of that organization;

(5) money on deposit;

(6) the real property of certain residents of the state to the extent and subject to the conditions provided in (e) of this section;

(7) real property or an interest in real property that is exempt from taxation under 43 U.S.C. 1620(d), as amended;

(8) property of a political subdivision, agency, corporation, or other entity of the United States to the extent required by federal law.

\* Sec. 3. AS 29.45 is amended by adding a new section to read:

Sec. 29.45.295. COLLECTION OF DELINQUENT TAXES ON CERTAIN STATE OR FEDERAL PROPERTY. AS 29.45.300 - 29.45.490 do not apply to property taxable under AS 29.45.030(a)(1) or (8). A municipality may bring an action in the superior court to compel payment of property taxes due from the state or federal entity if the entity does not pay the amount due within six months after the date that the taxes are

due.

\* Sec. 4. AS 39.35.500 is amended to read:

Sec. 39.35.500. SAFEGUARD OF EMPLOYEE FUNDS HELD BY THE SYSTEM. Except as provided in AS 29.45.030(a)(1), employee [EMPLOYEE] contributions and other amounts held in the system are exempt from Alaska state and local taxes. Amounts held on behalf of, or payable to, any employee or other person who is or may become eligible for benefits under the system are not subject to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge of any kind, either voluntary or involuntary, before being received by the person entitled to the amount under the terms of the system. An attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge, or otherwise dispose of a right to amounts held under the system is void. However, an employee's right to receive benefits may be assigned under a qualified domestic relations order.

\* Sec. 5. AS 44.88.140(a) is amended to read:

(a) Except as provided in AS 29.45.030(a)(1), the [THE] real and personal property of the authority and its assets, income, and receipts are declared to be the property of a political subdivision of the state and, together with any project or development project financed under AS 44.88.155 - 44.88.159 or 44.88.172 - 44.88.177, and a leasehold interest created in a project or development project financed under AS 44.88.155 - 44.88.159 or 44.88.172 - 44.88.177, devoted to an essential public and governmental function and purpose, and the property, assets, income, receipts, project, development project, and leasehold interests shall be exempt from all taxes and special assessments of the state or a political subdivision of the state, including, without limitation, all boroughs, cities, municipalities, school districts, public utility districts and other taxing

units. All bonds of the authority are declared to be issued by a political subdivision of the state and for an essential public and governmental purpose and to be a public instrumentality, and the bonds, and the interest on them, the income from them and the transfer of the bonds, and all assets, income and receipts pledged to pay or secure the payments of the bonds, or interest on them, shall at all times be exempt from taxation by or under the authority of the state, except for inheritance and estate taxes and taxes on transfers by or in contemplation of death. Nothing in this section affects or limits an exemption from license fees, property taxes, or excise, income or any other taxes, provided under any other law, nor does it create a tax exemption with respect to the interest of any business enterprise or other person, other than the authority, in any property, assets, income, receipts, project, development project, or lease whether or not financed under this chapter. By January 10 of each year, the authority shall submit to the governor and the legislature a report describing the nature and extent of the tax exemption of the property, assets, income, receipts, project, development project and leasehold interests of the authority under this section.

\* Sec. 6. This Act takes effect January 1, 1991.

# Alaska State Legislature

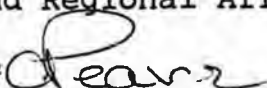
3111 C Street, Suite 150  
Anchorage, Alaska 99503  
(907) 561-2038

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

**Senator Drue Pearce**  
District G

## MEMORANDUM

TO: Senator Mike Szymanski, Chairman  
Senate Community and Regional Affairs Committee

FROM: Senator Drue Pearce 

RE: Request for Hearing - SB 308  
Relating to taxation of certain state properties  
by municipalities

DATE: January 16, 1990

Senate Community and Regional Affairs is the first committee of referral for Senate Bill 308, and I request that a hearing be scheduled for this bill at the earliest possible time.

Some agencies of the State are treated differently in regards to local property taxes on property obtained through default or foreclosure. For instance, Alaska Housing Finance Corporation (AHFC) pays local property taxes realizing that local services contribute to the value of their property. However, although the Public Employees Retirement System (PERS), the Teachers Retirements System (TRS), and the Alaska Industrial Development and Export Authority (AIDEA) also receive municipal services, they do not pay taxes on properties they have obtained through foreclosure because of local property tax exemptions obtained through statute.

Senate Bill 308 will correct this inequity and will give municipalities the revenue to which they are entitled for the services they supply.

Passage of this legislation is supported by the Municipality of Anchorage and the Alaska Municipal League.

If you have questions, Jo Fenety of my staff is the contact on this bill.

DP:jf

# Alaska State Legislature

Al Adams  
District L

WHILE IN SESSION  
P.O. Box V  
State Capitol  
Juneau, Alaska 99811  
(907) 465-3707

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OUT OF SESSION  
P.O. Box 333  
Kotzebue, Alaska 99752  
(907) 442-3245

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3111 C Street  
Anchorage, Alaska 99503  
(907) 561-7622

Official Business

February 17, 1990

Senator Mike Szymanski, Chairman  
Senate Community and Regional Affairs Committee  
Post Office Box V  
Juneau, Alaska 99811

Dear Mike:

Unfortunately I could not be present for the last C&RA meeting when Senate Bill 308 was brought up for discussion. I understand a working group has been formed to look at the bill. This letter is food for thought on various matters surrounding this legislation.

My first reaction to seeing the bill was a normal one of district protection. As such, I supported the amendment that would remove AIDEA's holdings at the Red Dog Mine from taxation. The implications of the unamended version stepped forth quickly and there was sufficient support for excluding AIDEA's Red Dog interests.

Beyond those personal concerns, the bill raises state policy questions that warrant thorough consideration. It appears to me that what is being proposed in the bill runs against a principle of taxation restraints guarded in our Constitution. Article IX, Section 4 states, "The real and personal property of the State or its political subdivisions shall be exempt from taxation under conditions and exemptions which may be provided by law."

It was in no way surprising that the Mat-Su Borough entered the picture when the bill was being brought up- there are considerable property holdings by the state in Palmer that could be justifiably added if this bill is endorsed. In addition, there are other agricultural property holdings that could easily be justified for inclusion. Nonetheless, there are even deeper issues here.

Page 2  
February 17, 1990  
Senator Mike Szymanski

It will be state dollars used to pay taxes to certain municipalities which have both the taxing ability and these holdings in their boundaries. As such, the bill sets up a form of revenue sharing for certain municipalities over others. It also leaves less money for other purposes.

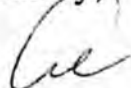
Once we start this train going, where does it stop? Should we allow municipalities to tax property investments of the Alaska Permanent Fund? Should they be allowed to tax state office buildings and court buildings within their city limits? On what basis can we say "yes" to one and not the other? The only argument I've seen is that the cities provide support services to these buildings, yet they do the same with all the other property held or owned by the state that sits in their boundaries.

Even if we say with this bill that it can go just this far and no further, what property is being held with the PERS and TERS investments? What amount of money in taxes does this mean for PERS and TERS?

I truly do support municipalities using what ever means are legal and acceptable to their citizens to raise revenues. I am very concerned that unless we address some of the issues brought forth here, that we are setting a precedent that may be difficult to justify or control in the future.

I wish the working group success in answering these questions.

Sincerely,



Senator Al Adams

cc: Senator Drue Pearce

# 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

### SPONSOR'S STATEMENT

TO: Senator Mike Szymanski, Chairman  
All Members of the Senate Community and Regional  
Affairs Committee

FROM: Senator Drue Pearce 

RE: Senate Bill 308  
Relating to taxation of certain state properties  
by municipalities

DATE: February 15, 1990

Some agencies of the State are treated different from others in regards to local property taxes on property obtained through default or foreclosure. For instance, Alaska Housing Finance Corporation (AHFC) pays local property taxes realizing that local services contribute to the value of their property. However, although the Public Employees Retirement System (PERS), the Teachers Retirement System (TRS), and the Alaska Industrial Development and Export Authority (AIDEA) also receive municipal services, they do not pay taxes on properties they have obtained through foreclosure because of local property tax exemptions obtained through statute.

Senate Bill 308 will correct this inequity and will give municipalities the revenue to which they are entitled for the services they supply.

Passage of this legislation is supported by the Alaska Municipal League and the Municipality of Anchorage.

DP:jf

SB 308  
Amendment by Pearce  
2/15/90

Beginning on page 1, line 29:

"(B) interests in real property held as investments by the teachers' retirement system of Alaska under AS 14.25 or the public employees' retirement system of Alaska under AS 39.35, and interests acquired through foreclosure or accepted through a deed in lieu of foreclosure by the Alaska Industrial Development Authority under AS 44.88 are taxable as provided in AS 29.45.010 - 29.45.600;"



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
BILL ANALYSIS

DEPARTMENT Commerce and Economic Development	DIVISION A I D E A	BILL NUMBER SB 308	SPONSOR Pearce
SHORT TITLE OF BILL An Act relating to taxation of certain state property by municipalities			
DEPARTMENT POSITION Opposed			
PREPARED BY Bertram L. Wagon, AIDEA <i>BWagon</i>	DATE 1/22/90	COMMISSIONER'S SIGNATURE	DATE

SUMMARY

OTHER AGENCIES AFFECTED BY BILL Department of Revenue (PERS & TERS)	CONSTITUENT GROUP(S) AFFECTED BY BILL
ORGANIZATIONAL SUPPORT FOR BILL Municipalities and local Governments	ORGANIZATIONAL OPPOSITION TO BILL

FISCAL IMPACT:  NONE  FISCAL NOTE ATTACHED

BACKGROUND/LEGISLATIVE INTENT

The intent of this bill is to place all real property of the Authority onto the tax rolls of the municipality within which it is located. Current law exempts property of the Authority from taxation. This bill would make such property taxable.

ANALYSIS OF BILL/PROGRAM EFFECTS

Makes all real property of the Authority subject to real property taxes effective January 1, 1990. Those properties that were once loans and through default have since become other real estate owned, would result in a tax bill of approximately \$400,000 utilizing a 15 mill levy.

The DeLong Mountain Transportation System would be taxable under this legislation and utilizing a value of \$150 million for the road and port at 4 mills (.004) would equate to a tax bill of \$600,000.

The retroactive date of January 1, 1990 would create a tax bill for calendar 1990.

AMENDMENTS PROPOSED

It is recommended that those projects that the Authority owns and operates with no intent to sell (Red Dog, Dock project at Unalaska, et.al.), be excluded from any form of taxation. Properties acquired through foreclosure on defaulted loans would be taxable to the respective municipality. The retroactive effective date be deleted and replaced with a January 1, 1991 date.

PLEASE ATTACH A SEPARATE SHEET FOR ADDITIONAL COMMENTS OR ANALYSIS.

**MUNICIPALITY OF ANCHORAGE 1989 LEGISLATIVE PROGRAM**

**TITLE:** Tax Liability for Certain State Agency Properties A.S. 14.25.200, A.S. 39.35.500 and A.S. 44.61.140

**SPECIAL LEGISLATIVE REQUEST:**

Amend these statutes by adding and deleting as indicated:

**A.S. 14.25.200. "Exemptions from taxation and process.** Teachers retirement salaries and other amounts held in the retirement fund on behalf of the teachers are exempt from State and Municipal taxes, except for property owned in fee by the fund for investment purposes or acquired through holding of security interests, and are not subject..."

**A.S. 39.35.500. "Non-alienation of amounts held by the system.** Employee contributions and other amounts held in the pension fund are exempt from State and local taxes, except for property owned in fee by the fund for investment purposes or acquired through holding of security interests. Except with respect to ... An attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge, or otherwise dispose of a right to amounts held under the system except as mentioned in this section, is void.

**A.S. 44.61.140. Exemption from taxation.** (a) The real and personal property of the authority and its assets, income and receipts are declared to be the property of a political subdivision of the State and [, together with any project financed under this chapter and a leasehold interest created in a project occupant or other person under this chapter, devoted to an essential public and governmental function and purpose, and the property, assets, income, receipts, project and leasehold interests shall be exempt from all taxes and special assessments of the State or a political subdivision of the State, including, without limitation, all boroughs, cities, municipalities, school districts, public utility districts and other taxing units.] shall be exempt from real and personal property taxes, except for property owned in fee by the authority for investment purposes or acquired through the holding of security interests.

**BACKGROUND/JUSTIFICATION:**

Agencies of the State and Federal government are treated differently in regards to local property taxes obtained through default or foreclosure. AHFC and HUD are two agencies that commit through regulation or legislation to pay local property tax in realization that local services contribute to the value of their property. The Farmers Home Administration, Public Employees Retirement System, the Teachers Retirement System and the Alaska Industrial Development Authority are also government agency investors who obtain property through default, but do not pay local property tax claiming exemption through the above mentioned statutes and A.S. 29.45.030 (a)1.

**STAFF CONTACT:** Bob Nelson, Chief Fiscal Officer, 343-6610



## FISCAL NOTE

**REQUEST:**

Revision Date: _____ Title: <u>An Act relating to taxation of certain state property by municipalities</u> Sponsor: <u>Pearce</u> Requestor: <u>Senate C &amp; RA</u>	Dept. of Commerce Agency Affected: <u>&amp; Economic Development</u> BRU: <u>AK Industrial Development and Export Authority</u> Components: _____
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**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	1,000.0	1,000.0	1,100.0	1,200.0	1,200.0	1,200.0
<b>TOTAL OPERATING</b>	<b>1,000.0</b>	<b>1,000.0</b>	<b>1,100.0</b>	<b>1,200.0</b>	<b>1,200.0</b>	<b>1,200.0</b>
<b>CAPITAL</b>						
<b>REVENUE</b>						

**FUNDING: (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER	1,000.0	1,000.0	1,100.0	1,200.0	1,200.0	1,200.0
<b>TOTAL</b>	<b>1,000.0</b>	<b>1,000.0</b>	<b>1,100.0</b>	<b>1,200.0</b>	<b>1,200.0</b>	<b>1,200.0</b>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS :** (Attach a separate page if necessary) No fiscal impact for FY 90.

The tax on \$27 million of defaulted loans at an average of 15 mills would equate to approximately \$400,000. The DeLong Mtns. Transportation Project at \$150 million at 4 mills would equate to approximately \$600,000. Over the years, property acquired thru foreclosure should decrease while development projects (Red Dog, Dutch Harbor, et.al.) should increase.

Prepared by: Bertram L. Wagon, AIDEA Phone: (907) 561-8050  
 Division: A I D E A Date: \_\_\_\_\_

Approved by Commissioner: [Signature] Date: 25/1/90  
 Agency: Commerce and Economic Development

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impact'd Agency(ies)

## ADDENDUM TO FISCAL NOTE FOR SR 308

LOCAL GOVERNMENT	# PROPERTIES	ASSESSED VALUE	AIDEA PAYMENT (Excluding Bank owned portion)
Municipality of Anchorage	39	\$17,434,400	\$292,001
Fairbanks North Star Borough	6	2,088,620	32,392
Kenai Peninsula Borough	5	2,602,900	27,418
Matanuska Susitna Borough	7	2,148,800	26,592
City & Borough of Juneau	2	565,000	6,905
City & Borough of Sitka	1	825,730	3,606
City of Valdez	1	817,400	12,220
North Slope Borough	<u>1</u>	<u>482,900</u>	<u>8,871</u>
TOTAL	62	\$26,965,750	\$410,005

A M E N D M E N T

OFFERED IN THE SENATE

BY SEN. PEARCE

TO: SB 308

Page 1, line 6, after "state":

Insert "and federal"

Page 1, line 11:

Delete "AS 29.45.030(a)"

Insert "AS 29.45.030(a)(1)"

Page 1, line 25, after "municipal":

Delete ","

Insert "or [,]"

Delete ", or federally owned"

Insert "[, OR FEDERALLY OWNED]"

Page 1, line 29, through page 2, line 5:

Delete all material and insert:

"(B) notwithstanding any other provision of law, prop-  
erty acquired by a political subdivision, agency, corporation, or  
other entity of the state through foreclosure or deed in lieu of  
foreclosure and retained as an investment of a state entity is  
taxable;"

Page 2, line 20, after "amended":

Insert ";

(8) property of a political subdivision, agency, corporation, or other entity of the United States to the extent required by federal law"

Page 2, line 22, after "STATE":

Insert "OR FEDERAL PROPERTY."

Page 2, lines 23 - 29:

Delete all material.

Insert "AS 29.45.300 - 29.45.490 do not apply to property taxable under AS 29.45.030(a)(1) or (8). A municipality may bring an action in the superior court to compel payment of property taxes due from the state or federal entity"

Page 3, line 1:

Delete "of this section,"

Delete "state"

Page 3, line 5:

Delete "AS 29.45.030(a)"

Insert "AS 29.45.030(a)(1)"

Page 3, line 18:

Delete "AS 29.45.030(a)"

Insert "AS 29.45.030(a)(1)"



# Matanuska-Susitna Borough

P.O. BOX 1608, PALMER, ALASKA 99645-1608 • PHONE 745-9642

ASSESSMENT DEPARTMENT

February 14, 1990

Senate Community & Regional Affairs Committee  
Senators Szymanski, Frank, Pearce, Pouchot and Adams  
Mail Stop 2100  
Juneau, AK 99811

RE: SB 308

Dear Senators:

I am writing this letter in support of SB 308 authorizing taxation of properties held by state and federal agencies as a consequence of the grantee's default on an obligation such as a promissory note or deed of trust. The Alaska Municipal League's 1990 Policy Statement, Section 8, Page 10, provides as follows:

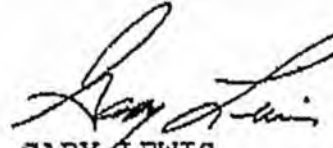
Tax Liability for Certain State or Federal Agency Properties: The League supports legislation to require payment of property taxes by state or federal agencies for real property owned by the agency for investment purposes or acquired through holding of security interests.

The underlying rationale for the AML's policy position is that properties purchased by a private person or entity secured though the assets of a state or federal agency, even after the property reverts to the agency due to a default on the underlying obligation, continue to receive municipal services. The state or federal agencies, therefore, should continue to bear their share of the burden for funding the municipal services which benefit the property. State agencies that may succeed in interest to a defaulted property are the Public Employees' Retirement System, the Teachers' Retirement System, the Alaska Industrial Development and Export Authority Agency, the Alaska Permanent Fund, the Agricultural Revolving Loan Fund; Federal agencies include the Farm Home Administration and the Small Business Administration. Of course, the list is not all inclusive, and other agencies may be successors-in-interest to defaulted property. This is not to say that all properties held by state agencies should be taxable. For example, most public property conveyed pursuant to public land disposal programs which reverts back to the agencies due to the grantee's or contract purchaser's default should not be taxable.

I have also attached to this letter a proposed amendment for inclusion in SB 308, which clarifies existing law regarding the taxation of property reverting to federal or state agencies. The impetus for this amendment to SB 308 is due to a state-wide problem involving the taxability of Farmers Home Administration property. Late last year the Farmers Home Administration took the position that property reconveyed to it subsequent to the default of the private purchaser was exempt from taxation, notwithstanding the waiver of sovereign immunity contained in 42 U.S.C. 1640(H). Subsection C related to the taxation of federally-held properties as authorized by federal statutes eliminates the legal argument under existing law that such property is exempt from taxation. Section 2(a)(C) is typical of provisions in statute of other states.

I will be in Juneau on February 28 and March 1, 1990 and will be available to discuss this matter should the committee conclude such an approach to be advisable. I remain available should you have any questions and will be available at the Legislative teleconference held on SB 308 held at 3:30 on February 15, 1990.

Sincerely,  
MATANUSKA-SUSITNA BOROUGH



GARY LEWIS  
Borough Assessor

Encs.

cc: Scott Burgess, AML  
.Mike Worley, DCRA  
Steve VanSant, Anchorage  
Mary Keller, Anchorage

MG:sah

12\021490-3

SUGGESTED AMENDMENTS TO SB 308

Page 1

Line 6 For an Act entitled "An Act Relating to Taxation of Certain State and Federal Property by Municipalities; and Providing for an Effective Date."

Page 1

Line 11 (a) Except as provided in AS 29.45.030 (a) (1)

Page 1

Line 23 \*Sec. 2. AS 29.45.030 (a) is amended to read:

(a) the following property is exempt from general taxation:

(1) Municipal, State, or Federally owned property, except that

(A) a private leasehold, contract, or other interest in the property is taxable to the extent of that interest;

(B) property held by state or federal entities as the result of foreclosure or accepted through a deed in lieu of foreclosure and not used or occupied for administrative purposes by an exempt entity shall be taxable.

(C) property of the United States, its agencies or instrumentalities is exempt from taxation only to the extent that taxation thereof is forbidden by federal law.

Page 2

Line 22 \*Sec. 3. AS 29.45.295 Collection of Delinquent Taxes on certain State and Federal property.

Property taxable under AS 29.45.030 (a) (1) (B) is exempt from provisions of AS 29.45.300 - 29.45.480.

A municipality may bring action in an appropriate court to compel payment of property taxes, including penalties, collection costs and interest due from a state or federal agency if the agency is delinquent in payment after the date that the taxes are due.

Page 3

Line 5 Except as provided in AS 29.45.030 (a) (1)

Page 3

Line 18 Except as provided in AS 29.45.030 (a) (1)

ALASKA ASSOCIATION OF ASSESSING OFFICERS

February 23, 1990

Senate Community and Regional Affairs Committee  
Senators Symanski, Frank, Pearce, Porchot and Adams  
Mail Stop 2100  
Juneau, Alaska 99811

RE: Alaska Association of Assessing Officers Position on  
SB 308 - Taxation of Certain State Agencies

Dear Senators:

The purpose of this letter is to clarify to the Committee why the Alaska Association of Assessing Officers and several municipalities have taken a supportive position on SB 308. We do believe, however, that the bill as introduced, does not accurately reflect the intent of our Association or the AML Policy Statement and should be amended. We will offer an amendment in this letter.

This legislation was requested due to the fact that there are millions of dollars of assessed values being removed from assessment rolls across the State by certain government agencies which have foreclosed on property in which they have a security interest. Some of the State agencies are exempted by the statutes which created the agency, while others, like Alaska Housing Finance Corporation, are required to pay taxes.

There are three agencies which constitute the majority of the property described above: Alaska Industrial Development and Export Authority (AIDEA), Public Employees Retirement System (PERS), and the Teachers Retirement System (TRS). These agencies participate in the financing of commercial properties and when a foreclosure occurs, the agencies are listed on the documents as owner and consequently, are automatically exempted.

In many cases, the properties are leased and the agencies collect the rents. The rents obtained by the agency should approximate market rents, which will have a built in factor for taxes. If the agency rents at below market rents, they have an unfair advantage over the private sector in that they are not responsible for payment of property taxes. This creates an inequity not only for the private sector which competes with the agencies, but also shifts the tax burden away from these properties while they receive the same services they did while in private ownership.

We realize that not all properties owned by these agencies may be rented or if so, may not command a positive cash flow, however, they are

competing with the private sector, receiving comparable services and yet still maintain a distinct advantage over comparable property within the same jurisdiction.

We have recently encountered a situation whereby certain federal agencies, which are taxable pursuant to federal law, insist that they are exempted by our own state statutes. AS 29.45.030(a) (1) states:

"29.45.030. Required exemptions. (a)The following property is exempt from general taxation:

- (1) municipal, state, or federally owned property, except that a private leasehold, contract, or other interest in the property is taxable to the extent of the interest."

This language seems to exempt all federal property regardless of any permissive taxing language which may be contained in federal law. We believe that by changing the current statute to allow for taxation of these properties, if permissive federal law exists, this problem will be solved. Currently, several large federal agencies, such as FDIC, FSLIC, HUD and VA, pay municipalities taxes for property which they have taken title to under a foreclosure proceeding. Farmers Home Administration has chosen not to make tax payments, citing as part of their argument, AS 29.45.030(a) (1).

Therefore, we request that the committee recommend passage of SB 308 with the following amendments:

Page 1

Line 6 - For an Act entitled: "An Act relating to taxation of certain state and federal properties by municipalities; and providing for an effective date."

Page 1

Line 11 - Except as provided in AS 29.45.030(a) (1), .....

Page 1

Line 23 - \*Sec. 2. AS 29.45.030(a) is amended to read:

- (a) The following property is exempt from general taxation:
  - (1) municipal, state, or federally owned property,

except that

- (A) a private leasehold, contract, or other interest in the property is taxable to the extent of the interest;

*real* (B) property held by state entities as a result of foreclosure or <sup>acquired</sup> accepted through a deed in lieu of foreclosure and not used for administrative purposes by an exempt entity shall be taxable to the extent provided in other provisions of law.

\* (C) property of the United States, its agencies, or instrumentalities is exempt from taxation only to the extent that taxation thereof is forbidden by federal law.

Page 2

Line 22 - Sec. 29.45.295 Collection of Delinquent Taxes on Certain State and Federal Property.

(a) Property taxable under AS 29.45.030 (a) (1) (B) and (C) is exempt from provisions of AS 29.45.300 through 29.45.480.

(b) A municipality may bring action in the superior court to compel payment of property taxes, including penalties, collection costs, and interest due from a state or federal agency if the agency is delinquent in payment after the date that the taxes are due.

Page 3

Line 5 - Except as provided in AS 29.45.030(a) (1)

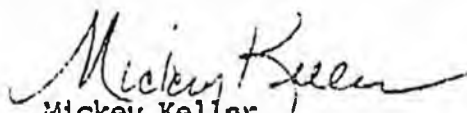
Page 3

Line 18 - Except as provided in AS 29.45.030(a) (1)

We would like to express our appreciation to each member of this Committee for the dedication shown in attempting to cure the inequities found in our tax laws. We remain available to you for questions and hope that you will take advantage of the vast amount of information and expertise which exist within our Association.

Sincerely,

ALASKA ASSOCIATION OF ASSESSING OFFICERS

  
Mickey Keller  
President

Steve Van Sant  
Vice President

# Alaska MUNICIPAL League


TELEPHONE  
(907) 586-1325  
FAX 463-5 180

217 SECOND STREET, SUITE 200  
JUNEAU, ALASKA 99801

February 15, 1990

## MEMORANDUM

TO: Senator Mike Szymanski, Chairman  
Members of the Senate Community and Regional Affairs Committee

FROM: Scott A. Burgess, Executive Director 

SUBJECT: SB 308 - Taxation of Certain State Property by Municipalities

The Alaska Municipal League supports SB 308 but requests that the sponsor and the Committee consider amendments to broaden and clarify the effects of the legislation. I have attached an excerpt from the AML's 1990 Municipal Platform which provides a justification for why certain property of the state and federal government and their agencies should not be exempt from property taxation by municipalities.

As to amendments, the Alaska Municipal League supports amendments which properly and adequately compensate local governments through tax revenues for municipal services which help protect and maintain the value of state and federal investment property owned as a result of foreclosure.

I am aware that an amendment will be offered by the sponsor (attached) to clarify the types of interests held by PERS, TRS and AIDA which are subject to taxation. The AML supports the amendment to the extent that it clarifies the types of property of those agencies which are taxable, e.g. it would exclude the Red Dog Mine road financed by AIDA in the Northwest Arctic Borough). It has been brought to my attention however that the amendment does not go far enough to cover all property and public entities. In the second part of the amendment which refers to "interests acquired through foreclosure by the Alaska Industrial Development Authority," property acquired by PERS and TRS through foreclosure should also be included.

An issue has been raised that several federal agencies question the taxation of their properties unless the authority is specifically granted by state statute. A suggested amendment to clarify this authority is attached. AML supports this amendment and suggests that the title of the bill be changed to include "... certain state and federal properties..."

Finally, the issue has been raised that all property of state and federal government or their agencies be taxable if 1) they are held as investments; 2) are the result of foreclosure or accepted through a deed in lieu of foreclosure; 3) not used or occupied for administrative purposes; or 4) not

Senate C&RA Committee re: SB 308  
February 15, 1990  
Page 2

specifically exempt by state or federal law.

I have attached a copy of a letter to the Committee from Gary Lewis, Borough Assessor, Matanuska-Susitna Borough, which suggests language for the Committee's consideration on several of the issues outlined above and others. Mr. Lewis is also a member of the AML Legislative Committee. I understand that several municipal officials, including Mr. Lewis will be available on teleconference to provide expert testimony.

Again, the AML supports SB 308 but requests several amendments to broaden its application to all appropriate property of state and federal agencies. Thank you.

cc: Senator Pearce  
Mike Worley  
Gary Lewis

Enclosures

sab1:sb308tax

The Alaska Municipal League supports legislation to require payment of local property taxes by state and federal agencies for real and personal property owned by the agency for investment purposes or acquired through holding of security interests.

The various agencies of the State and the federal government are treated differently with regard to local property tax on property obtained through default or foreclosure. The Alaska Housing Finance Corporation and the Department of Housing and Urban Development are two agencies that have made a commitment, through regulation or legislation, to pay local property taxes in recognition of the fact that local services contribute to the value of their property.

On the other hand, other government agency investors that obtain property through default, such as the Farmers Home Administration, Public Employees Retirement System, Teachers Retirement System, and Alaska Industrial Development and Export Agency, do not pay local property taxes, claiming exemption under the provisions of AS 29.45.031(a)1. Local governments are required to provide services such as roads, utilities, and police and fire protection, services that help protect and maintain the value of resale property owned by these agencies, and the agencies have an obligation to support these services as a cost of owning investment property.

SB 308 Page 2, after line 5,

Add: (C) property of the United States, its agencies or instrumentalities is exempt from taxation only to the extent that taxation thereof is forbidden by federal law.



# Matanuska-Susitna Borough

P.O. BOX 1608, PALMER, ALASKA 99645-1608 • PHONE 745-9642

ASSESSMENT DEPARTMENT

February 14, 1990

Senate Community & Regional Affairs Committee  
Senators Szymanski, Frank, Pearce, Fourchot and Adams  
Mail Stop 2100  
Juneau, AK 99811

RE: SB 308

Dear Senators:

I am writing this letter in support of SB 308 authorizing taxation of properties held by state and federal agencies as a consequence of the grantee's default on an obligation such as a promissory note or deed of trust. The Alaska Municipal League's 1990 Policy Statement, Section 5, Page 10, provides as follows:

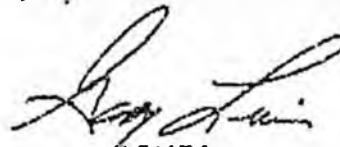
Tax Liability for Certain State or Federal Agency Properties: The League supports legislation to require payment of property taxes by state or federal agencies for real property owned by the agency for investment purposes or acquired through holding of security interests.

The underlying rationale for the AML's policy position is that properties purchased by a private person or entity secured though the assets of a state or federal agency, even after the property reverts to the agency due to a default on the underlying obligation, continue to receive municipal services. The state or federal agencies, therefore, should continue to bear their share of the burden for funding the municipal services which benefit the property. State agencies that may succeed in interest to a defaulted property are the Public Employees' Retirement System, the Teachers' Retirement System, the Alaska Industrial Development and Export Authority Agency, the Alaska Permanent Fund, the Agricultural Revolving Loan Fund; Federal agencies include the Farm Home Administration and the Small Business Administration. Of course, the list is not all inclusive, and other agencies may be successors-in-interest to defaulted property. This is not to say that all properties held by state agencies should be taxable. For example, most public property conveyed pursuant to public land disposal programs which reverts back to the agencies due to the grantee's or contract purchaser's default should not be taxable.

I have also attached to this letter a proposed amendment for inclusion in SB 308, which clarifies existing law regarding the taxation of property reverting to federal or state agencies. The impetus for this amendment to SB 308 is due to a state-wide problem involving the taxability of Farmers Home Administration property. Late last year the Farmers Home Administration took the position that property reconveyed to it subsequent to the default of the private purchaser was exempt from taxation, notwithstanding the waiver of sovereign immunity contained in 42 U.S.C. 1540(H). Subsection C related to the taxation of federally-held properties as authorized by federal statutes eliminates the legal argument under existing law that such property is exempt from taxation. Section 2(a)(C) is typical of provisions in statute of other states.

I will be in Juneau on February 28 and March 1, 1990 and will be available to discuss this matter should the committee conclude such an approach to be advisable. I remain available should you have any questions and will be available at the Legislative teleconference held on SB 308 held at 3:30 on February 15, 1990.

Sincerely,  
MATANUSKA-SUSITNA BOROUGH



GARY LEWIS  
Borough Assessor

Encs.

cc: Scott Burgess, AML  
Mike Worley, DCRA  
Steve VanSant, Anchorage  
Mary Keller, Anchorage

MG:sah

12\021490-3

SUGGESTED AMENDMENTS TO SS 308

Page 1

Line 6 For an Act entitled "An Act Relating to Taxation of Certain State and Federal Property by Municipalities and Providing an Effective Date."

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(B) property held by State or Federal entities as the result of foreclosure or accepted through a deed in lieu of foreclosure and not used or occupied for administrative purposes by an exempt entity shall be taxable.

(C) property of the United States, its agencies or instrumentalities is exempt from taxation only to the extent that taxation thereof is forbidden by federal law.

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Page 3

Line 5 Except as provided in AS29.45.030(a) (1)

Page 3

Line 18 Except as provided in AS29.45.030(a) (1)

Contact: Gary A. Lewis, Assessor  
Matanuska-Susitna Borough

RECEIVED

MAR 9 1990



231 W. EVERGREEN AVE.  
PALMER, ALASKA 99645



Phone (907) 745-3271

A HOME RULE CITY

March 6, 1990

The Honorable Mike Szymanski  
Senator  
State of Alaska  
Box V  
Juneau, Alaska 99811

RE: Senate Bill 308  
Taxation of Certain State Properties

Dear Senator Szymanski,

The City of Palmer is in favor of Senate Bill No. 308, "An Act Relating to the Taxation of Certain State Property by Municipalities."

With the widespread number of vacant properties in the City of Palmer as a result of the economic downturn in 1985, we have been hit extremely hard by the number of properties which are tax-exempt probably more than most communities.

Senate Bill 308 would provide the City of Palmer with some relief by taxing vacant property owned by the various retirement systems as well as the Alaska Industrial Development Authority.

This bill would eliminate the turning on and turning off of the taxation effort when a property becomes vacant even though it is owned by a quasi-public agency. In the real world, you still pay taxes on property whether it is occupied or not and if it is your domicile or income property.

Being a government center has a natural built-in number of exempt properties which do not contribute to the local tax effort. The investment by the various state agencies such as TRS, PERS, and AIDA was for monetary gain and not charity. Therefore, if they enjoy riches, they should also share the spoils.

The Honorable Mike Szymanski  
March 6, 1990

We urge your support of Senate Bill 308 which would require TRS, PERS and AIDA to pay their fair share of the property taxes in both the good times and lean times.

Should you have any questions, please feel free to contact me.

Yours truly,

---

David L. Soulak  
City Manager  
City of Palmer

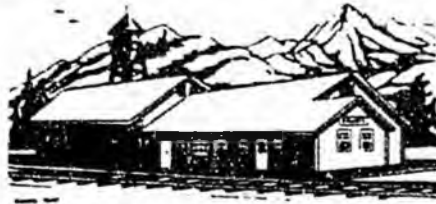
DLS/cac

cc: Scott Burgess, AML  
Mayor Carte'



231 W. EVERGREEN AVE.  
PALMER, ALASKA 99645

# CITY OF PALMER



A HOME RULE CITY



Phone (907) 745-3271

March 6, 1990

The Honorable Jim Duncan  
Senator  
State of Alaska  
Box V  
Juneau, Alaska 99811

RE: Senate Bill No. 483  
An Act Relating to Golf Carts

Dear Senator Duncan,

After reading Senate Bill No. 483, "An Act Relating to Golf Carts," the City of Palmer is opposed to such legislation.

The advent of the all-terrain vehicle has played havoc not only for the City of Palmer but areas throughout the State. The ATVs are operated by both under-age people as well as adults who have a disregard for public and private property.

In the licensing of golf carts, this will send a message to the owners that a vehicle of this type can be operated anywhere since they have paid the registration fee. Granted that a golf cart has built in safety measures but we would be naive to assume that these mechanisms would remain unaltered.

The ATVs have created a lot of suffering for many families not only in Alaska but throughout the entire United States. As I see Senate Bill 483, we are offering one more mode of transportation which can inflict hurt unnecessarily upon our fellow citizens. Golf carts were designed and intended to be used on a golf course, not on the public streets or rights-of-way.

The City of Palmer is opposed to Senate Bill No. 483.

The Honorable Jim Duncan  
March 6, 1990

As a final note, the City has received inquiries as to whether or not we would be interested in procuring the golf carts now located in Juneau for use on our new golf course.

Should you have any questions, please feel free to contact me.

Yours truly,

---

David L. Soulak  
City Manager  
City of Palmer

DLS/cac

cc: Senator Kerttula  
Senator Szymanski  
Representative Menard  
Representative Larson  
Mayor Carte'  
Alaska Municipal League

STATE OF ALASKA  
1990 LEGISLATIVE SESSION

BILL VERSION: CSSB 308  
PUBLISH DATE: \_\_\_\_\_

**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_  
 Title: An Act relating to taxation of certain state property by municipalities  
 Sponsor: Pearce  
 Requestor: Senate C & RA

Dept. of Commerce  
 Agency Affected: & Economic Development  
 BRU: Alaska Industrial Development and Export Authority  
 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	400.0	400.0	400.0	400.0	400.0	400.0
<b>TOTAL OPERATING</b>	<b>400.0</b>	<b>400.0</b>	<b>400.0</b>	<b>400.0</b>	<b>400.0</b>	<b>400.0</b>

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

**FUNDING:** (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER	400.0	400.0	400.0	400.0	400.0	400.0
<b>TOTAL</b>	<b>400.0</b>	<b>400.0</b>	<b>400.0</b>	<b>400.0</b>	<b>400.0</b>	<b>400.0</b>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS :** (Attach a separate page if necessary) No fiscal impact for FY 90.  
 The tax on \$27 million of defaulted loans at an average of 15 mills would equate to approximately \$400,000.00. Over the years, property acquired through foreclosures should decrease while the value of property will increase. No property owned by the Authority under its development program are included (DeLong Mountain) as SB 308 as amended would not put them on the tax rolls.

Prepared by: Bertram L. Wagnon, AIDEA Phone: (907) 561-8050  
 Division: A I D E A Date: \_\_\_\_\_

Approved by Commissioner: \_\_\_\_\_ Date: \_\_\_\_\_  
 Agency: \_\_\_\_\_

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

## ATTACHMENT TO FISCAL NOTE FOR . . . 303

LOCAL GOVERNMENT	# PROPERTIES	ASSESSED VALUE	AIDEA PAYMENT (Excluding Bank owned portion)
Municipality of Anchorage	39	\$17,434,400	\$292,001
Fairbanks North Star Borough	6	2,088,620	32,392
Kenai Peninsula Borough	5	2,602,900	27,418
Matanuska Susitna Borough	7	2,148,800	26,592
City & Borough of Juneau	2	565,000	6,905
City & Borough of Sitka	1	825,730	3,606
City of Valdez	1	817,400	12,220
North Slope Borough	1	900	8,871
TOTAL	62	21,382,850	\$410,003

## FISCAL NOTE

**REQUEST:**

Revision Date: \_\_\_\_\_ Agency Affected: Commerce & Economic Dev.  
 Title: An Act relating to taxation of BRU: Alaska Industrial Development &  
certain state property by municipalities Export Authority  
 Sponsor: Pearce Components: \_\_\_\_\_  
 Requestor: Senate C&RA

**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	400.0	400.0	400.0	400.0	400.0	400.0
<b>TOTAL OPERATING</b>	<b>400.0</b>	<b>400.0</b>	<b>400.0</b>	<b>400.0</b>	<b>400.0</b>	<b>400.0</b>
<b>CAPITAL</b>						
<b>REVENUE</b>						

**FUNDING: (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER	400.0	400.0	400.0	400.0	400.0	400.0
<b>TOTAL</b>	<b>400.0</b>	<b>400.0</b>	<b>400.0</b>	<b>400.0</b>	<b>400.0</b>	<b>400.0</b>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS :** (Attach a separate page if necessary) No fiscal impact for FY 90.

SEE ATTACHED

Prepared by: Bertram L. Wagnon, Executive Director Phone: (907) 561-8050  
 Division: Alaska Industrial Development & Export Authority 4/6/90

Approved by Commissioner: Larry Mercutreff Date: 4/6/90  
 Agency: Department of Commerce & Economic Development

Distribution (by preparer):

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

**ANALYSIS  
CSSB 308 (C&RA)**

The tax on \$27 million of defaulted loans at an average of 15 mills would equate to approximately \$400,000. Over the years, property acquired through foreclosures should decrease while the value of property will increase. No property owned by the authority under its development program is included (DeLong Mountain) as CSSB 308 (C&RA) would not put them on the tax rolls.

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North Slope Borough	<u>1</u>	<u>482,900</u>	<u>8,871</u>
Total	<u>62</u>	<u>\$26,965,750</u>	<u>\$410,005</u>