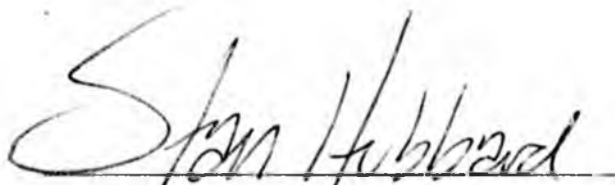


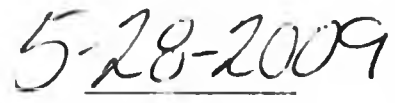


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Signature of Camera Operator


Date

HB

23

ALASKA STATE LEGISLATURE

Vice Chair:
House Finance Committee

Chair:
House Finance Subcommittees for,
Department of Public Safety
Department of Law



Session:
Alaska State Capitol
Juneau, AK 99801-1182
Phone: (907) 465-4958
Fax: (907) 465-4928

Interim:
PO Box 464
Chugiak, AK 99567

BILL STOLTZE State Representative

Representative_Bill_Stoltze@legis.state.ak.us

House Bill 23

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.

House Bill 23 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.

DISTRICT 16

BIRCHWOOD • BUTTE • CHUGIAK • EKLUTNA • FAIRVIEW LOOP
KNIK RIVER ROAD • LAZY MOUNTAIN • PALMER • PETERS CREEK

ALASKA STATE LEGISLATURE

Vice-Chair:
House Finance Committee

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



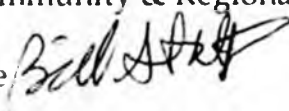
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Interim:
PO Box 464
Chugiak, AK 99567

BILL STOLTZE
State Representative
Representative: Bill_Stoltze@legis.state.ak.us

MEMORANDUM

TO: Representative Anna Fairclough, Co-Chairman
Representative Gabrielle LeDoux, Co-Chairman
House Community & Regional Affairs Committee

FROM: Bill Stoltze 

DATE: February 8, 2007

SUBJECT: Intent of HB 23

It was always my intent to have House Bill 23, related to limiting the amount by which the assessed value of property may be increased for purposes of municipal property taxation, only apply to the assessed value of "residential" property. Right now it applies to the assessed value of all property.

Should you decide to move the bill out of committee it would be my desire that the committee amend the title and language of HB 23 to reflect my original intentions.

Thank you for your consideration.

DISTRICT 16

BIRCHWOOD • BUTTE • CHUGIAK • EKLUTNA • FAIRVIEW LOOP
KNIK RIVER ROAD • LAZY MOUNTAIN • PALMER • PETERS CREEK

Assembly votes to raise property tax rate for homes

BILLS COMING: Decision made not to wait for state to give financial relief.

By KYLE HOPKINS
Anchorage Daily News

The Anchorage Assembly voted to raise residential property tax rates about 8 percent Tuesday night, rather than delaying the decision to see whether the state gives the city millions in property tax relief.

The Legislature and governor haven't decided yet whether to share

state revenue with Anchorage — money the mayor has promised to use to lower property taxes.

Homeowners will still benefit if the state decides to give the city the cash. The property tax savings would likely show up on next year's tax bills, rather than this year's.

The city plans to mail tax bills May 15, and waiting to see what the Legislature does would have cost Anchorage more than \$22,000 a day, said chief fiscal officer Jeff Smith. That's partly because every day the city waits to receive property tax payments, it loses

interest accumulated by those payments.

Assemblyman Dan Coffey wanted to wait and set the tax rate later, saying the \$30 million or more the city may get from the state could be used for tax relief this year if lawmakers act soon.

But Mayor Mark Begich told the Assembly that while the legislative session is almost over, Gov. Frank Murkowski doesn't necessarily have to sign off on any revenue sharing right away.

"His likelihood of supporting this right now is a mixed bag," Begich said.

The Assembly made minor changes

as Tuesday to the tax by the mayor's office. Total amount of taxes to roughly \$150,000 — to \$158 million.

That's more than \$4 million under the tax cap, according to city figures, but about \$15 million more than taxpayers paid last year.

The extra \$150,000 will be paid for by people who live in several Hillside road service areas, where local volunteer boards asked for slightly higher tax rates to pay for things like road maintenance and to save for major repairs.

Property tax rate for homes by 5 percent

as interest accumulated by those payments.

Assemblyman Dan Coffey wanted to wait and set the tax rate later, saying the \$30 million or more the city may get from the state could be used for tax relief this year if lawmakers act soon.

But Mayor Mark Begich told the Assembly that while the legislative session is almost over, Gov. Frank Murkowski doesn't necessarily have to sign off on any revenue sharing right away.

"His likelihood of supporting this right now is a mixed bag," Begich said.

The Assembly made minor changes

as Tuesday to the tax rates proposed by the mayor's office, raising the total amount of taxes to be collected by roughly \$150,000 — to about \$158 million.

That's more than \$4 million under the tax cap, according to city figures, but about \$15 million more than taxpayers paid last year.

The extra \$150,000 will be paid for by people who live in several Hillside road service areas, where local volunteer boards asked for slightly higher tax rates to pay for things like road maintenance and to save for major repairs.

The combined tax rate — or mill rate — that Anchorage will use to pay for the city and school budgets is nearly 18 mills, compared with almost 16 last year. The reason property taxes go up even as the tax rate goes down is because the assessed value of homes rises so fast.

The assessed value of Anchorage residential property went up about 12.8 percent last year, according to the city.

The city will collect about \$154 million in property taxes to pay for schools, an increase of \$14.3 million over last year.

Property taxes likely to rise 5% next year

PROPOSAL: Total rate is the least in 10 years; Assembly to vote Tuesday.

By **KYLE HOPKINS**
Anchorage Daily News

The mayor is proposing a roughly 5 percent property tax increase for residential properties to cover the city and school budgets, with the Assembly set to vote on the tax rate Tuesday night.

The proposal was presented to Assembly members at a work session Friday afternoon. It sets citywide tax collections about \$6.4 million under the city tax cap.

Assemblywoman Anna Fairclough, chairwoman of the Finance Committee, said Friday that she didn't foresee the Assembly making any major changes to the budget.

The city plans to mail tax bills May 18, said chief fiscal officer Jeffrey Sims.

Property taxes would account

See Page B-2, TAXES

TAXES: Bill pays for city, schools

Continued from B-1

for about \$301.7 million of the \$300 million city budget, which pays for things such as firefighters and roads. Taxpayers will be asked to fund an additional \$184.4 million to cover the local share of the School District budget.

Sims estimates that taxes on residential property, such as houses, trailers and condos, would increase about 5.2 percent, while commercial property taxes would go up roughly 6.3 percent if the Assembly approves the mayor's proposal.

Property taxes are figured by a combination of the assessed value of your home and the tax rate — or mill rate — for the area of town you live in. It varies from Eagle River, to the Anchorage Bowl, to Girdwood.

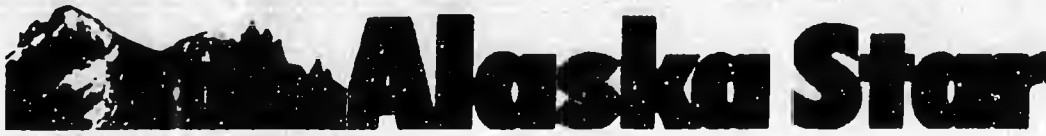
The tax rate proposed to pay for the city and school budgets is 14.97 mills, compared with 15.97 mills last year.

That combined rate is the lowest in at least 10 years according to a city news release. But Anchorage's hot housing market — the city estimates that assessed values of residential property increased 12.3 percent last year — means individual property taxes will generally go up even if the tax rate goes down.

Someone with a home with a taxable value of \$200,000, would pay \$2,994 under the proposed rate.

The Assembly meets at 8 p.m. Tuesday at the Lousac Library.





A WEEKLY NEWSPAPER
SERVING EAGLE RIVER,
CHUGIAK AND EKLAKA

letters to the editor

Alaska Star
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Story Last modified at 5:30 p.m. on Thursday, March 30, 2006

It's about rising property values, not so much taxes

Whenever I open my property-tax assessment or bill, I brace myself. By the end of the day, I stop wringing my hands over property tax increases. Municipal government isn't wasting money on superfluous projects, nor is it rife with costly inefficiencies. I don't fault Mayor Begich for higher taxes.

In 2003, my land assessment went up 40 percent. I was shocked, but prior to 2003, the tax assessor's office was swamped. Many assessments, including mine, did not reflect market value and hadn't increased for several years. Assessments were just catching up in 2003.

Since 2003, my assessment has increased about 13 percent each year. Last year the \$20,000 residential exemption made my net increase 8 percent. A yearly printout I get from the municipality of sales for comparable properties in my area shows assessment increases closely match my home's increasing value. Before complaining about high property taxes, homeowners should ask themselves, "Would I rather live in a city where property values stagnate because of a tanked local economy?"

In every election, voters pass bonds for public improvements. The municipality does not pass these bonds. Voters choose higher taxes because

Birchwood Weather

Last updated: Fri, 3/30/2006 14:32

Temperature: 3
Rel. Humidity: 51
Wind: C
Pressure: 29.9 H
Visibility: 8
Conditions: C

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they want to invest in their community. This is a great town, and I'm glad voters pass bonds to make Anchorage better.

- **Chuck Woodfin**

Chugiak

This article published in The Alaska Star on Thursday, March 30, 2006.

[E-MAIL STORY TO FRIEND](#)

[PRINTER FRIENDLY FORMAT](#)

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Ben Mulligan

From: jlmob@alaska.net
Sent: Monday, March 27, 2006 7:26 AM
To: Rep. Bill Stoltze
Subject: Thank you for introducing HB 391

Email For: Representative Bill Stoltze
From: jlmob@alaska.net
Name: Type Your Name
Street: Po Box 1144
City: Palmer
Zip Code: 99645

Subject: Thank you for introducing HB 391

Thank you for introducing HB 391 it is much needed

Otto & Geri Binder
Po Box 1144
Palmer Ak 99645

Please Support HB 391

I would like to bring to your attention some facts on how Borough assessments and taxes effect me.

I have lived in the Mat Su Valley since 1974, I purchased 10 acres in 1976 on which I cleared and built a small log cabin by hand.
I later built a modest home for my family using the pay day to pay day method without a mortgage.

My wife and I have worked in public service and have earned our retirement. We have a modest fixed income, approximately half of the median income of the Borough we live in, and are debit free with no mortgage.

Since 1995 to 2005 I have had an actual tax increase of 51.5%

My house assessed value has increased 18% and land 36.5% this year

On a fixed retirement income (Pers / Ters) I have not had an increase and do not see an increase happening in the near future.

Ten years ago property tax took 4% of my income, last year it was almost 11% with the increasing assessment and the same mill rate for 2006 it will be almost 13.5% of my income.

I pay 180% more in property tax than my Federal income tax. It takes almost 2 1/2 months of my retirement, to pay the property tax.

In the past ten years I have paid more in taxes than I paid for my land.

Because someone can afford to pay more for a property is it fair that I should have to pay more in taxes? That is what happens with out a cap on assessments.

Most of the older residents of the State do own bigger lots or acreage's. This is putting a bigger tax burden on them when they have no impact on education cost.

Over the years I have witnessed people move from other places demanding things we did not have, some of which they succeeded in having built with our local tax dollars. Then in a few years they move on leaving us to pay. I had to pay for a natural gas lid so my new

neighbor could get gas service for his house. He then sold it a year later at a profit . The assessor then figures my house is worth as much as the one that sold, so I end up paying increased taxes. He made the profit but I'm stuck paying the taxes. That's not fair as I see it.

After all the years it took to secure a home for my retirement years, I'm faced with the reality that I will no longer be able to live in it and continue to pay the increasing taxes. I'm not alone others I worked with are facing the same.

The invested cost in my home and property is about 25% of what it is appraised at. That's true cost not a guess, which assessments are although an educated one.

I have a few more years before I qualify for the senior deduction , that is if I live that long with my family history.

With a limit on assessed value I'll have some Idea of what I have to give up to stay in my home. Without a cap on assessments it is only time before I'm forced to sell because we can't afford the taxes.

Then again maybe Pers / Ters COLA increases should be judged by assessment increases, I could use a 50% gain every ten years.

Please Seniors need your HELP make HB 391 reality.

Otto & Geri Binder
Palmer

Please Add My Email Address to your distribution list. Thank You.

Mat-Su Valley Frontiersman

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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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).

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 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.cohasset.ma.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.

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 hookworms 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

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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Ballooning property values put crutch 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.

It wasn't easy to ask the Assembly to forgive her nearly \$1,240 tax bill, said Wasilla resident Eleanor Riendl, who on Jan. 4 asked for an extreme hardship exemption.

"When I found out this was an option, I really had to think about it," Riendl said. "I don't ask for help."

Riendl has been out of work since her state job as a Palmer Superior Court bailiff, shepherding jurors during trials, was reduced from full time to a few hours a week, she said.

She's looking for work but is finding her age, which she declined to state, an impediment to re-entering the job market. Riendl said she's hoping for something more stimulating than a job as a department-store greeter. She's had a few interviews for office positions, but nothing has come through yet. Riendl said she's confident she'll be back on her feet but hoped for an exemption to help her until she does.

By state mandate, senior citizens and disabled veterans are exempt from paying taxes on the first \$150,000 of the assessed **value** of their primary home. State law also provides other options for seniors and disabled veterans -- a hardship exemption, an extreme hardship exemption and a blanket reduction in assessments for all **property** owners. Cities or municipalities can exercise the three options at their discretion, according to state assessor Steve Van Sant. Or they can, like Kenai, go a step further and eliminate taxes on **property** owned by seniors altogether, he said.

Van Sant said five municipalities have turned to blanket exemptions in an effort to make **property** taxes more fair, and the Municipality of Anchorage is considering its own blanket exemption program. Van Sant said municipalities around the state have granted hardship and extreme hardship exemptions on a case-by-case basis to address each **property** owner's request. An extreme hardship exemption forgives all **property** taxes owed after the first \$150,000 of assessed **property value**. A hardship exemption caps the amount of **property** tax due at 2 percent of the applicant's income.

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

before, borough finance director Tammy Clayton said. The Assembly in December dealt with its first hardship exemption request in borough history.

It came from Grouse Ridge **property** owner Kendall Gardner, and the Assembly unanimously denied his request to pay 2 percent of his owed tax bill. Gardner listed his income as exceeding \$60,000. His **property** is valued at \$277,900, and he would pay taxes on about \$127,900 of that, or about \$1,900.

Riendl's plea for assistance was also denied, by a 3-2 vote, but the issue is something borough leaders are continuing to discuss. Riendl's Assembly representative, Mary Kvalheim, was traveling Outside at the time of the vote. She said she was surprised Riendl's request was denied and followed up the decision with calls to borough administrators, asking that they work on finding options for seniors whose **property values** have risen above levels they can afford to pay.

"I feel very strongly that seniors are a gift to our community," Kvalheim said.

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.

For the first time, in 2005, the average **property value** in Mat-Su Borough rose above \$150,000. Clayton said the average assessed **value** of a home is nearly \$160,000, up nearly \$20,000 from last year.

"As our assessments **value** continues to grow, unfortunately, their incomes don't generally increase at the same level," Anderson said. "We could see real problems for people with fixed incomes."

Black said he hears plenty of complaints after assessments are mailed out each March -- that's just par for the course. Some of the appeals he deals with each year come from seniors, but as many come from others who believe his office erred when estimating their **property value**.

Appealing the assessment, Riendl said, was her first response. She's appealed her assessment the last few years and said the borough assessment office has in the past reduced the **value** of her home and **property** by a few hundred dollars to an amount she's been able to pay. This year, that didn't happen.

Riendl's home needs repair. By itself, it's worth less than \$20,000. But her **property** is conducive to development. One side borders Bogard Road, a busy and increasingly commercial thoroughfare.

"It's very desirable land," Black said. "Her assessment went up with the 2004 assessment year."

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.

"We don't want to necessarily reduce the borough's ability to provide services," Romano said. "But we do want to be fair to the residents of our community. We're looking to see what's out there."

Van Sant said that to expand **property**-tax exemptions may be a state-level task that requires

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.

Anchorage Daily News (AK)
January 15, 2005
Section: Main
Edition: Final
Page: A1

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 McDonnell 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 or 257-4591.

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: HB23-COM-DCA-02-12-07
 Bill Version: HB 23
 () Publish Date: _____

Revision Date/Time (Note if correction): _____
 Title Limit Annual Increase of Muni Prop Assess
 Sponsor Stoltze, Neuman, Lynn
 Requester House Community & Regional Affairs

Dept. Affected: Commerce
 RDU Community Assist & Ec Dev (405)
 Component Community Advocacy
 Component No. 2703

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type-Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2007) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation limits the amount of increases on municipal property assessments to 2% per year. The legislation does not impact the operations of the Division, however, there would be an impact to local municipalities. The legislation restricts a municipality's ability to reflect the full and true value of property by limiting any increase in the assessed value to no more than 2% of the previous year's assessed value. In the short term, the fiscal impact to a municipality which can increase the mill rate to make up for any revenue loss may be minimal. Over time, this will become more difficult but it is difficult to provide an accurate estimate of any municipal revenue loss.

Prepared by: Mike Black, Director
 Division: Community Advocacy
 Approved by: Emil Notti, Commissioner
 Agency: Commerce, Community and Economic Development

Phone 907.269.4535
 Date/Time 2/12/07 5:47 PM
 Date 2/12/2007

Sonya Hymer

From: Sonya Hymer
Sent: Monday, February 12, 2007 10:13 AM
To: 'jeffcurrier'; 'Linda Freed (lfreed@city.kodiak.ak.us)'; 'rgifford@kib.co.kodiak.ak.us'
Subject: Upcoming bills of interest to District 36

Greetings from the Capitol,

The House Community & Regional Affairs Committee will be hearing several bills this week that may be of interest to your communities.

Tuesday 2/13/07:
HB 23: Limit annual increase of municipal property assessments
HB 24: Property assessment appeal fee

Thursday 2/15/07:
HB 56 Hydrogen Energy Research Program
HB 101 Uniform Traffic Laws

The Committee meets from 8 to 10 am on Tuesdays and Thursdays in Room 124 of the Capitol and the meetings are teleconferenced. Please send us your comments!

For bill text and sponsor statements, please visit the following websites:

http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=hb23
http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=hb24
http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=hb56
http://www.legis.state.ak.us/basis/get_bill.asp?session=25&bill=hb101

Best regards,
Sonya

Sonya Hymer, Legislative Aide
Representative Gabrielle LeDoux
State Capitol
District 36
phone: (907) 465-2487
fax: (907) 465-4956

HB 23 Impacts

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Tax Year	A V with 2% annual incr.	2%	Diff. between Mkt. & A/V.	% of Mkt Value.	Tax Year	Mkt. Value w/5% annual incr.	5%
2006	\$ 200,000	\$4,000	\$ -	100%	2006	\$ 200,000	\$10,000
2007	\$ 204,000	\$4,080	\$ 6,000	97%	2007	\$ 210,000	\$10,500
2008	\$ 208,080	\$4,162	\$ 12,420	94%	2008	\$ 220,500	\$11,025
2009	\$ 212,242	\$4,245	\$ 19,283	92%	2009	\$ 231,525	\$11,576
2010	\$ 216,486	\$4,330	\$ 26,615	89%	2010	\$ 243,101	\$12,155
2011	\$ 220,816	\$4,416	\$ 34,440	87%	2011	\$ 255,256	\$12,763
2012	\$ 225,232	\$4,505	\$ 42,787	84%	2012	\$ 268,019	\$13,401
2013	\$ 229,737	\$4,595	\$ 51,683	82%	2013	\$ 281,420	\$14,071
2014	\$ 234,332	\$4,687	\$ 61,159	79%	2014	\$ 295,491	\$14,775
2015	\$ 239,019	\$4,780	\$ 71,247	77%	2 15	\$ 310,266	\$15,513
2016	\$ 243,799		\$ 81,980	75%	2016	\$ 325,779	

- By the year 2016, a home with a market value of \$325,779 is only assessed at \$243,799. A new home constructed in 2016 would be assessed at the current market value of \$325,779.
- What constitutes an improvement? (Paint job, new addition, new siding, etc.?)
- What goes up 2%? Land, building, outbuildings?
- If an improvement made, would total assessed value be brought to current market?
- Remodeling or new home construction could be discouraged.
- If the market increases 20% in 4 years and goes down 2% in the 5th year, does the value stay the same that 5th year? Can it still increase 2% in the 5th year?
- The assessed value is no longer at market value. Will 29.45.110(a) be restructured?
- Would HB 23 promote full disclosure?
- Currently, it takes KPB Assessing 5 years to complete the valuation and inspection cycle. What cycle becomes the base year for HB 23?
- The Full Value Determination, which is used in the school funding formula is supposed to equalize values by reflecting the total market value. Under a 2% cap, there is no reflection of market value. If tax rates are limited to 2% and market value increases 5%, will the State make up the difference or will municipality be required to make contribution from other sources?
- This may force municipalities to look at other revenue sources – sales tax, user fees, etc..
- What does a 2% increase in value do to a municipality's ability to bond? Bond ratings are partly based upon a municipality's ability to pay the debt based on the full faith and credit of the municipality. If you have a dip in the market, like we did in the late 1980's, the municipality can never catch up to its actual market value, which will be sorely lacking in equitability too.
- How does a municipality correct obvious errors in its assessments if the assessments are tied to only a 2% increase? For example, if it is found that a property should have been assessed at \$200,000 but was only assessed at, say, \$125,000, the equity issue is simply magnified.

Sonja Hymer

From: Renee Limoge [Renee_Limoge@legis.state.ak.us]
Sent: Tuesday, February 13, 2007 2:22 PM
To: lhscrml+cra@legis.state.ak.us
Subject: FW: Horan HCRA 2-13 testimony
Attachments: HB 23 Impact Spreadsheet and Bullets - 2% cap.doc

For the Committee's request this morning you will find a copy of Shane Horan's testimony on HB 23.

Thanks,

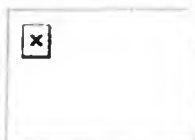
Renee

From: MaryBea Byrne
Sent: Tuesday, February 13, 2007 2:13 PM
To: Renee Limoge
Cc: Horan, Shane
Subject: Horan HCRA 2-13 testimony

Hello Renee,

Per the request of Chair LeDoux at this morning's HCRA meeting I am forwarding a copy of Mr. Shane Horan's (KPB Assessor) testimony (HB 23) to you for distribution to all committee members.

DONE



Thank you, in advance, for your help with this.

Sincerely,
Mary Bea
Kenai LIO
283-2030

Sonya Hymer

From: Rep. Anna Fairclough
Sent: Tuesday, February 13, 2007 9:42 AM
To: Rep. Bill Stoltze
Cc: Rep. Gabrielle LeDoux; Rep. Kurt Olson; Rep. Mark Neuman; Rep. Nancy Dahlstrom; Rep. Sharon Cissna; Rep. Woodie Salmon
Subject: HB23 & HB24

Representative Stoltze,

Thank you for presenting HB23 & HB24 to the Community and Regional Affairs Committee. We appreciate your willingness to answer questions and your consideration in our committee suggestions. As stated in our committee meeting this morning I will formulate questions regarding your proposals, submit them to committee members, allow one day for committee feed back to me and then forward discussion points to you later this week.

Again, thank you for representing all of our constituents and bring forward this discussion to our committee.

Representative Anna Fairclough

State Capitol: 907.465.3777
Eagle River: 907.694.8944
Representative_Anna_Fairclough@legis.state.ak.us

Sonya Hymer

From: Rep. Gabrielle LeDoux
Sent: Tuesday, February 13, 2007 11:21 AM
To: sonya_hymer@legis.state.ak.us
Subject: FW: HB23 & HB24

fyi and print for her

Suzanne Hancock, Chief of Staff
 Representative Gabrielle LeDoux
 State Capitol
 District 36
 Juneau, AK 99801-1121
 phone: (907) 465-2487 (office)
 (907) 465-4230 (direct)
 fax: (907) 465-4956

From: Rep. Anna Fairclough
Sent: Tuesday, February 13, 2007 11:05 AM
To: Rep. Anna Fairclough
Cc: Rep. Gabrielle LeDoux; Rep. Kurt Olson; Rep. Mark Neuman; Rep. Nancy Dahlstrom; Rep. Sharon Cissna; Rep. Woodie Salmon
Subject: RE: HB23 & HB24

Good Morning Community and Regional Affairs Committee Members,

Below is a list of questions for your review. I will forward these questions to Representative Stoltze after 24 hours have elapsed. Please provide any additional clarification or additions to the informational request as soon as possible. I will compile all of the questions and forward them to Representative Stoltze for continued dialogue. If this process is not helpful please let me know.

HB23

1. How would you further define residential and commercial property?
 Discussion: The current bill currently would cap property tax growth on North Slope (pipeline) properties as well as commercial and farm land.
2. How would the sponsor propose to address the impact of "true value" from the state assessor's perspective and the repressed value from the cap?
 Discussion: The foundation formula is adversely affected by property tax exemptions/reductions that are not equally reduced under the state assessor statutes.
3. Does the sponsor agree with a trigger mechanism to bring the property at some point in time to "true value"?
 Discussion: Prop. 13 in CA gives the government a "trigger" for market value when a home is sold. I am unsure on major renovations or damage to the property.
4. Is your proposed bill limited to new construction?
 Discussion: One person who testified intimated that this bill is limited to new construction.
5. Does the sponsor have any comments in regard to similar homes being taxed at different rates?
 Discussion: Same house, same street, different tax bills.
6. In a fluctuating market (up/down) does the sponsor support continued recoup of the cap amount if "true value" is not achieved?
 Discussion: If we have capped a property and we see a down turn in the market and the property has increased as an example 12% over the past 3 years but the cap had head the increase to 6% (3 years times 2% cap as proposed) in a down turned market could a municipality still collect the 2% cap in an attempt to achieve "true value"?

7. What is the base year for calculating "true value"?

8. What would the sponsor suggest as a way to address an inaccurate assessment from the beginning of this law being implemented?

Discussion: Assessors typically visit a property once every 5-7 years. "True Value" may not be actually reviewed, appealed and settled for many years after this bill was passed into law.

9. How would the sponsor respond to the assertion that bond rating may be affected by a cap in assessment growth?

Discussion: Bond ratings are affected by a municipality's ability to repay loans and the stability/growth of its taxing ability.

10. Is it the sponsor's intention to cap all that is being assessed on a property?

Discussion: Buildings/Land/Improvements

HB24

1. What comments would the sponsor provide the committee in regard to the assertion that this bill limits local control of local issues?

Discussion: This was asked by Larry Semmens.

2. If those who appeal are receiving all of there filing fee back, does the sponsor desire to continue forward with this bill?

Discussion: Three local communities are charging filing fees; it appears that a majority of the fees are being returned if the appeal has the homeowner present at the appeal.

Representative Anna Fairclough

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Representative_Anna_Fairclough@legis.state.ak.us

From: Rep. Anna Fairclough

Sent: Tuesday, February 13, 2007 9:42 AM

To: Rep. Bill Stoltze

Cc: Rep. Gabrielle LeDoux; Rep. Kurt Olson; Rep. Mark Neuman; Rep. Nancy Dahlstrom; Rep. Sharon Cissna; Rep. Woodie Salmon

Subject: HB23 & HB24

Representative Stoltze,

Thank you for presenting HB23 & HB24 to the Community and Regional Affairs Committee. We appreciate your willingness to answer questions and your consideration in our committee suggestions. As stated in our committee meeting this morning I will formulate questions regarding your proposals, submit them to committee members, allow one day for committee feed back to me and then forward discussion points to you later this week.

Again, thank you for representing all of our constituents and bring forward this discussion to our committee.

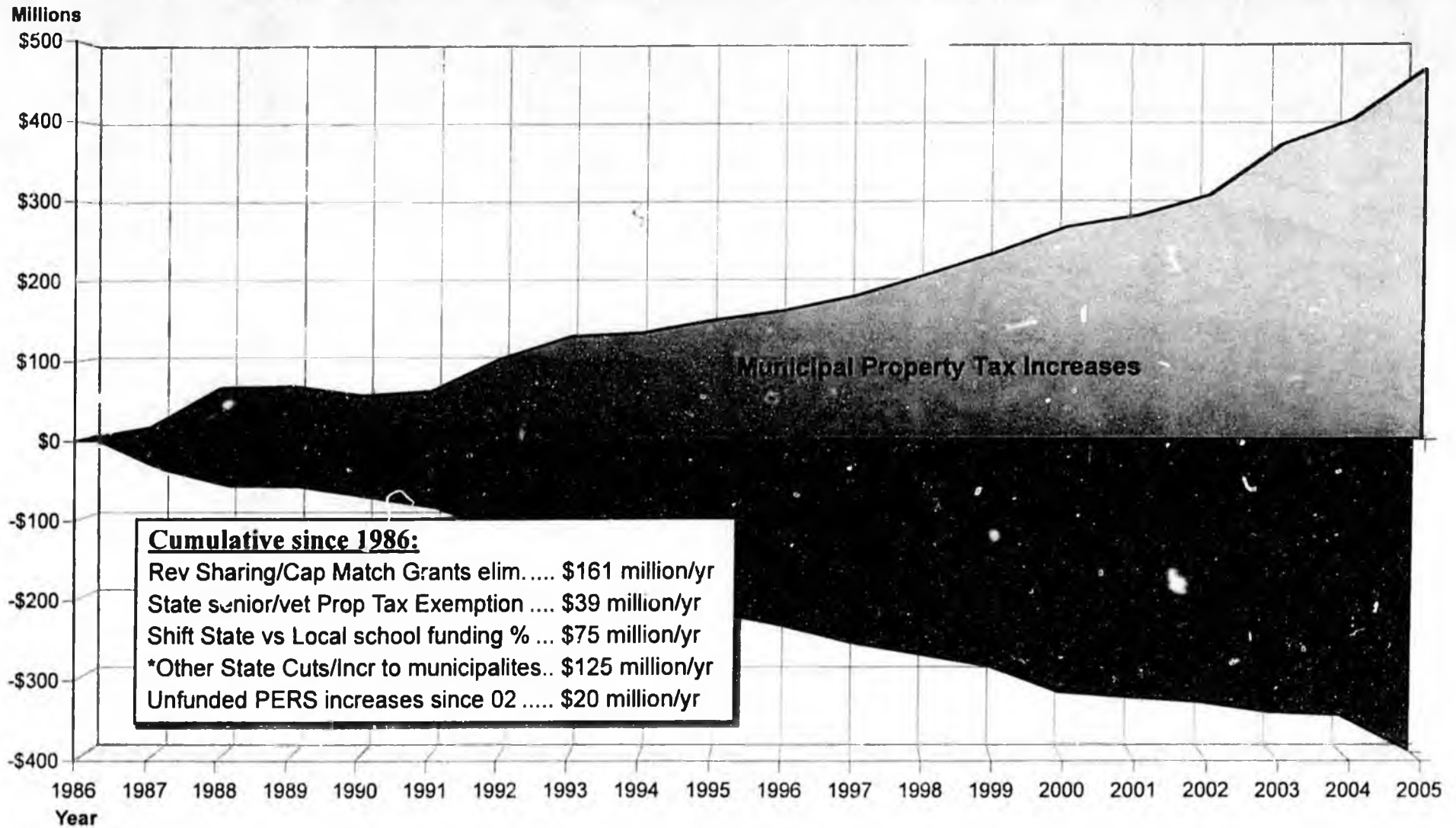
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Why Property Taxes Have Gone Up for Businesses and Homeowners State Cuts/Cost Increases to Municipalities vs Local Property Tax



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

* "Other State cuts/etc" include: assistance for libraries, fire services, road maintenance, school bond debt 90% to 70/60%; 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



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