

**HB**

**391**

# ALASKA STATE LEGISLATURE

*Vice-Chair:*  
House Finance Committee

*Member:*  
House Finance Subcommittees for,  
Department of Public Safety  
Department of Law



*Session:*  
Alaska State Capitol  
Juneau, AK 99801-1182  
Phone: 907-465-4958  
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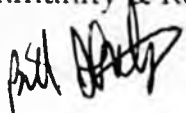
*Interim:*  
PO Box 464  
Chugach, AK 99567

## BILL STOLTZE State Representative

Representative\_Bill\_Stoltze@legis.state.ak.us

### MEMORANDUM

TO: Representative Kurt Olson, Co-Chairman  
Representative Bill Thomas, Co-Chairman  
House Community & Regional Affairs Committee

FROM: Bill Stoltze 

DATE: March 7, 2006

SUBJECT: Follow Up

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Thank you for the opportunity to bring House Bill 391 before the House Community and Regional Affairs Committee.

I am cognizant of the concerns raised by the State Assessor and the "working group of assessors" from across Alaska. With the Constitutional Session Limit and the resulting time constraints I await the opportunity to listen to, and do my best to incorporate solutions that they may raise, while of course recognizing the overall goal of the legislation.

DISTRICT 16

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February 24, 2006

Representatives Thomas and Olson, Co-Chairs, and Committee Members  
House Community and Regional Affairs Committee

Re: HB 391

Dear Representatives Thomas and Olson and Committee Members,

The AML opposes the adoption of HB 391. HB 391 would limit any increase in the assessed value of property to 2% of the current value per year, except for the value of improvements or renovation. This 2% assessed value cap was a key provision of the failed Prop 4 Statewide tax cap initiative **which was soundly rejected by one of the widest margins ever in a statewide election. (It was rejected by three out of four voters statewide and by no less than 62% in any election district in the state on November 7, 2000.)**

The Alaska Municipal League 2006 Policy Statement unanimously adopted by the membership 11/06 states:

*"The League opposes state legislation and initiatives that result in discrimination against individuals, businesses, and classes of property taxpayers. Equitable taxation based on the market value of property is the basis of property tax. Discriminatory tax rates and assessment policies discourage business development and treat individuals inequitably.*

The basic issue in HB 391 appears to be trying to limit local tax increases by limiting increases in individual assessed values. However, assessed values are not intended to affect the amount of revenue collected, assessed values simply maintain the equity of tax paid between individuals. That leaves the issue of local tax increases in general. The biggest pressure on local tax increases over the past ten years has clearly been the steady reduction of traditional shared state revenues and increased unfunded state mandates. Now that the State's fiscal picture has brightened considerably, **the re-instatement of a substantial sustainable revenue sharing program can provide real local tax relief for all taxpayers.** (Note: the attached chart shows the actual statewide property tax increases since 1986 versus the actual and estimated reductions in state revenue sharing with municipalities.)

HB 391 would destroy the equity between local property taxpayers:

The property tax system is founded on equity. The purpose of determining assessed values is to equitably tax people and businesses according to the value of their property to achieve the revenue necessary to fund local public services. Since the market values of property do not increase uniformly, **the impact of HB 391 would be to require property owners whose property values have not increased to subsidize the property taxes of more fortunate property owners whose property values, and therefore their personal net worth, have increased more than 2% in any year.**

Member of the National League of Cities and the National Association of Counties

For example,

If the value of a piece of property rose in market value 25% over two years, it would take over 12 years for that property owner to be taxed on the actual value of their property. Over that 12 year period the property owner who was lucky to have their property rise in value would pay less than their fair share for supporting schools, road maintenance, and other municipal services. On the other hand, other property owners whose property did not rise as much in value would pay more than their fair share to achieve the revenue necessary to support local public services.

In addition, **since under HB 391 the property values do not adjust to actual market value when property is sold, a property owner can also sell their tax break.** That is, if a property is assessed at less than it is worth, the new owner will have to pay less in property taxes than if the property was taxed at its actual value. Therefore, the market value could go up substantially compared to property that is assessed at its actual market value.

Currently, according to the state Assessor, the courts interpret State statutes to prohibit local governments from giving tax breaks beyond the narrow ones in current state law. For example, a municipality cannot charge a specific business higher or lower property tax rates than other taxpayers. This bill would damage the premise that property tax should be paid equitably according to the market value of each individual's or business's property. While miscalculations or mistakes in assessing property values may be made, there are extensive remedies in law to address such inequities. There would be no way to address the inequities that will arise if HB 391 is adopted.

One additional local financial impact would be to **significantly slow the growth of state mandated local contribution to schools which is based on local assessed value.**

As an alternative, AML strongly supports sharing Alaska's incredibly rich resources with local taxpayers through a community dividend to give real, sustained, and substantial tax relief to all local taxpayers.

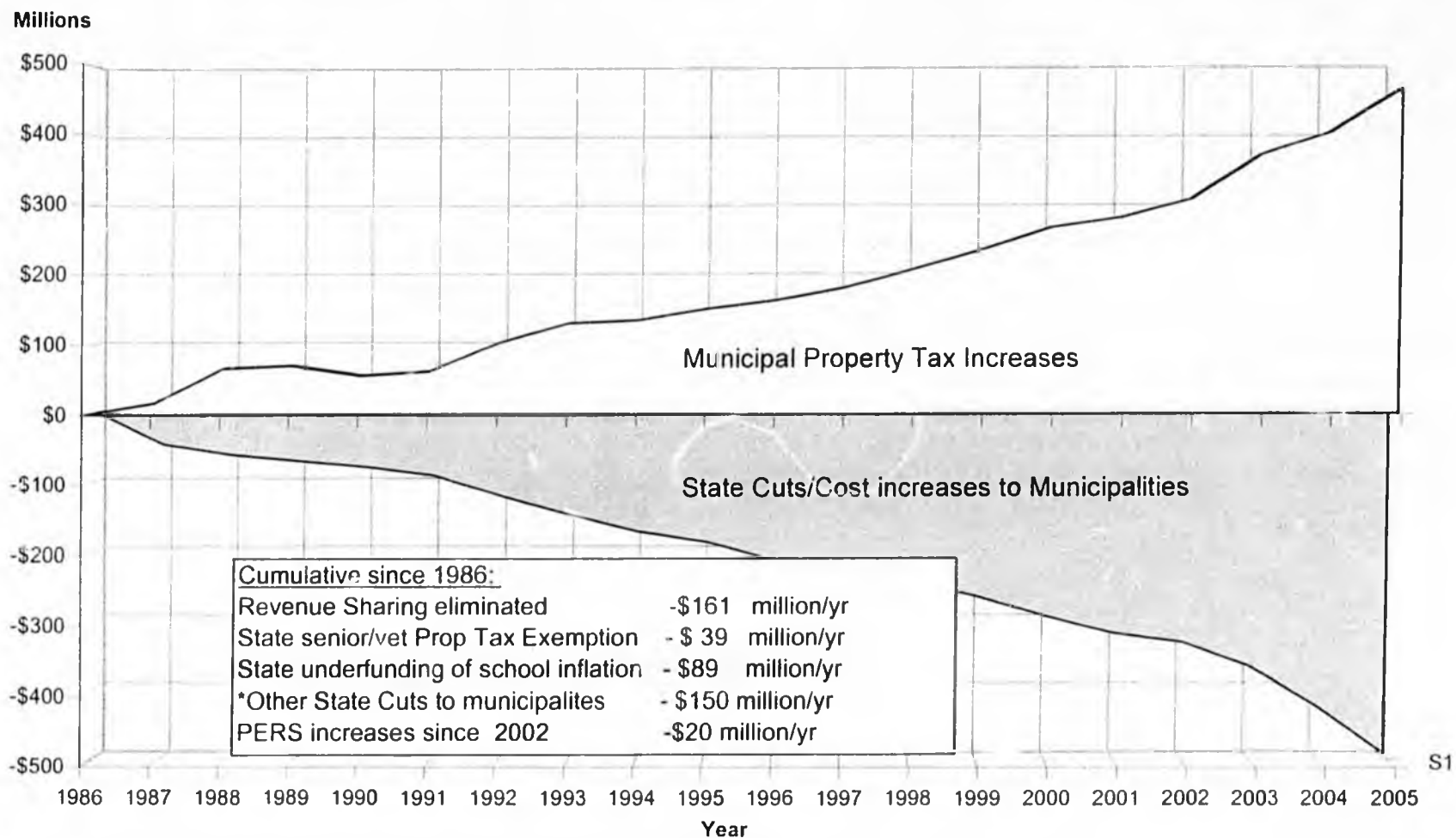
Sincerely,

Kevin Ritchie  
Executive Director

cc. Representative Bill Stoltze

## Why Property Taxes Have Gone Up

### State Cuts/Cost Increases to Municipalities vs Local Property Tax Increases 1986-2005



Source: property tax increase: "Alaska Taxable," State DCED 1986 - 2003

\* "Other State cuts" include: cuts to assistance for libraries, fire services, road maintenance, school bond debt; public safety officers, community jails, alcohol/mental health treatment, community schools, new state fees, etc.

"Revenue sharing" includes state revenue sharing, safe communities, municipal capital matching grants

# ALASKA STATE LEGISLATURE

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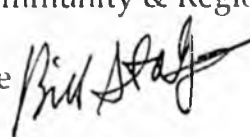
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## BILL STOLTZE State Representative

Representative\_Bill\_Stoltze@legis.state.ak.us

### MEMORANDUM

TO: Representative Kurt Olson, Co-Chairman  
Representative Bill Thomas, Co-Chairman  
House Community & Regional Affairs Committee

FROM: Bill Stoltze 

DATE: February 10, 2006

SUBJECT: Hearing Request

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I respectfully request a hearing be scheduled for House Bill 391, relating to a limit on the amount by which the assessed value of property may be increased for purposes of municipal property taxation.

Thank you for your consideration.

DISTRICT 16

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# ALASKA STATE LEGISLATURE

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## **BILL STOLTZE** State Representative

Representative\_Bill\_Stoltze@legis.state.ak.us

### **House Bill 391**

#### **Limit Annual Increase of Muni Prop Assess**

*"An Act relating to a limit on the amount by which the assessed value of property may be increased for purposes of municipal property taxation."*

More and more people are becoming concerned about the rate the assessed value of their homes are increasing. These large increases create financial hardship for older Alaskans and deter potential homeowners.

HB 391 will limit the increase a municipality can raise the assessed value of a person's home from the preceding year to the current year to two percent.

I believe this is a modest step towards homeowner property tax relief.

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Anchorage Daily News

[Print Page](#)[Close Window](#)**Assessments expected to rise 11 percent****TAXES: Property value increase is less than last year.**By KYLE HOPKINS  
Anchorage Daily News*(Published: February 1, 2006)*

WASILLA -- Homeowners will see the assessed value of their land rise by an average 11 percent when the Matanuska-Susitna Borough mails its notices in March, according to the assessment division.

That's not as big an increase as last year, when residential property values jumped by about 15 percent, said borough assessor Allen Black. The cooling off of the rise in assessed value reflects a nationwide trend, partly due to rising mortgage rates, he said.

"For so long it was almost cheaper to buy than to rent," Black said. "Some of that's changing now."

By some accounts, the higher and lower ends of the Mat-Su housing market are overbuilt.

Al Strawn, general manager for Matanuska Valley Federal Credit Union, said he expects houses in the \$240,000 to \$260,000 range to continue selling well, but said the market may be slow for more expensive homes. He reported a glut in multi-unit housing like condos.

Last week, 38 condos were active listings in the Valley, with an average sale price of about \$155,000, said Barbara Hocker, president of the Valley Board of Realtors.

Newcomers, many from Anchorage, again flooded the Mat-Su last year, increasing the population by roughly 5 percent to about 74,000 people, according to the state Department of Labor and Workforce Development.

Matanuska Telephone Association, meanwhile, hooked up 47 new subdivisions across the Valley in 2005, said MTA spokeswoman Jackie Kenshalo.

In August, the Assembly passed a property tax cap -- a move that many property owners pushed for in the form of a citizen's initiative.

At most, someone with a \$200,000 home would see annual taxes increase by about \$100 this year, Mat-Su finance director Tammy Clayton said.

But that's only if the Assembly passes the highest mill rate possible under the new tax cap. All the new construction built in 2005 could also help ease the tax burden.

About \$350 million in new residential and commercial properties were built in the Mat-Su last year, Black said. That compares with about \$360 million in new construction the previous year.

Black said commercial property assessments overall rose in 2005 because of a general increase in Mat-Su land value and the borough reassessing some commercial properties.

One trend the borough noticed last year, Black said, was an expansion of the Valley's core area. Commuters continued to move farther and farther from the towns of Palmer and Wasilla.

State population estimates peg the Knik-Fairview area, in particular, as one of the fastest-growing in the state.

The borough mails its assessment notices beginning March 1. Property owners can appeal what they believe to be an unfair assessment until March 30.

In 2004, Black said the average sale price of a home in the Mat-Su area rose from \$168,000 to \$185,500.

Prices rose by about the same dollar amount again in 2005, Black said, though the borough doesn't have those exact figures yet.

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Contact reporter Kyle Hopkins at [khopkins@adn.com](mailto:khopkins@adn.com) or call 352-6710.

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Page: B1

## Local property values keep on rising

10 PERCENT JUMP. City begins mailing its 2006 appraisal notices

**PETER PORCO**  
Anchorage Daily News

### Staff

The **value** of all private and business **property** in the city jumped 10 percent in the past year, according to the city's **Property** Appraisal Division, which began mailing its 2006 appraisal notices Friday. The notices function as a heads-up to home and **property** owners, because **property** taxes are based partly on appraised **value**. Taxes generally follow **values** up. Officials, however, say there's no direct link between the change in **value** and the tax rate, which will be set this spring by the Anchorage Assembly.

The increase in assessed **value** varies greatly from **property** to **property** across the city. Some **properties** have fallen in appraised **value**, but the great mass of the city's 93,800 residential and commercial parcels have gained **value**, said municipal assessor Marty McGee.

The total taxable valuation of real **property** in the city has risen this year to \$23.9 billion, from \$21.7 billion the year before.

Some **properties** have appreciated by 20 percent or more -- including one owned by an assemblyman -- but most increases are in the mid-range of 10 percent to 11 percent, McGee said.

Assemblyman Kenneth Stout, who was one of five Assembly members to hear McGee and other officials discuss the latest evaluations at a work session Friday, learned that his own home in East Anchorage has risen in appraised **value** by 18 percent, to nearly \$360,000.

"I'm not real happy with it, of course," Stout said. "It went up considerably last year, so I thought it would level off."

Stout accepted McGee's explanation that higher-quality homes generally saw the largest increases in **value**.

"I can't complain too loudly," he said. "We have a little complex there that has just a few houses in it, and the houses are all fairly good size and well kept."

The division sets a dollar figure for a **property** -- what it considers the fair market **value** -- based on actual sales of similar **properties**, according to McGee.

Appraisers track the sale price of roughly one-third of the city's **properties** sold in a given period, he said. Based on price and characteristics of the **property** sold, they construct a model to predict the **values** of similar **properties**.

"We know what goes on in the marketplace," McGee said. The city believes its appraisals are at 98 percent of the actual market **value**, he added.

Location plays a role in **property values** but not a major one, he said. Some areas of the city are

responding to the market as a whole. The South Addition, for example -- the neighborhood south of the Park Strip -- is booming because lots of people want to live near downtown, McGee said.

"There's a lot going on there, a lot of high-**value** sales, and we reflect that in our valuation," he said.

"The predominant thing going on now," he said, "is people doing remodeling and additions. People are upgrading all over the city. We're more affluent, interest rates are low, they can refinance and add **value** to their houses."

People who live in older, smaller homes that are not changing complain that their **properties** should not be rising on a par with the other homes, according to McGee.

His answer to them is that there's a strong market for homes just like theirs because buyers want to take those smaller homes and remodel them.

Anchorage has relatively few homogeneous neighborhoods, which are likely to be subdivisions built in recent years. Its more typical neighborhood profile is a hodge-podge of housing -- the older homes side by side with larger, newer houses and maybe fixer-uppers on the other side of the street.

"Anchorage has not developed systematically," McGee said. That's why comparing type of **property** rather than relying on location "does a good job in predicting individual **property values**" based on the **property** description.

The much-discussed housing bubble that appears to be leveling off Outside is not much in play in Anchorage, according to McGee. The speculation that leads to "hyper **value**" elsewhere does not hold true here, he said. Anchorage is still riding a general economic rise and few better investments exist here than a house.

"What we're seeing now and expect to see in the next year is a slowdown in the number of sales but not in price."

Stout thought otherwise.

"My personal assessment is that this market will (soon) flatten out," Stout said.

**Property** owners have 30 days from the date of the notice to appeal their evaluation. Both the evaluation and appeal forms are available on the city's Web site ([www.muni.org](http://www.muni.org)).

The city does change appraisals when it learns something about a **property** it did not know before, McGee said.

Meanwhile, the city is again offering exemptions for up to \$20,000 of assessed **value** to qualifying taxpayers -- chiefly, to those who live in their own homes.

Those who applied last year do not have to reapply, the city said.

New homeowners will find information and tax exemption forms on the Web site.

Daily News reporter Peter Porco can be reached at [pporco@adn.com](mailto:pporco@adn.com) or 257-4582.

# Mat-Su Valley Frontiersman

## Hot market drives property values

March 27, 2005

JOEL DAVIDSON/Frontiersman reporter

MAT-SU - The average single-family home in the Valley is now worth \$187,000. That's an increase of 15 percent over last year, but it's hard to find homeowners who are pleased with their increased property values.

Many residents are shocked and upset by the new assessments. Mat-Su Borough Assessor Alan Black is at the center of property assessment debates, but he said his office is just doing a job mandated by state statute.

The law requires the borough, each year, to reassess all properties by Jan. 1. Black said this year's assessments, while substantially higher, are just reflections of the market.

"My office mimics the market," he said in a phone interview this week. "Really it is the property owners that dictate what I do. It's a hot market out there and a lot of people are moving here to buy reasonably priced homes."

Black said properties may also have been undervalued in past years, but the greatest influence on rising property values, he said, is the market. With people moving from Anchorage and elsewhere in the past two years, the demand for land and homes has increased. The less land available, the more valuable it becomes.

"Competition drives the market," Black said.

In the two years Black has been the borough assessor, property values have risen dramatically. Black said his office uses some different techniques than were previously used in assessing property and, as a result, he said assessments are probably more accurate.

With so many new building projects and subdivisions under construction, Black said borough appraisers are now focused more on evaluating new constructions rather than



Nearly 2,000 properties within the Mat-Su Borough received some type of improvement in 2004, a 15-percent increase over the preceding year. Improvements range from new buildings and houses to entryways and decks.

JOEL DAVIDSON/Frontiersman

looking for accuracy in existing structures.

While establishing this year's assessments, a team of nine borough appraisers drove down every single road in the borough looking for new constructions and property improvements.

In addition, Black said his office looked at sales of 1,800 properties with structures on them, along with another 2,000 vacant property sales.

To evaluate individual properties, the assessment office looks at the average sales of similar properties in a general area, while also taking into account improvements and descriptions of individual lots.

Other factors that influence property assessments are the age of the houses, the cost to build a similar house, brand-new, and any rental income the house might generate.

"We have an inventory of every property in the borough," Black said. "We go out and measure buildings. We evaluate them during construction and go into homes if people invite us in."

The borough's description of each property is entitled property characteristics. Unlike legal descriptions, which contain only the physical location of the property, the borough's property characteristics include information, when available, on garages, bathrooms and other structural additions and improvements. If appraisers see changes to a property, they update the borough's record.

In the past, Black said the assessment department attempted to get more accurate sales information from local realtors, but he said realtors have generally not been open to sharing information.

If people think their property is described inaccurately by the borough, Black said there is still time, through March 30, to file an appeal. Borough residents can access the descriptions of their property by going to the borough's Web site at [www.co.mat-su.ak.us/](http://www.co.mat-su.ak.us/) and clicking on "my property." Black said every home should be on the Web site.

If people want more information than what is provided online, Black said they are welcome to come down to the assessor's office directly.

Since mailing out the new assessments earlier this month, Black said more people than usual have come in to protest their property assessments. When people come in, Black said he tries to work with them to get things right.

"The first thing we do is check and make sure we have your property described accurately," he said.

If there are discrepancies, they will be adjusted and the property re-assessed.

Despite the drastic increases, Black said property assessments are still probably a few percentage points lower than the market values, but at this point he said they are as

accurate as he can get them.

"They're as accurate as the budget will allow," he said. "We can make them extremely accurate, but my budget would have to go up."

Despite increased assessments, taxes on individual properties are still uncertain. Those numbers depend on how the borough Assembly decides to set the mill level. Last year, the mill rate was set at 11.8 or \$1,180 per \$100,000 of property value, a slight increase from the 2003 rate of 11.483.

Borough Finance Director Tammy Clayton said the increased mill rate last year was due largely to new debt the borough incurred from school bonds for new schools, land and building renovation projects. Those bonds were approved in 2003 and the first payment was due in October 2004.

In 2004, the typical Mat-Su homeowner paid an average of \$1,947 in property taxes. If the mill rate remains steady, borough taxes on the average single-family home could increase by more than \$250.

With a group of borough citizens working to get a tax-cap initiative on the October ballot, Assembly Member Mary Kvalheim said the borough is in a real pickle.

"We have a huge increase in assessed property values, but if we lower the mill rate and the tax-cap initiative passes, then we are stuck with that mill rate," she said. "Although the assessments are high, that doesn't mean your property taxes will go up, but people see the assessments and they panic and I understand."

Kvalheim said she would like to see a severance tax ordinance on the October ballot this year, which would require companies to pay taxes on raw materials such as timber, gravel, coal and gas that are taken from the borough.

"I'm going to ask to get that on the ballot," she said. "Everything we do is put on the backs of the property owners and there are a lot of other people who enjoy the benefits."

As borough Assembly members wrestle over setting mill rates and ironing out next year's budget, one thing appears certain - property values will likely continue their long climb for the foreseeable future.

In 2002, property valuations from new construction in the borough were \$126 million. This year, that number climbed to \$357 million. According to Black, the last time borough records showed a drop in overall property value was between 1985 and 1988.

"It's been climbing ever since then," he said.

Contact Joel Davidson at 352-2266, or [joel.davidson@frontiersman.com](mailto:joel.davidson@frontiersman.com).

### **Hot market drives property values**

March 27, 2005

**Hearing set for murder suspect**

March 27, 2005

**Houston opens its own animal shelter**

March 27, 2005

**From bookworms to snowboards**

March 27, 2005

**Plan would lure legislators to office space in Mat-Su**

March 27, 2005

**Palmer seeks more money for utility project**

March 27, 2005

**People thought to be 'vegetables' can be rehabilitated**

March 27, 2005

**Members to vote MEA board April 2**

March 27, 2005

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# Mat-Su Valley Frontiersman

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## Assessments rocket, shocking Mat-Su property owners

March 8, 2005

Frontiersman editorial board

Tremors were felt throughout the Mat-Su Borough last week. No, it wasn't a series of earthquakes causing the ground to shake, but rather, many Mat-Su property owners shaking in their shoes as they got the first glimpse of the 2005 assessed value the borough placed on their homes and land.

Some property assessments tripled and many others more than doubled, leaving several Mat-Su property owners wondering how they will be able to pay their tax bills. Overall, the borough's total property valuation rose by about 24 percent.

Senior citizens who have come to count on the tax exemption of the first \$150,000 of assessed value to help stretch their limited fixed income may now find it necessary to sell a home they can no longer afford.

And, there is no relief on the immediate horizon for Mat-Su property owners as the real estate market continues to heat up and the borough attracts more and more new residents each year.

Property taxes are the primary source of income for the borough and as we continue to see the huge influx of new residents to our community, increased funding to our schools, roads, emergency services, water, sewer and other basic services will be needed. The borough will have little choice but to recoup the extra money it needs to cover the extra expenses through increased assessments or by raising the mill rate.

A group calling itself Tax Cap Yes has organized to gather enough signatures for a tax cap initiative to be placed on the 2005 general election ballot.

While this initiative would provide needed relief to property owners, it doesn't address where future funding for essential services will come from.

It's past time to implement a boroughwide sales tax, whether it's year-round or seasonal, that would help shoulder the burden Mat-Su property owners have wholly carried thus far.

**Assessments rocket, shocking Mat-Su property owners**

March 8, 2005

**Life is precious: Appreciate every meticulous snowflake, and learn CPR**

March 8, 2005

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# Mat-Su Valley Frontiersman

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## Valley property values soar

KRISTEN SEINE/For the Frontiersman

The sign on the door reads like this: "Obscene language or coarse behavior will not be tolerated."

The location? It's not a bar, or a racetrack, or even a sixth-grade classroom. It's the Mat-Su Borough Administration building. Specifically, the assessments office; the place where they determine, in large part, how much you are going to pay in property taxes.

And this week, the sign is well placed, if not always complied with. On Monday, the borough mailed out approximately 69,000 postcards stating the newly appraised value of homes, lots and other properties across the Valley. By 9 a.m. Tuesday, people started showing up at the office to protest that theirs had been valued too high.

"Most people are just a bit grumpy or stubborn," said Kathi Johns, an appraisal technician whose desk, as you walk in the office, is right in the line of fire. Most people, she said, stay within the realm of acceptable behavior.

However, in February, when the final tax payments for 2004 were due, the borough actually had to post a guard outside the finance office. "There is one person who has been denied access to this building," she said.

For many people, especially those whose property is situated in one of the Valley's real estate "hot spots," this year's property valuation came as something of a shock. While overall, the borough's total property valuation rose by about 24 percent, some individual properties doubled and even tripled in value.

Allen Black, borough assessor, said he understands that "there will be some upset people." However, he said what many people do not understand is that his office is required by law to determine and assess values based on what a property is worth on Jan. 1 of that year. Every year. And as more people move to the Valley and land becomes more scarce, it becomes more valuable.

### A hot market

Right now, the Valley real estate market is hot. It's no secret that this is the fastest-growing area in the state — "by a long shot," says Black. "We had about 2,000 newly improved properties this year. That means a building, a house or some improvement on

the lot that it didn't have last year, and that number's up by about 15 percent over the year before."

To put the numbers in perspective, Black said that in 2002, new construction accounted for about \$126 million in property valuation. The next year, it was \$170 million. In 2004, that figure had risen to \$223 million. This year, Black said, it was \$357 million.

And that, Black said, "is huge, in my mind. That is showing an awful lot of growth."

But the new construction only accounted for a little more than a third of the 24-percent increase over last year's valuations. Black said the rest is due to rising real estate prices. There are certain areas of town - around the construction site of the new hospital, for example - where home values have skyrocketed.

Helga Larson, a realtor in the Valley for 21 years and chair of the borough's planning commission, said she has seen home and land prices go up as sales have gone up, and has noticed that property valuations have risen as well. "And I don't see any relief coming," she said. "It's not going to get any better."

"A lot of people are moving here, retired people, and young families who have no other choice as they can't afford anything in Anchorage," she said.

Larson said she remembers that not long ago, you could buy a lot in a subdivision for \$10,000-\$15,000. "Now, it's more around \$35,000 to \$45,000," she said. "Some are even asking \$60,000 to \$80,000."

"It's pretty hot everywhere right now," Larson said. "I haven't seen the real impact of the hospital yet, personally, but I'm sure it's right around the corner. I've been told that a lot of the land in the surrounding areas has been purchased - I don't know by who - but purchased with the intent of probably building doctors' offices, that sort of thing."

Larson said she's been taught that the idea behind value assessments is that "they should be right up there with the market value. However, that isn't always the case. At least not here, not yet I don't think," she said.

Wealth, not cash

As Black explains, "property taxes were originally meant to tax wealth, not income."

In other words, a person might be "wealthy" because their assets are very valuable, and still not have a lot of money in the bank. And while Black said he sympathizes with the plight of those who will have a hard time paying their property taxes now, he said, "We cannot take that into account. Otherwise, I'm put into the position of assessing taxpayers based on their ability to pay, and I can't do that."

Ronald Stocker of Palmer is one of the Valley residents who found himself quite a bit "wealthier" Wednesday after looking at his home's newly assessed value. His home and land increased in value by about 20 percent, but his yearly tax bill - if the mill rate remains unchanged - will be a whopping 22 times higher.

That's because Stocker, a 63-year-old disabled Army veteran, is eligible for the senior citizen/disabled veteran property tax exemption application, which means the first \$150,000 of his home's assessed value is tax-free.

Last year, the value of his home was only a few thousand dollars over that amount. But not this year. "My house went up by about \$30,000," he said.

"I'm on a fixed income," Stocker said. "I am 60-percent disabled. I'm 63 years old. There is no way I'm going to be able to go back to work and make any more money to pay my bills. What are they trying to do, run us out of our homes?"

Stocker lives near North Star Speedway, which is also near the site of the new Mat-Su Regional Medical Center. "The irony here is that a few years ago, an appraiser knocked on my door and said they were lowering my appraised value because of the racetrack and the noise. They lowered it! Well, the racetrack is still here and it is just as noisy as ever. And now, in their great wisdom, the borough has gone and put up a hospital a mile away."

Seventy-year-old Gordon Benedict and his wife, Annie, are also on a fixed income. He said they never took out a loan to build their Wasilla home, but "built it out of our own pocket, back in the early '80s, going a bit at a time, as we could."

The assessed value of the Benedicts' home rose by about \$10,000 - not nearly as high as some others, but high enough to bump up their tax payments by about \$35 a month if mill rates remain unchanged. When you're on a fixed income, Gordon said, \$35 a month is a lot of money.

"Every year it gets harder and harder to keep up (with property taxes)," he said. "It's getting way out of hand. Pretty soon, between the cost of maintenance and repairs and the higher taxes, if it gets much worse, we're going to have to sell the place. We won't be able to afford it."

You can fight City Hall, sometimes

Stocker, for one, said he plans to challenge his valuation.

"This can't be allowed to stand," he said. "They can't be allowed to continue to raise property values and mill rates on us like this." Stocker said he doesn't know if he will be successful in his attempt, but he has to try.

Black points out that Alaska is the only state in the country that gives seniors and disabled veterans a \$150,000 break on valuations. "There's no deal like it." The next-best deal is in Florida, he said, where senior citizens who make less than \$20,000 are not taxed on the first \$50,000 of their assessed values.

And he adds that nationwide, the average amount property tax payers pay is around 2 to 3 percent of the value of their properties. "Here, it's more like one and a half percent," he said.

Black also said the \$150,000 exempted from seniors and disabled veterans is made up

by the rest of the taxpayers in the borough. Last year, he said, non-exempted taxpayers paid about an additional eight percent more in property taxes to make up the difference.

While Black says with a sigh that "it's going to be a long March" as challenges pour into his office, he welcomes tax payers who want to call or come in with any problems or questions they might have regarding their valuations. People have through March 30 to officially protest their valuations, he said.

And Black has advice for those who want to do so. "First," he said, "you should carefully look over how we've described your property and make sure everything is correct. We do make mistakes, no doubt about it. And if we haven't done our job right you don't really have to fight us, we'll be happy to say we blew it and correct the problem."

If everything is correct, the next thing is to come up with evidence, Black said.

"Bring in some paperwork showing the values of homes that have recently sold in your area," he suggested. "Some real estate agents are happy to assist you with that. Show us a concrete reason why your home was valued incorrectly."

Black said usually a few thousand people contest their valuations. In most cases, they talk with someone at the assessor's office and that clears it up. Last year, Black said only about 140 people actually brought their cases before the Board of Equalization. Of those, only a handful won.

It won't be until after the board has heard all appeals that the current valuations are finalized and tax revenues will be determined and sent to the borough Assembly. Once that happens, and once the Assembly has set its budget for the year, Black said, the mill rate will be set for 2005.

"That won't happen until the end of May," Black said. "Then we'll have a better idea of what our taxes are going to be."

#### Valley property values soar

KRISTEN SEINE/For the Frontiersman

#### Budget focus of Assembly conclave with school board

DAWN De BUSK/Frontiersman reporter

#### CBM issues discussed at workshop

DAWN De BUSK/Frontiersman reporter

#### Man convicted of contempt, harassment in Palmer court

KATE GOLDEN/Frontiersman reporter

**Wasilla man charged with sexual abuse of girl**

KATE GOLDEN/Frontiersman reporter

**Red Cross appeals to mayors for donations**

BOB MARTINSON/Frontiersman reporter

**Palmer officials want to use video to tout city**

KATE GOLDEN/Frontiersman reporter

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## Ballooning property values put crunch on seniors in the Valley

TAXES: Officials say they are starting to investigate additional exemption options.

Mat-Su focus

**RINDI WHITE**  
Anchorage Daily News

### Staff

**Property values** are on the rise in the Valley, and some members of the Matanuska-Susitna Borough Assembly are looking for ways to help seniors on fixed incomes who, despite tax exemptions, face growing tax bills. Two Valley seniors in the past two months have asked the Matanuska-Susitna Borough Assembly to reduce their **property** taxes, saying their assessments have increased beyond what they can afford.

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Riendl said she completed paperwork verifying her income, and borough assessor Allen Black verified the information before sending it to the Assembly. An extreme-hardship-exemption request is not a well-publicized option, and it's something the Assembly has never been asked to consider

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Kvalheim isn't the only Assembly member concerned that growth in the Valley may be leaving seniors behind. Borough Mayor Tim Anderson said Riendl's case opened his eyes to the possibility that the \$150,000 exemption for some seniors may soon not be enough to release them from tax obligations.

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Leapt is more like it. Riendl's assessment went up \$20,800 in 2003 and another \$62,100 in 2004. She qualifies for the senior-citizen tax exemption on the first \$150,000 in assessed **value**, but her nearly \$1,240 tax bill constitutes a large chunk of her income, which comes from Social Security checks alone.

The average Mat-Su **property** owner in 2004 paid about \$2,730 in **property** taxes. Boroughwide, **property** owners pay 11.8 mills, plus about 0.38 mills for local road and fire service area funds. In the cities, the service area funds are replaced by a citywide mill levy: 3 mills in Palmer, 3 mills in Houston and 0.4 of 1 mill in Wasilla.

One option for hard-pressed seniors may be a program used in other states that places a lien on the **property**, allowing seniors to defer tax payments until their land is sold or the **property** owner dies and the taxes are paid by the deceased's estate. Mat-Su Borough assistant manager Marian Romano said borough staff members are evaluating programs elsewhere but that the process is in its early stages.

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action by the Legislature. He said that the Legislature has discussed deferral programs before, but some aspects seemed problematic. When the matter was discussed in the 1980s, he said, seniors weighed in, saying they'd be reluctant to have a lien placed on their **property** just to avoid paying taxes. And legislators were reluctant to approve a program that could saddle municipalities with unwanted residential **property**.

Depending on how long someone lives, the taxes owed on a **property** could amount to more than the **property** is actually worth, leading the municipality to take a loss or hold on to the **property** for future sale. And, at a time when many municipalities are clamoring for the return of revenue sharing and of funds to offset the state-mandated exemptions, adding a new exemption may prove difficult.

"Anytime they expand those exemptions, they're asking other taxpayers to pay more also," Van Sant said.

Daily News reporter Rindi White can be reached at 1-907-352-6709 or at [white@adn.com](mailto:white@adn.com).

## Value of land continues to rise

**TAXES:** An exemption, if approved in April, could shave off 10 percent.

**ANNE AURAND**  
Anchorage Daily News

### Staff

**Property values** are up all over town, but a proposed **property** tax exemption could save many homeowners from stiff tax bill increases this year. The taxable **value** of homes in Anchorage rose an average of 12.8 percent for 2005, according to Assessor Marty McGee, who discussed **property values** with the Assembly on Friday.

Single-family homes averaged \$241,800 for 2005, an 11 percent change from last year.

Of the residential areas in the Anchorage Bowl, downtown and Mountain View saw the biggest jumps in assessed **values**: an average of 21.5 percent and 17.6 percent respectively.

Historically, these areas have been undervalued, said McGee, so the city focused on getting as much information as possible about sales prices in the area. Assessed **values** are based largely on comparable **property** sales.

Also, inspections have been inadequate over the past decade, said McGee. Fewer appeals, resulting from an overhaul of the appeals process, coupled with additional staff opened up more time for inspecting **properties** and updating valuations, he said.

A proposed **property** tax exemption would shave off 10 percent of the assessed **value**, up to \$20,000, of owner-occupied homes. That could actually lower many people's taxes, said Mayor Mark Begich. The exemption is subject to voter approval in April.

Actual tax bills will be determined after city finance officials calculate the mill rate necessary to support the school and city budgets passed by the Assembly last fall.

Begich passed out a list of Assembly members' **property values** at their meeting Friday. Assemblyman Ken Stout, whose home on 34th Avenue is now worth \$303,600, said with a smile: "I want to know why mine went up more than the mayor's!"

Stout's **property value** rose 19 percent. Begich's home on Colgate Drive, worth \$315,300, went up 10 percent this year but increased 33 percent last year.

"Yours is a very nice home. I'll buy it for this," Begich said, pointing to Stout's assessed **value** and returning the smile.

Said downtown Assemblyman Allan Tesche: "Mr. Mayor, while you're in the mood to buy ..." Tesche's home on G Street is worth \$409,100, 15 percent more than it was assessed at last year.

South Anchorage Assemblywoman Janice Shamberg's home on McDonell Road jumped only 10 percent to \$289,600.

"I'm coming in the slum category," she joked.

When the assessor includes the **value** of new homes built last year, the overall assessed **value** of the city's residential **properties** is \$15.2 billion, a 14 percent jump from 2004 **values**.

Commercial **property values**, including new construction, total \$6.5 billion for 2005, a 16 percent increase from 2004.

Market **values** in Anchorage, over the past four or five years, have caught up with prices in the Lower 48, said Niel Thomas, real estate agent at Coldwell Banker Fortune.

One reason is that more people are moving here from Outside, creating a demand for homes that surpasses the rate of new construction.

The cost of materials has also gone up, Thomas said, which makes new buildings more expensive. That causes other homes, which may be a couple of years old, to increase in price too, he said.

"It's good news for the people who were fortunate enough to buy at the right time," he said. "What we really have to face is how many are going to find it hard to find anything they can afford."

Daily News reporter Anne Aurand can be reached at [aurand@adn.com](mailto:aurand@adn.com) or 257-4591.

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# Palmer Senior Citizens' Center, Inc.

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*Seniors helping Seniors*

February 13, 2006

The Honorable Representative Bill Stoltze  
State Capitol, Room 501  
Juneau, AK 99801-1182

**RE: Limiting Annual Increases in Tax-Assessed Value of Real Property – HB 391  
Palmer Senior Citizens Center Capitol Project – HB 430**

Dear Representative Stoltze:

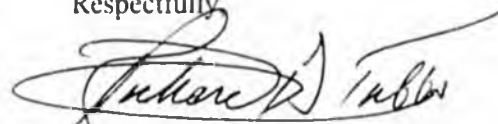
I write on behalf of Palmer Senior Citizens Center, Inc. (PSCC), a non-profit senior service organization, with respect to House Bill 391, which would limit increases in the tax-assessed value of real property to 2% annually. After considering House Bill 391, PSCC has determined that capping annual increases in the tax-assessed value of real property would greatly benefit a large number of older Alaskans.

PSCC has served seniors in the Matanuska-Susitna Borough for over a quarter century. We have witnessed first-hand the unfortunate effects of rising property values on older Alaskans. As assessments soar, seniors are faced with an exceedingly difficult decision – scrape the bottom of the barrel to pay increasingly steep property taxes on homes they have owned and cherished for decades or sell their homes and find somewhere else to live.

Most seniors will do everything in their power to remain in their homes even after they can no longer afford to pay municipal property taxes. Rather than sell their homes, seniors simply cut the amount of money they spend on necessities like food, clothing, medical expenses, heat, and electricity. However, these costs do not magically disappear. They are typically passed on to the State and non-profit service providers like PSCC.

PSCC believes that capping annual increases in the tax-assessed value of real property is important to older Alaskans living on fixed incomes. HB 391 is sensible legislation that will allow seniors to remain in their homes without the need to dramatically reduce their spending on food, clothing, or medicine.

Respectfully,



Richard Tubbs  
Executive Director  
Palmer Senior Citizens Center, Inc.



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Mat-Su focus

**RINDI WHITE**  
Anchorage Daily News

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## Local property values keep on rising

10 PERCENT JUMP: City begins mailing its 2006 appraisal notices.

**PETER PORCO**  
Anchorage Daily News

### Staff

The **value** of all private and business **property** in the city jumped 10 percent in the past year, according to the city's **Property** Appraisal Division, which began mailing its 2006 appraisal notices Friday. The notices function as a heads-up to home and **property** owners, because **property** taxes are based partly on appraised **value**. Taxes generally follow **values** up. Officials, however, say there's no direct link between the change in **value** and the tax rate, which will be set this spring by the Anchorage Assembly.

The increase in assessed **value** varies greatly from **property** to **property** across the city. Some **properties** have fallen in appraised **value**, but the great mass of the city's 93,800 residential and commercial parcels have gained **value**, said municipal assessor Marty McGee.

The total taxable valuation of real **property** in the city has risen this year to \$23.9 billion, from \$21.7 billion the year before.

Some **properties** have appreciated by 20 percent or more -- including one owned by an assemblyman -- but most increases are in the mid-range of 10 percent to 11 percent, McGee said.

Assemblyman Kenneth Stout, who was one of five Assembly members to hear McGee and other officials discuss the latest evaluations at a work session Friday, learned that his own home in East Anchorage has risen in appraised **value** by 18 percent, to nearly \$360,000.

"I'm not real happy with it, of course," Stout said. "It went up considerably last year, so I thought it would level off."

Stout accepted McGee's explanation that higher-quality homes generally saw the largest increases in **value**.

"I can't complain too loudly," he said. "We have a little complex there that has just a few houses in it, and the houses are all fairly good size and well kept."

The division sets a dollar figure for a **property** -- what it considers the fair market **value** -- based on actual sales of similar **properties**, according to McGee.

Appraisers track the sale price of roughly one-third of the city's **properties** sold in a given period, he said. Based on price and characteristics of the **property** sold, they construct a model to predict the **values** of similar **properties**.

"We know what goes on in the marketplace," McGee said. The city believes its appraisals are at 98 percent of the actual market **value**, he added.

Location plays a role in **property values** but not a major one, he said. Some areas of the city are

responding to the market as a whole. The South Addition, for example -- the neighborhood south of the Park Strip -- is booming because lots of people want to live near downtown, McGee said.

"There's a lot going on there, a lot of high-**value** sales, and we reflect that in our valuation," he said.

"The predominant thing going on now," he said, "is people doing remodeling and additions. People are upgrading all over the city. We're more affluent, interest rates are low, they can refinance and add **value** to their houses."

People who live in older, smaller homes that are not changing complain that their **properties** should not be rising on a par with the other homes, according to McGee.

His answer to them is that there's a strong market for homes just like theirs because buyers want to take those smaller homes and remodel them.

Anchorage has relatively few homogeneous neighborhoods, which are likely to be subdivisions built in recent years. Its more typical neighborhood profile is a hodge-podge of housing -- the older homes side by side with larger, newer houses and maybe fixer-uppers on the other side of the street.

"Anchorage has not developed systematically," McGee said. That's why comparing type of **property** rather than relying on location "does a good job in predicting individual **property values**" based on the **property** description.

The much-discussed housing bubble that appears to be leveling off Outside is not much in play in Anchorage, according to McGee. The speculation that leads to "hyper **value**" elsewhere does not hold true here, he said. Anchorage is still riding a general economic rise and few better investments exist here than a house.

"What we're seeing now and expect to see in the next year is a slowdown in the number of sales but not in price."

Stout thought otherwise.

"My personal assessment is that this market will (soon) flatten out," Stout said.

**Property** owners have 30 days from the date of the notice to appeal their evaluation. Both the evaluation and appeal forms are available on the city's Web site ([www.muni.org](http://www.muni.org)).

The city does change appraisals when it learns something about a **property** it did not know before, McGee said.

Meanwhile, the city is again offering exemptions for up to \$20,000 of assessed **value** to qualifying taxpayers -- chiefly, to those who live in their own homes.

Those who applied last year do not have to reapply, the city said.

New homeowners will find information and tax exemption forms on the Web site.

Daily News reporter Peter Porco can be reached at [pporco@adn.com](mailto:pporco@adn.com) or 257-4582.

# Mat-Su Valley Frontiersman

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## Valley property values soar

KRISTEN SEINE/For the Frontiersman

The sign on the door reads like this: "Obscene language or coarse behavior will not be tolerated."

The location? It's not a bar, or a racetrack, or even a sixth-grade classroom. It's the Mat-Su Borough Administration building. Specifically, the assessments office; the place where they determine, in large part, how much you are going to pay in property taxes.

And this week, the sign is well placed, if not always complied with. On Monday, the borough mailed out approximately 69,000 postcards stating the newly appraised value of homes, lots and other properties across the Valley. By 9 a.m. Tuesday, people started showing up at the office to protest that theirs had been valued too high.

"Most people are just a bit grumpy or stubborn," said Kathi Johns, an appraisal technician whose desk, as you walk in the office, is right in the line of fire. Most people, she said, stay within the realm of acceptable behavior.

However, in February, when the final tax payments for 2004 were due, the borough actually had to post a guard outside the finance office. "There is one person who has been denied access to this building," she said.

For many people, especially those whose property is situated in one of the Valley's real estate "hot spots," this year's property valuation came as something of a shock. While overall, the borough's total property valuation rose by about 24 percent, some individual properties doubled and even tripled in value.

Allen Black, borough assessor, said he understands that "there will be some upset people." However, he said what many people do not understand is that his office is required by law to determine and assess values based on what a property is worth on Jan. 1 of that year. Every year. And as more people move to the Valley and land becomes more scarce, it becomes more valuable.

### A hot market

Right now, the Valley real estate market is hot. It's no secret that this is the fastest-growing area in the state "by a long shot," says Black. "We had about 2,000 newly improved properties this year. That means a building, a house or some improvement on

the lot that it didn't have last year, and that number's up by about 15 percent over the year before."

To put the numbers in perspective, Black said that in 2002, new construction accounted for about \$126 million in property valuation. The next year, it was \$170 million. In 2004, that figure had risen to \$223 million. This year, Black said, it was \$357 million.

And that, Black said, "is huge, in my mind. That is showing an awful lot of growth."

But the new construction only accounted for a little more than a third of the 24-percent increase over last year's valuations. Black said the rest is due to rising real estate prices. There are certain areas of town - around the construction site of the new hospital, for example - where home values have skyrocketed.

Helga Larson, a realtor in the Valley for 21 years and chair of the borough's planning commission, said she has seen home and land prices go up as sales have gone up, and has noticed that property valuations have risen as well. "And I don't see any relief coming," she said. "It's not going to get any better."

"A lot of people are moving here, retired people, and young families who have no other choice as they can't afford anything in Anchorage," she said.

Larson said she remembers that not long ago, you could buy a lot in a subdivision for \$10,000-\$15,000. "Now, it's more around \$35,000 to \$45,000," she said. "Some are even asking \$60,000 to \$80,000."

"It's pretty hot everywhere right now," Larson said. "I haven't seen the real impact of the hospital yet, personally, but I'm sure it's right around the corner. I've been told that a lot of the land in the surrounding areas has been purchased - I don't know by who - but purchased with the intent of probably building doctors' offices, that sort of thing."

Larson said she's been taught that the idea behind value assessments is that "they should be right up there with the market value. However, that isn't always the case. At least not here, not yet I don't think," she said.

Wealth, not cash

As Black explains, "property taxes were originally meant to tax wealth, not income."

In other words, a person might be "wealthy" because their assets are very valuable, and still not have a lot of money in the bank. And while Black said he sympathizes with the plight of those who will have a hard time paying their property taxes now, he said, "We cannot take that into account. Otherwise, I'm put into the position of assessing taxpayers based on their ability to pay, and I can't do that."

Ronald Stocker of Palmer is one of the Valley residents who found himself quite a bit "wealthier" Wednesday after looking at his home's newly assessed value. His home and land increased in value by about 20 percent, but his yearly tax bill - if the mill rate remains unchanged - will be a whopping 22 times higher.

That's because Stocker, a 63-year-old disabled Army veteran, is eligible for the senior citizen/disabled veteran property tax exemption application, which means the first \$150,000 of his home's assessed value is tax-free.

Last year, the value of his home was only a few thousand dollars over that amount. But not this year. "My house went up by about \$30,000," he said.

"I'm on a fixed income," Stocker said. "I am 60-percent disabled. I'm 63 years old. There is no way I'm going to be able to go back to work and make any more money to pay my bills. What are they trying to do, run us out of our homes?"

Stocker lives near North Star Speedway, which is also near the site of the new Mat-Su Regional Medical Center. "The irony here is that a few years ago, an appraiser knocked on my door and said they were lowering my appraised value because of the racetrack and the noise. They lowered it! Well, the racetrack is still here and it is just as noisy as ever. And now, in their great wisdom, the borough has gone and put up a hospital a mile away."

Seventy-year-old Gordon Benedict and his wife, Annie, are also on a fixed income. He said they never took out a loan to build their Wasilla home, but "built it out of our own pocket, back in the early '80s, going a bit at a time, as we could."

The assessed value of the Benedicts' home rose by about \$10,000 - not nearly as high as some others, but high enough to bump up their tax payments by about \$35 a month if mill rates remain unchanged. When you're on a fixed income, Gordon said, \$35 a month is a lot of money.

"Every year it gets harder and harder to keep up (with property taxes)," he said. "It's getting way out of hand. Pretty soon, between the cost of maintenance and repairs and the higher taxes, if it gets much worse, we're going to have to sell the place. We won't be able to afford it."

You can fight City Hall, sometimes

Stocker, for one, said he plans to challenge his valuation.

"This can't be allowed to stand," he said. "They can't be allowed to continue to raise property values and mill rates on us like this." Stocker said he doesn't know if he will be successful in his attempt, but he has to try.

Black points out that Alaska is the only state in the country that gives seniors and disabled veterans a \$150,000 break on valuations. "There's no one else like it." The next-best deal is in Florida, he said, where senior citizens who make less than \$20,000 are not taxed on the first \$50,000 of their assessed values.

And he adds that nationwide, the average amount property tax payers pay is around 2 to 3 percent of the value of their properties. "Here, it's more like one and a half percent," he said.

Black also said the \$150,000 exempted from seniors and disabled veterans is made up

by the rest of the taxpayers in the borough. Last year, he said, non-exempted taxpayers paid about an additional eight percent more in property taxes to make up the difference.

While Black says with a sigh that "it's going to be a long March" as challenges pour into his office, he welcomes tax payers who want to call or come in with any problems or questions they might have regarding their valuations. People have through March 30 to officially protest their valuations, he said.

And Black has advice for those who want to do so. "First," he said, "you should carefully look over how we've described your property and make sure everything is correct. We do make mistakes, no doubt about it. And if we haven't done our job right you don't really have to fight us, we'll be happy to say we blew it and correct the problem."

If everything is correct, the next thing is to come up with evidence, Black said.

"Bring in some paperwork showing the values of homes that have recently sold in your area," he suggested. "Some real estate agents are happy to assist you with that. Show us a concrete reason why your home was valued incorrectly."

Black said usually a few thousand people contest their valuations. In most cases, they talk with someone at the assessor's office and that clears it up. Last year, Black said only about 140 people actually brought their cases before the Board of Equalization. Of those, only a handful won.

It won't be until after the board has heard all appeals that the current valuations are finalized and tax revenues will be determined and sent to the borough Assembly. Once that happens, and once the Assembly has set its budget for the year, Black said, the mill rate will be set for 2005.

"That won't happen until the end of May," Black said. "Then we'll have a better idea of what our taxes are going to be."

### **Valley property values soar**

KRISTEN SEINE/For the Frontiersman

### **Budget focus of Assembly conclave with school board**

DAWN De BUSK/Frontiersman reporter

### **CBM issues discussed at workshop**

DAWN De BUSK/Frontiersman reporter

### **Man convicted of contempt, harassment in Palmer court**

KATE GOLDEN/Frontiersman reporter

**Wasilla man charged with sexual abuse of girl**

KATE GOLDEN/Frontiersman reporter

**Red Cross appeals to mayors for donations**

BOB MARTINSON/Frontiersman reporter

**Palmer officials want to use video to tout city**

KATE GOLDEN/Frontiersman reporter

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# FISCAL NOTE

**STATE OF ALASKA**  
**2006 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: HB 391  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Commerce  
 Title Limit Annual Increase of Muni Prop Assess RDU Comm Assist & Ec Dev (405)  
 Component Community Advocacy  
 Sponsor Stoltze, Lynn, Dahlstrom, Gardner, Neuman  
 Requester Community and Regional Affairs Component No. 2703

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2006) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This bill limits the amount by which the assessed value of property may be increased for purposes of municipal property taxation. It would not create a fiscal impact on the operations of the department.

Prepared by: Mike Black, Director  
 Division: Community Advocacy  
 Approved by: William C. Noll, Commissioner  
 Agency: Commerce, Community, and Economic Development

Phone 907 269 4535  
 Date/Time 2/27/06 5 05 PM  
 Date 2/27/06 5 05 PM



DEPARTMENT OF  
**COMMERCE**  
COMMUNITY AND  
ECONOMIC DEVELOPMENT

Division of Community Advocacy

Frank H. Markowski, Governor  
William C. Nell, Commissioner  
Michael Black, Director

March 23, 2006

The Honorable Representative Bill Stoltz  
State Capitol, Room 501  
Juneau, AK 999801-1182

Representative Stoltz,

Thank you for the opportunity to work with you on HB 391, which limits assessment increases to no more than 2% of the prior years value.

As you are aware, this bill has several farreaching effects that should be considered carefully before the committee takes any action. I have access to studies which show that while limits such as this appear to provide control of assessment increases, they can actually distort the distribution of the property tax, destroying property tax equity and increasing public confusion and administrative complexity. This bill also does not allow a municipality to "catch-up" to the actual market value when the property is sold for a higher price than the assessment.

There is a large percentage of individuals who share your concern over the increase of assessed values in the state, even by some in my profession.

In my opinion, the answer is not to be found in enacting legislation which has not been thoroughly questioned and all impacts studied. If passed, this bill could severely impact the ability of many municipalities around the state to provide adequate services to their populations.

I offer my services to work with you along with the services of others who have agreed to work on this issue, including members of the Alaska Association of Assessing Officers, Alaska Municipal Attorneys Association and AML. In reviewing our property tax system to see if there is a better way to achieve our goals. Our work will be aimed at determining 1) the exact issues that are believed to need addressing; 2) review any and all alternatives that still maintain equity within the tax system and finally; 3) prepare proposals that can be brought back to the legislature to address these issues. The intent should be that the proposals will address the specific issues outlined that will not have an adverse effect on municipal revenue sources or create inequities.

I realize that time is short and this topic is very important to both property owners and municipalities, however, I believe that working with you and your staff over the interim will be more beneficial in identifying the problems and addressing them specifically than trying to fix this bill without any preparatory study.

Sincerely,

Steve Van Sant  
State Assessor

550 W. 7th Avenue, Suite 1770, Anchorage, Alaska 99501-3510  
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Email: [questions@commerce.state.ak.us](mailto:questions@commerce.state.ak.us) Website: <http://www.commerce.state.ak.us/dca/>



OFFICE OF THE COMMISSIONER

Frank H. Murkowski, Governor

FAX Transmittal

TO: BILL THOMAS

DATE: 3/23

RE:

FAX NUMBER: X2652

FROM: Sally Saddler

Total # of pages including cover 2

Here is the letter Steve Van Sower sent to Rep. Stoltze. Steve is calling to follow up w/him as well. Steve's premise is that we need to explore a variety of options to address the problem (like homestead exemptions, circuit breakers, tax deferrals, etc). I spoke w/ Kevin Ritarie who is also following up w/ Rep Stoltze. Thanks for the heads up on this! Sally -

P.O. Box 110800, Juneau, Alaska 99811-0800
Telephone: (907) 465-2500 Fax: (907) 465-5442
Email: questions@commerce.state.ak.us Website: http://www.commerce.state.ak.us

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