

**HB**

**264**

<TARGET><BILL>HB 264</BILL><SUBJECT>HB  
264</SUBJECT><COMM>HCRA27</COMM></TARGET>



REPRESENTATIVE CATHY MUÑOZ

## SPONSOR STATEMENT HOUSE BILL 264

*"An Act allowing a deferral of municipal property taxes on the increase in the value of real property attributable to subdivision of that property; and providing for an effective date."*

Passage of House Bill 264 will give municipalities the option to provide an incentive to develop land for housing by deferring for up to five years a property tax increase associated with subdividing a piece of property into three or more parcels.

The measure would give municipalities the flexibility to defer increases in property taxes on subdivided parcels until a lot is sold or a city grants a building permit for that piece of property. It would allow a local government to adopt the optional deferral for all or a portion of a subdivided portion. It would let a municipality decide the terms of paying the tax deferral and when those payments would be due.

Supporters of this measure say it would remove a disincentive for developing privately owned property by holding taxes at the undeveloped land value until improvements occur that lead to a parcel's being developed and sold – thus becoming more valuable and capable of generating more revenues for local governments that choose to exercise this option.

The purpose of the bill is to encourage land development for more housing and let local governments decide whether a property tax deferral will benefit them.



REPRESENTATIVE CATHY MUÑOZ

## MEMORANDUM

To: Members of the House Community and Regional Affairs Committee

Cc: Terry Harvey, Aide  
House Community and Regional Affairs Committee

From: Christopher Clark, Aide  
Rep. Cathy Muñoz

Date: January 31, 2012

Re: Sectional analysis of HB 264, relating to a property tax deferral

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Kindly note that a sectional analysis of a bill or resolution should not be considered an authoritative interpretation of the measure itself. The legislation is the best statement of its contents.

**Section 1.** Amends Chapter 29.45, Municipal Taxation, by adding a new section, 29.45.051, that gives a municipality the option to allow a land owner to defer paying a property tax increase that results from subdividing a piece of property into three or more parcels.

A property tax deferral could last up to five years.

The property tax deferral would end for a particular parcel after it is sold or the municipality grants a building permit for it.

**Section 2.** Provides for an effective date of July 1, 2012.

# FISCAL NOTE

STATE OF ALASKA  
2012 LEGISLATIVE SESSION

Bill Version HB 264  
Fiscal Note Number \_\_\_\_\_  
( ) Publish Date \_\_\_\_\_

Identifier (file name) HB264-DCCED-DCRA-02-10-12 Dept. Affected DCCED  
Title MUNI PROPERTY TAX EXEMPTION: SUBDIVISIONS Appropriation Community and Regional Affairs  
Allocation Community and Regional Affairs  
Sponsor Representative Munoz  
Requester House Community & Regional Affairs OMB Component Number 2879

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

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

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates					
			FY13	FY14	FY15	FY16	FY17	FY18
<b>OPERATING EXPENDITURES</b>								
Personal Services	0.0		0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0		0.0	0.0	0.0	0.0	0.0	0.0
Services	0.0		0.0	0.0	0.0	0.0	0.0	0.0
Commodities	0.0		0.0	0.0	0.0	0.0	0.0	0.0
Capital Outlay								
Grants, Benefits								
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>0.0</b>	<b>0.0</b>

**FUND SOURCE** (Thousands of Dollars)

1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
<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>	<b>0.0</b>

**POSITIONS**

Full-time							
Part-time							
Temporary							

**CHANGE IN REVENUES**

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Estimated **SUPPLEMENTAL** (FY12) operating costs 0.0 (separate supplemental appropriation required;  
(discuss reasons and fund source(s) in analysis section)

Estimated **CAPITAL** (FY13) costs 0.0 (separate capital appropriation required)  
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial Version

Prepared by Scott Ruby  
Division Community and Regional Affairs  
Approved by JoEllen Hanrahan, Director Administrative Services  
Commerce, Community, and Economic Development

Phone 269-4569  
Date/Time 2/10/2012 9:45am  
Date 2/10/2012

FISCAL NOTE

STATE OF ALASKA  
2012 LEGISLATIVE SESSION

BILL NO. HB 264

**Analysis**

HB 264 authorizes municipalities to adopt by ordinance a program to defer tax payments on certain newly subdivided properties.

This legislation allows for a deferral – up to five years, not an exemption from property taxes. It seeks to ease the short term cost of subdivision and development of properties, which could provide an incentive for local development and result in a net increase in property values. The property tax that is deferred is the portion attributable to the increase in assessed value.

There would be no fiscal impact to the Department if this legislation was enacted.

## **Juneau Empire Editorial: City's Top 10 goals: Tricks or Treats?**

**Posted:** November 13, 2011 - 12:06 a.m.

The City and Borough of Juneau Assembly finalized its list of top 10 goals for 2011-12 at its Halloween meeting of the Committee of the Whole.

While the list offered some treats, it was a bit scary to see aiding affordable housing efforts left off the list.

The issue is important enough the League of Women Voters made it its No. 1 question for Assembly candidates to answer in its pre-election questionnaire.

Each Assembly candidate touched on it during conversations with the Empire's editorial board. Yet, when it came time to pick priorities for the year, there was no definite commitment to this issue.

The best the Assembly could muster was to try to "(f)ind ways to reach out not only to our neighboring Southeast communities, but all Alaska communities to enhance Juneau as the Capital City and an important regional economic and transportation hub," a pledge that could be fulfilled by ensuring the name Juneau is spelled correctly on state maps and shipping charts.

The problem is obvious.

The average cost of a single-family home in Juneau is \$321,391, according to a recent report by the Juneau Economic Development Council.

The U.S. Census Bureau puts the national number at \$243,900.

Juneau's rental vacancy and homeowner vacancy rates were at 3.2 and 1.4 percent, respectively, well below the 5 percent threshold needed for a healthy balance between profitability for landlords and sellers and affordability for renters and buyers.

The JEDC report concludes Juneau needs 360 more single-family residential units for our housing market to be healthy. And that's with Juneau's trend of nearly-flat population growth.

When Juneau grows — as it must to enhance its role as a leading city in Alaska and Southeast — the problem will only be compounded if not addressed now.

Obvious problems do not always present apparent causes or lead to easy solutions, which is why we look to the Assembly for guidance.

**When we spoke to candidates to get their takes on the housing issue, some reasons presented for Juneau's housing predicament — illogical demands and inexplicable delays in obtain building permits and a property tax system that can instantly increase the assessed value of a newly-subdivided lot several fold — are obstacles the Assembly can take the lead on addressing. Are building codes addressing the needs to foster safe construction and protect Juneau's environment, or are there some that are either outdated or designed as solutions in search of a problem?**

**A thorough review of Juneau's permitting requirements would answer those questions and could clear the way for developers exasperated with delays and denials to give building a fresh look. A property tax structure that doesn't punish an owner who subdivides his lot with a sudden spike in assessed value would also help.**

**Then-candidate Jesse Kiehl suggested delaying the tax increase for five years so the subdivider would have time to improve the land, build a house and sell it so the tax burden could be shared, an idea with significant merit.**

Juneau's lack of affordable housing has been an issue for several years, and no action taken has significantly alleviated it. The time has come for the Assembly to take affirmative action to address this problem, both in the short term and the long term. We're hopeful the Assembly will revise its top 10 list and make a firm commitment to ensure this obstacle to Juneau's growth is, eventually, removed.



# **Alaska State Home Building Association**

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## **Resolution in Support of HB264, Property Tax Increase Deferral**

**WHEREAS** the cost of land development is constantly increasing due to requirements for permitting, planning, zoning; and

**WHEREAS** local municipal governments normally require payment up front for all the necessary costs to properly subdivide land into lots available for home building; and

**WHEREAS** after a parcel of land has been subdivided, the property taxes are immediately increased due to the higher assessment value of the new lots; and

**WHEREAS** the sale of newly subdivided lots may sometimes take years due to market conditions and other unpredictable variables; and

**WHEREAS** the impact and cost for local government services do not occur until a home is constructed on a new lot; and

**WHEREAS** the 27th Alaska Legislature is considering House Bill 264, sponsored by Representative Cathy Muñoz, to provide municipal governments the option and flexibility to defer property tax increases on new subdivided lots for up to five years;

**BE IT THEREFORE RESOLVED** that the Alaska State Home Building Association supports and encourages the passage of House Bill 264 by the 27th Alaska Legislature as way to help local municipal governments encourage land development; and

**BE IT FURTHER RESOLVED** that the Alaska State Home Building Association supports efforts by local government efforts to expand their tax base by encouraging land development.

**ADOPTED** by the Board of Directors of the Alaska State Home Building Association, a quorum being present, on this 20 of January, 2012.

Chad Edstrom  
President

[Signature] 1-20-12  
Witness



ALASKA ASSOCIATION OF REALTORS, INC.  
4205 Minnesota Drive Anchorage, Alaska 99503  
Telephone (907) 563-7133 Fax (907) 561-1779  
www.alaskarealtors.com

February 4, 2012

The Honorable Cathy Munoz  
Alaska State Legislature  
State Capitol, Room 3  
Juneau, Alaska 99801-1182

RE: House Bill 264

Dear Representative Munoz:

The Alaska Association of REALTORS® with over 1,600 member's statewide wishes to indicate our support for House Bill 264. HB 264 addresses the cost of subdividing land for future sales that can be a significant obstacle in encouraging the use of available land for building needed homes.

This bill will defer some development costs until the property is actually prepared for use and sale. The savings on "front-end" costs will encourage making more land available for home building. Such an increase in the inventory of land that can be used for home building will improve the housing market for all Alaskans.

Thank you for addressing this important issue.

Sincerely,

A handwritten signature in cursive script that reads 'Joni Schneider'.

Joni Schneider, ABR, GRI  
2012 President



# Juneau Affordable Housing Commission

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## Commissioners

Alan Wilson, Chair  
Norton Gregory  
Stephen Sorensen  
Shari Partin  
Honey Bee Anderson  
Rosemary Hagevig  
Justin Shearer  
Tamara Rowcroft

January 17, 2012

Mayor Bruce Botelho & Assembly  
City and Borough of Juneau  
155 S. Seward Street  
Juneau, AK 99801

**Re: Support for House Bill 264, "An Act allowing a deferral of municipal property taxes on the increase in the value of real property attributable to subdivision of that property; and providing for an effective date."**

Dear Mayor Botelho and Assembly Members:

Juneau's Representative Cathy Munoz has offered the above legislation, which would fix tax assessments at the undeveloped land value for up to five years from the date of subdivision through development, subject to limitations which can be imposed by local governments to fit community needs. A copy of the bill just filed, is attached. The Affordable Housing Commission believes the bill will remove an important disincentive for development of privately owned land by reducing the carrying cost of property taxes on land before it can be effectively sold or become revenue producing.

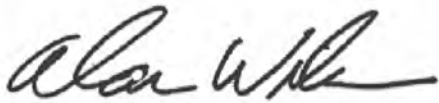
High housing costs have been part of Juneau's reputation for a long time. The ACCRA Cost of Living Index compares living costs in various U.S. cities, including several in Alaska. As of the third quarter of 2011, Alaska's Capital City is about 40 percent more expensive to live in than the "average" US city, and about 9 percent more expensive than Anchorage. Our housing costs are about 79% higher than in the average US city and this dramatically inflates Juneau's cost of living overall. In a 2010 economic climate survey, completed by the Juneau Economic Development Council, Juneau business owners ranked high housing costs third on the list of most significant barriers to operating their businesses. Housing is especially burdensome for lower income residents. Forty-five percent of renters in Juneau spend more than 30% of their income on rent (2005-2007 American Community Survey 3-Year Estimates Survey). While there are many contractors capable of building residential housing units in Juneau, over the past several years, only 2 are building more than 2 units per year.

Mayor Bruce Botelho & Assembly  
January 17, 2012  
Re: Support for House Bill #264  
Page 2

The City and Borough of Juneau has taken steps to address affordable housing. Since 2007, the CBJ established an Affordable Housing Commission, amended the Title 49 Land Use Code to include an affordable housing overlay zone and a permitting option for the creation of Single-Room Occupancy apartments, updated the Comprehensive Plan to identify buildable lands within the Urban Service Area, and provided gravel at cost as well as buildable land to developers for affordable housing projects, amongst other initiatives.

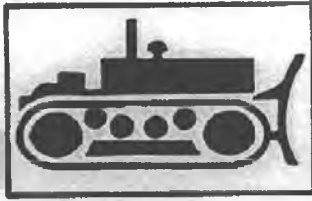
The Juneau Affordable Housing Commission supports the concept of tax deferral to remove a disincentive for real estate development. House Bill #264 offers a new tool to help make Juneau's housing more affordable. We respectfully request the City and Borough of Juneau adopt a resolution in support of its passage and enactment. Please let me know if you have questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "Alan Wilson". The signature is fluid and cursive, written in a professional style.

Alan Wilson  
Chair, Affordable Housing Commission

cc:  
Representative Beth Kerttula  
Representative Cathy Munoz



5165 Glacier Highway  
Juneau, Alaska 99801  
(907) 780-4566 Fax 780-6646

## D.J.G. DEVELOPMENT

January 19, 2012

Representative Cathy Munoz  
State Capitol Room 403  
Juneau AK, 99801

RE: House Bill 264

Dear Representative Munoz:

I support your House Bill 264 allowing for the deferral of municipal property taxes.

Considering the cost of construction and the economics of the market place HB 264 should assist construction in the Juneau promoting the increase in long term available housing for the community.

If you require any assistance, please contact me. Thank you for all the work you are doing for our community.

Sincerely,

  
Hugh N. Grant

**CS FOR HOUSE BILL NO. 264(CRA)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered:

Referred:

Sponsor(s): REPRESENTATIVES MUÑOZ, Chenault

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act allowing a deferral of municipal property taxes on the increase in the value of  
2 real property attributable to subdivision of that property; and providing for an effective  
3 date."

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

5 \* **Section 1.** AS 29.45 is amended by adding a new section to read:

6 **Sec. 29.45.051. Tax deferral for certain subdivided property.** (a) A  
7 municipality may by ordinance permit deferral of payment of taxes on all or a portion  
8 of the increase in assessed value directly attributable to

9 (1) the subdivision of a single parcel of property into three or more  
10 parcels; and

11 (2) any improvements made to the property necessitated by its  
12 subdivision.

13 (b) A deferral from taxation allowed under this (a) of this section shall be  
14 limited to a maximum period of five years. However, a municipality may by ordinance

1 provide for termination of the deferral in less than five years for all or a portion of a  
2 subdivided parcel, based on the date on which

3 (1) all or a portion of the subdivided parcel is sold; or

4 (2) a residential or commercial building is constructed on the  
5 subdivided parcel.

6 (c) A municipality may by ordinance provide a process for applying the tax  
7 deferral allowed under (a) of this section to an unsold portion of a subdivided parcel  
8 after the date on which

9 (1) a portion of the subdivided parcel is sold; or

10 (2) a residential or commercial building is constructed on the  
11 subdivided parcel.

12 \* **Sec. 2.** This Act takes effect July 1, 2012.





217 Second Street, Suite 200 • Juneau, Alaska 99801

Tel (907) 586-1325 • Fax (907) 463-5480 • www.akml.org

February 13, 2012

House C&RA  
Representative Cathy Munoz  
Room 403  
State Capitol  
Juneau, Alaska 99801

RE: HB 264

Dear Representative Munoz,

The Alaska Municipal League is opposed to HB 264, as one of our main policies is our opposition to all property tax exemptions and/or bills that divide property tax owners into different classes and shift the tax burden. While we understand this deferral is an option, the pressure from developers to enact this deferral might be so great as to make it mandatory. Since this deferral is not funded by the state, these taxes are simply shifted to other taxpayers, requiring them to subsidize developers for the deferral.

The intent of the bill appears to be to offer incentives to developers by keeping taxes low until the property is improved or sold. However, developers now have that ability by not subdividing the property until there is a demand for the subdivision. By offering these types of tax incentives, the state would be creating a special category of property owner who gets a tax break unlike other property owners who do not wish to subdivide, can't subdivide, or those who subdivide their property into less than three parcels.

For this reason, the members of AML are opposed to this bill. Thank you for the opportunity to comment.

Sincerely,

*Kathie Wasserman*

Kathie Wasserman  
Executive Director  
Alaska Municipal League

## Ramifications of Proposed Tax Legislation

Below is a rough example of what transpires under the existing taxing structures and what could occur if taxes on newly developed lots were abated. I used approximates based on a real parcel of land that I have an interest in and can postulate some reasonable estimates of costs for development and have good comparables for values of lots and homes in this area. Please keep in mind that the home price estimated costs are for the higher end of medium value homes. We would need to scale back some of these numbers if we hope to stimulate building for the middle income market

West Juneau property:

28 acres currently assessed at \$562,000: Generates CBJ tax of \$5,900 annually

Subdivided produces 56 lots averaging \$110,000 each: Generates \$80,000 annually

66 lots with homes built on them: Generates \$5,450,000 annually

Presuming the developer needs to build 2000 lineal feet of subdivision street at an average cost of \$750 per foot for a total cost of \$1,500,000, this would incur an annual cost of approximately \$350,000. This is also presuming the developer hires all his development work. A developer that does all his work in house could conceivably build his project for 2/3 that price thus incurring an annual cost of approximately \$230,000.

With these costs it appears the increase in property taxes results in an approximate 30% increase in holding costs for creating new development.

Presuming the developer brings his subdivision on line two years earlier than he would otherwise be willing to commit to, and presuming full build out in five years, it could be reasonable to postulate that relinquishing three to five years of the difference in revenue between the undeveloped parcel and the developed, but unutilized lots would be more than offset by the onset of taxes produced by the sold and built upon lots. In a worst case scenario, it appears it would take only one house built to produce the tax revenue equal to the revenue generated by the entire undeveloped parcel. It would only take ten or so lots with houses built upon them in the first few years to produce an annual tax base equivalent to taxing the entire platted, but un-built subdivision, for the full period.

Another facet of the proposed legislation has not been mentioned before now. As well as creating a larger tax base sooner, we have to take into account the fact that every house built creates several full time direct jobs as well as multiple part time jobs for subcontractors, material suppliers and the spin off jobs for the service industry then resulting. It doesn't take an economist to recognize the benefits of a strong home building industry.

Last but not least, let's look at the possibility of the proposed legislation creating a more competitive housing market. Lower costs lead to lower consumer prices and that is the real goal of the proposed legislation. With out more affordable housing opportunities we can not reasonably hope for maintaining our population base in southeast let alone creating growth.

**FINAL MINUTES  
ASSEMBLY LANDS COMMITTEE  
Monday, January 23, 5:00 p.m.  
Assembly Chambers**

**I. Call to Order**

Chair Becker called the meeting to order at 5:00 p.m.

Members Present: Mary Becker, Carlton Smith, Jesse Kiehl

Members Absent: Johan Dybdahl,

Liaisons Present: Nathan Bishop, Mike Williams

Liaisons Absent: Jeff Wilson,

Staff Present: Heather Marlow, Lands & Resources Manager; Cynthia Johnson, Deputy Lands Manager; Karen Crane, Assembly Member, Dan Bleidorn, Lands Specialist; Craig Duncan, Finance Director

**II. Agenda Changes**

None

**III. Approval of Minutes**

The minutes of the following Lands Committee Meetings were approved:

December 12, 2011

**IV. Public Participation – Non-Agenda Items (10 Minutes)**

There was no public participation on non-agenda items.

**V. Action Items**

**A. ACS Communication Towers Lease – West Juneau Reservoir Site**

Cynthia Johnson: reviewed the January 17<sup>th</sup> memo. Alissa Haynes, Site Acquisition & Leasing Specialist with ACS is available on the teleconference line to answer any potential questions.

Ms. Becker: Are there any comments or a motion from the Committee?

Ms. Marlow: Hearing no questions and no motion, we can carry this to our next meeting on February 6<sup>th</sup>, where we can provide more information. This is an existing tower, operating without a lease or insurance, at a rate of \$200 per year.

Mr. Smith: I would like to see more information, including the Atlas Tower Lease.

**B. ADF&G Fish Pathology Lab – Lease Renewal**

Ms. Marlow: Staff recommends that the Assembly Lands Committee pass a motion of support to the Assembly for an ordinance to authorize the Manager to enter into a 10 year lease for this site with ADF&G, with the option of three 5 year renewal clauses. The lease rate will be one dollar per year for the first 10 years, with further consideration that ADF&G maintain sport fish stocks in Twin Lands at their maximum supportable level and undertake stock level surveys, habitat protection measures, and other support activities as may be necessary to aid these purposes.

*Motion: Mr. Kiehl moved that the Lands Committee forward a motion of support to the Assembly for this lease as described in the January 13, 2012 memo from Heather Marlow*

Hearing no objection, motion passed unanimously

**C. ADOT Right of Way Easement and Donation**

Ms. Marlow: ADOT/PF has requested the use of approximately 907 square feet of municipal property for a right of way expansion project that would construct a right turn lane from southbound Mendenhall Loop Road to Stephen Richards Drive. This project will be considered by the Planning Commission for conformity to existing plans and regulations. Staff recommends that the Lands Committee forward a motion of support to the Assembly for a resolution to donate approximately 907 square feet of Block A, Field Acres Subdivision to ADOT/PF for a right of way easement.

Mr. Kiehl: Can you talk to us about where DOT is in the process? Do they need an environmental assessment?

Ms. Marlow: They are very early in the process, and it has yet to go through environmental review but the project area is not anticipated to negatively impact Duck Creek or the flood plain.

**Motion: Mr. Williams moved that the Lands Committee forward a motion of support to the Assembly for a resolution to donate approximately 907 square feet of Block A, Field Acres Subdivision to ADOT/PF for a right of way easement.**

Hearing no objection, motion passed unanimously.

**D. DRAFT House Bill Regarding Deferral of Municipal Property Taxes Attributable to Subdivision of Property**

Ms. Marlow: There are some concerns with the language as it is crafted now and there will be meetings with the local delegation and the initiating parties to fine tune the language so that it matches the intent, which is to defer or exempt municipal property taxes on subdivision improvements for a limited amount of time to help reduce the holding costs of subdividing land. The intent is to encourage the development of land and make it more available in the community. What we are looking for is endorsement of the concept so that conversations regarding the language and intent can take place and for legislation that matches the purpose and intent to be forwarded on. Staff recommends that the Lands Committee pass a motion of support to the Assembly to encourage this dialog and legislation that matches the intent of the sponsors.

Mr. Bishop: I don't think this provides developers with enough incentive, deferring taxes would leave them with a burden after the deferment period ends. A period of exemption would be better if we are trying to encourage development.

Mr. Craig Duncan: Either way this is done, as a deferral or exemption, our office can account for it. There is a fee to the City for optionally exempted property and that falls under the requirement that the City provide a minimum support to the school district of approximately 4 mills. If the values increase we would still report it to the State and have to pay for that increase at 4 mills.

Ms. Crane: When I read this I assumed that deferral meant exemption, so they would have to go back and pay taxes after the deferral ends?

Mr. Duncan: The way it is currently written it only refers to the value of the property before and after it is subdivided it does not include improvements.

Mr. Kiehl: Do you know what the functional equivalent mill rate in Juneau is?

Mr. Duncan: For the mandatory support of the school district; in the high 3% range.

Mr. Kiehl: Do you know what our actual contribution is?

Mr. Duncan: Approximately 6.5 mills.

Mr. Kiehl: Since we are well above the minimum, would we have to write a bigger check to pay for the difference?

Mr. Duncan: It would be required but the school district would remain neutral, so the state would receive it.

**Motion:** *Mr. Smith moved that the Lands Committee forward a motion of support to the Assembly for this concept, to encourage dialog, and to anticipate changes to the wording of the legislation.*

Hearing no objection, motion passed unanimously.

#### **E. Alaskan Brewery Property Acquisition Request**

Ms. Marlow: I recommend that the Lands Committee forward a motion of support to the Assembly to authorize the Manager to dispose of Lots 41 and 42, SSG IV Subdivision through a negotiated sale to Alaskan Brewing. The next steps would be to have the Engineering Department work up a cost estimate for replacement of the structures and the cost of relocating the household hazardous waste facility and if it looks like this cost is agreeable we can pursue an appraisal as the next step. If we can come to agreeable terms, we would come back for an ordinance authorizing those terms of sale at a later date.

Mr. Kiehl: We are talking about the greater of replacement costs or fair market value. If we are going to need to replace these facilities we would need to make sure we have enough funds to cover the costs.

Mr. Marlow: That's why we want to look into replacement costs prior to investigating the property value.

**Motion:** *Mr. Kiehl moved that the Lands Committee forward a motion of support to the Assembly to authorize the Manager to dispose of Lots 41 and 42, SSG IV Subdivision in a negotiated sale to Alaskan Brewing.*

Hearing no objection, motion passed unanimously.

#### **VI. Liaison Reports**

#### **VII. Next Meetings**

February 6<sup>th</sup>, 2012 at 5:00 pm, Assembly Chambers

#### **VIII. Adjournment**

Meeting adjourned at 6:00 pm

ok ✓

AMENDMENT

OFFERED IN THE HOUSE

TO: HB 264

1 Page 2, line 1:

2 Delete "the municipality grants a building permit for all or a portion of"

3 Insert "a residential or commercial building is constructed on"

4 "on which"

5 Page 2, line 7:

6 Delete "the municipality grants a building permit for a portion of"

7 Insert "a residential or commercial building is constructed on"

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**Explanation of Amendment B.2**

Prepared by Christopher Clark, Aide, Rep. Cathy Muñoz

This amendment is aimed at fulfilling the intent of the bill to end a property tax deferral when a property is improved and a building is constructed on it – so long as that happens within five years.

The current language ends a deferral when a municipality grants a building permit for all or a portion of a subdivided parcel. There are two concerns with this:

1. Some municipalities don't issue building permits; and,
2. No improvements may have been done at the time a permit is issued.

This amendment would end the deferral when a building is constructed on the property.

OK ✓

AMENDMENT

OFFERED IN THE HOUSE

TO: HB 264

- 1 Page 1, line 8, following "to":
- 2       Insert "(1)"
- 3
- 4 Page 1, line 9, following "parcels":
- 5       Insert "; and
- 6                       (2) any improvements made to the property necessitated by its
- 7       subdivision"

**Explanation of Amendment B.1**

Prepared by Christopher Clark, Aide, Rep. Cathy Muñoz

The current language in HB 264 may limit a property tax deferral to only those costs that are directly attributable to subdividing a parcel such as surveying and platting.

Some municipalities such as Juneau require subdivision developers to make improvements for things like access roads, drainage ditches, and utility corridors.

Adding the words "any improvements made to the property necessitated by its subdivision" will allow improvement costs to be part of a property tax deferral.