

1403 HOUSE COMMITTEE & REGIONAL AFFAIRS

January 18, 2006

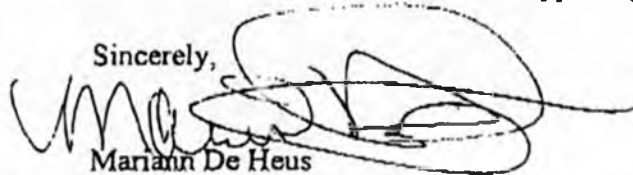
Jay Ramras
House Representative
State Capital, Room 104
Juneau, AK 99801-1182

RE: HB 334

Dear Representative Ramras,

I am a Realtor in the Fairbanks area and am in support of House Bill 334 that defines the time of tax exception deferred. The Polaris building has been an eye sore in the downtown area of Fairbanks. The building sits between the new State Courthouse and the city parking garage, and when remodeled will benefit the entire downtown area with jobs and a more pleasant appearing building. The local area businesses can view the building in its present condition of decay and the remodel and facelift of the building would benefit all. Your consideration in supporting this bill would be appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mariann De Heus', written over a horizontal line.

Mariann De Heus
North Pole, Alaska

January 18, 2006

Jay Ramras
House Representative
State Capital, Room 104
Juneau, AK 99801-1182

RE: HB 334

Dear Representative Ramras,

I am a Realtor in the Fairbanks area and am in support of House Bill 334 that defines the time of tax exception deferred. The Polaris building has been an eye sore in the downtown area of Fairbanks. The building sits between the new State Courthouse and the city parking garage, and when remodeled will benefit the entire downtown area with jobs and a more pleasant appearing building. The local area businesses can view the building in its present condition of decay and the remodel and facelift of the building would benefit all. Your consideration in supporting this bill would be appreciated.

Sincerely,



Lila Nash
Fairbanks Alaska

House Minute

Feb 25, 1999

HB 76 - MUNICIPAL TAXES ON DETERIORATED PROPERTY

CO-CHAIRMAN HARRIS announced the first order of business before the committee would be HOUSE BILL NO. 76, "An Act relating to an exemption from and deferral of payment on municipal taxes on deteriorated property; and providing for an effective date."

CO-CHAIRMAN HALCRO, Sponsor of HB 76, stated that HB 76 makes technical changes to HB 399 which was passed last year. HB 399 authorized municipal governments to exempt or defer municipal property taxes on deteriorated property in the hope that developers would redevelop deteriorated properties into productive properties ultimately placed on the tax rolls. Co-Chairman Halcro explained that HB 76 clarifies the following areas: whether a municipality may either partially or totally exempt a property from property taxes; provide an exemption that may begin any time on or before substantial rehabilitation begins; and prohibit an exemption and deferral of property taxes from being in effect simultaneously.

CO-CHAIRMAN HALCRO noted that Representative Dyson had signed on as a co-sponsor of HB 76. The legislation has also been introduced in the Senate. The packet includes letters of support from the Anchorage Assembly, the Downtown Partnership, and the United Brotherhood of Carpenters and Joiners of America Local Union 1281. The intent of HB 399 was to allow municipalities to renovate or encourage development of dilapidated properties. One much discussed such property is the McKay Building. The packet includes photos of the proposed renovation of the McKay Building(ph).

Number 0337

REPRESENTATIVE JOULE noted that when HB 399 left Senate Rules last year, the language "totally" was deleted. He asked if Co-Chairman Halcro knew why "totally" was deleted.

CO-CHAIRMAN HALCRO pointed out that the committee packet contains testimony from Attorney Margaret Rawitz, who helped draft HB 76. There is confusion as to why "totally" was deleted. If a developer is allowed to have a total exemption or deferral of property taxes, then the developer does not pay taxes on the dilapidated property while doing rehabilitation.

CO-CHAIRMAN HARRIS asked if the exemption would exempt the building or would it include the property as well.

CO-CHAIRMAN HALCRO said that the exemption would apply to the land as well as the building.

Number 490

REPRESENTATIVE MURKOWSKI referred to the inserted language "beginning on or any time" which she understood from Ms. Rawitz's letter that the language was inserted in order to provide the municipality flexibility. Does this language provide the municipality the option to grant a referral three years after the beginning of renovation?

CO-CHAIRMAN HALCRO explained that most municipalities are required begin tax referrals/exemptions on the first day of the year. If the rehabilitation does not begin until June, six months is lost. This language provides the municipality with the flexibility to begin the tax deferral any time during the calendar year.

REPRESENTATIVE MURKOWSKI believed that the language left it very open. The language does not limit the referral/exemption to any time in that given tax year.

CO-CHAIRMAN HALCRO referred to Ms. Rawitz's testimony which says, "The new language would allow a municipality to delay the exemption and/or deferral until the renovation work has been substantially completed." He noted that there is a tremendous amount of local control in this area. The technical changes in HB 76 would allow the municipality the flexibility, but approval at the city council or assembly level would be necessary.

REPRESENTATIVE MURKOWSKI expressed the need to make Ms. Rawitz's comments clear in the language of the legislation. Representative Murkowski understood that this is an option given to the municipalities, but she expressed concern that this language is an open-ended provision.

CO-CHAIRMAN HALCRO referred to page 1, lines 8 through 10 which reads: "A municipality may by ordinance permit deferral of payment of taxes on all or some types of deteriorated property for up to five years beginning on or any time after the day substantial rehabilitation, renovation, or replacement of any structure on the property begins." Co-Chairman Halcro said although the state statute may be open-ended, the municipalities are the local control in this case.

Number 0876

MARC MARLOW, Marlow Development Corporation, informed the committee that last year HB 399 received 11-0 resolutional support from the Anchorage Assembly, passed the House of Representatives 40-0, passed the Senate 19-0, and subsequently the Governor signed it into law. The Anchorage Assembly passed an ordinance amending Municipal Code to reflect HB 399. Mr. Marlow explained that the municipal attorney requested clarification of some points which resulted in HB 76. Mr. Marlow noted that he originally requested that HB 76 be considered due to his opinion that Alaska has buildings that are deteriorating and aging. This law, which many

states have in order to facilitate redevelopment of areas that would not otherwise be redeveloped, is patterned after a Pennsylvania law. The McKay Building is an example of the benefit of passing HB 76. Mr. Marlow acknowledged that it could be some time before this law would be utilized again since there are not a tremendous amount of older buildings, but dealing with just the McKay Building would be worth the effort.

With regards to the McKay Building, the design is finished, the plans have been turned into building safety, the building permit number has been assigned to the project, and the plan review should require eight to ten weeks in the process. Mr. Marlow expressed appreciation in making these amendments to afford the municipal attorney more comfort with the language.

Number 1109

MR. MARLOW explained that the McKay Building could not move forward as a straight business deal without this law. Even with the property tax exemption and deferral, the McKay Building project is having difficulties. This will help the municipality have more funds in the treasury for property taxes long-term. Currently, the McKay Building does not provide any revenue and would cost approximately \$3 million of tax payer money to tear down the building. Under this scenario, the McKay Building would create many jobs and in 10 years the municipality would receive approximately \$200,000 per year in property taxes. The area surrounding the building would increase in value; this would be the beginning of a renewal on the east end of downtown Anchorage.

REPRESENTATIVE MURKOWSKI mentioned her specific interest in the McKay Building since it is a blight in her personal skyline. She asked if the July 1, 1999 effective date of HB 76 would affect the development process.

Number 1221

MR. MARLOW replied no. He explained that the property tax exemption and deferral that any municipality may pass does not go into effect until there is performance. This prevents municipalities from extending property tax exemptions and deferrals on property that is never renovated. Mr. Marlow said that the performance on the McKay Building would not be completed until well into 2000.

MR. MARLOW said that it does not matter when the exemption and deferral begin. The language was inserted to allow the exemption and deferral to begin the next tax year after completion of the project, after the performance was accomplished. Mr. Marlow pointed out that if the exemption and/or deferral began three years after the completion of the project, the property would be paying property taxes in between.

MR. MARLOW, in further response to Representative Murkowski, reiterated that the redevelopment design for the McKay Building is complete and has been turned into Building Safety in Anchorage and that process would take approximately eight weeks. The financing vehicle is in the third phase of a four phase period of consideration which would not be completed any earlier than 60 days from now. Mr. Marlow hoped the renovation would be

started in July or early August and would require approximately 11 months to complete. By the summer of 2000, people should be able to move into a safe and renovated McKay Building.

MR. MARLOW informed the committee that last year a market study by a Seattle research firm concluded that the McKay Building's 123 unit apartments would be filled within four months of its completion. The target market for these apartments is anyone, but Mr. Marlow believed that it would be appealing to the young, 20 something person, who works downtown. The marketing will take place in the newspaper and the Internet. In response to Co-Chairman Harris, Mr. Marlow felt the McKay Building would be renamed.

Number 1475

STEVE VAN SANT, State Assessor, Department of Community & Regional Affairs, testified via teleconference from Anchorage. He noted that he did not have a chance to testify on HB 399 last year and had not talked with Representative Halcro about HB 76, but had discussed SB 54 with Senator Kelly. Mr. Van Sant directed the committee to the language on page 1, lines 9-10 which Co-Chairman Halcro said was intended to allow the exemption to begin any time during the year. To date, all exemptions in Alaska begin the first day of the tax year, January 1, and the supreme court has ruled on that matter. Therefore, Mr. Van Sant expressed concern with allowing partial year exemptions. With regard to the McKay Building, Mr. Van Sant would recommend to Anchorage that the exemption begin January 1 which seemed to be what Mr. Marlow indicated.

MR. VAN SANT referred to page 1, lines 13-14 which does not indicate that the municipality may collect interest on deferred taxes. Currently, only one statute allows deferment of taxes which is the agricultural exemption and deferment. The agricultural exemption and deferment allows the municipality to collect deferred taxes with interest at eight percent. Mr. Van Sant suggested language specifying that the municipality would not lose interest on deferred taxes should be added. He believed it would be almost administratively impossible to as lines 13-14 say, "if ownership of only part of the property is transferred, all tax payments attributable to that part are immediately due" If ownership is transferred, Mr. Van Sant wanted all deferred tax payments to be due and payable at that time, including the eight percent interest. Mr. Van Sant noted that as a state assessor he is typically opposed to exemptions and deferments. However, in the case of the McKay Building, Mr. Van Sant applauded Mr. Marlow's plans and reluctantly backed down from his usual stance understanding this would be for the good of the community and would like for the project to move forward.

Number 1689

CO-CHAIRMAN HARRIS asked if Mr. Van Sant suggested on page 1, line 13 after "immediately due" insert "interest".

MR. VAN SANT clarified that on page 1, line 13 delete "only" and insert "any" and on line 14 after "payments" insert "including interest at eight percent" and delete "to that part". On page 2, line 1 delete "attributable to that part". In further response to Co-Chairman Harris, Mr. Van Sant explained that eight percent interest is desirable because that is consistent with the statutes

for agricultural deferments.

Number 1800

MR. MARLOW agreed with Mr. Van Sant that once the property is transferred, the deferred portion of the taxes should be paid. However, the interest on this type of exemption or deferral was specifically avoided. Mr. Marlow explained, "When a person applies for and receives a farm deferral, what they are saying is: I have a piece of property that in the open market place might be worth many, many more dollars than what I'm using it for. And so, I want that, you know, it might be assessed at a value that's much higher than its use as a farm. And so, a person applies for the farm deferral and the taxes back seven years are counted at the lower rate, but the interest that -- the interest accrues so that when that farmer decides I'm going to sell my property now on the open market place and collect all this money that I wasn't paying taxes for here; kind of recompensates the municipality for the taxes that they weren't paying on a higher value back seven years." In this case, Mr. Marlow explained this addresses property that without this incentive would have no hope of being renovated. Such a property would then be placed back in the market place and made taxable at its highest value. Mr. Marlow emphasized that applying interest to a deferred portion would be a disincentive to those goals.

REPRESENTATIVE MURKOWSKI asked if the issue regarding interest had surfaced during prior discussions.

MR. MARLOW could not testify if the issue of interest publicly surfaced in the past. Certainly, the issue of interest was considered during the creation of the legislation. Interest was specifically avoided with respect to the deferred portion.

Number 1992

CO-CHAIRMAN HARRIS restated Mr. Van Sant's point that state statute only allows tax deferrals to begin January 1 which would seem to be at odds with the language on page 1, line 9. Co-Chairman Harris asked if Mr. Marlow would have a problem with including language indicating the deferral would begin at the beginning of the tax year.

MR. MARLOW believed that the language in HB 76 was used in order to allow the municipality to begin the deferral and/or exemption the following tax year after performance to be compliant with state law. Mr. Marlow did not recall any discussion or intent to allow the exemption in July or August. Mr. Marlow said that whatever would be necessary to ensure clarity on that issue would be fine.

CO-CHAIRMAN HALCRO noted that Ms. Rawitz drafted an ordinance for the Municipality of Anchorage which created a tax exemption and deferral program. Co-Chairman Halcro read the following from Ms. Rawitz's testimony: "Since most municipalities would prefer to (or are required to) begin a period of exemption or deferral on the first day of the tax year, it is appropriate to permit an exemption to begin at any time on or after the beginning of renovation, since renovation is not likely to begin on the first day of the tax year."

CO-CHAIRMAN HARRIS inquired as to the legality of the language.

MR. MARLOW said that he believed that was the intent.

MR. VAN SANT stated that he was comfortable with the language, as long as the record reflects that the intent of the committee was not to change the manner in which exemptions are attached as of January 1. From working with the municipality and its attorney on this ordinance, the day Mr. Marlow broke ground would be the day the exemption would begin. Mr. Van Sant further understood the intent was to have a delay of a year until more substantial completion was accomplished which is what Mr. Van Sant understood the reasoning to be for this language.

Number 2182

MR. MARLOW agreed. The exemption should not be initiated until the performance or substantial completion has been accomplished and the next tax year begins. Mr. Marlow agreed with Mr. Van Sant's assessment of the intent of the language regarding the beginning of the exemption or deferral.

CO-CHAIRMAN HALCRO said that HB 76 is a win-win situation for all communities. Co-Chairman Halcro used the McKay Building project as an example of how this legislation would be beneficial. This legislation would allow a developer to invest money in the McKay Building which once on the property tax rolls would reduce everyone's property taxes in Anchorage, employ people, and create a foundation in the neighborhood. Co-Chairman Halcro said he would appreciate support on HB 76.

Number 2310

REPRESENTATIVE DYSON moved to report HB 76 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, it was so ordered.

BILL ID: HB 76

00 CS FOR HOUSE BILL NO. 76(CRA)

01 "An Act relating to an exemption from and deferral of payment on municipal
02 taxes on deteriorated property; and providing for an effective date."

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

04 * Section 1. AS 29.45.050(o) is amended to read:

05 (o) A municipality may by ordinance partially **or totally** exempt all or some
06 types of deteriorated property from taxation for up to five years **beginning on or any**
07 **time** after the day substantial rehabilitation, renovation, or replacement of any structure
08 on the property begins. A municipality may by ordinance permit deferral of payment
09 of taxes on all or some types of deteriorated property for up to five years **beginning**
10 **on or any time** after the day substantial rehabilitation, renovation, or replacement of
11 any structure on the property begins. However, if the ownership of property for which
12 a deferral has been granted is transferred, all tax payments deferred under this
13 subsection are immediately due and the deferral ends, or, if ownership of **any [ONLY]**
14 **part** of the property is transferred, all tax payments [ATTRIBUTABLE TO THAT
01 PART] are immediately due [AND THE DEFERRAL ATTRIBUTABLE TO THAT
02 PART ENDS]. Only one exemption and only one deferral may be granted to the same
03 property under this subsection , **and, if an exemption and a deferral are granted to**
04 **the same property, both may not be in effect during the same time** . In this
05 subsection, "deteriorated property" means real property that is commercial property not
06 used for residential purposes or that is multi-unit residential property with at least eight
07 residential units, and that

08 (1) has been the subject of an order by a government agency requiring
09 the property to be vacated, condemned, or demolished by reason of noncompliance
10 with laws, ordinances, or regulations;

11 (2) has a structure on it not less than 15 years of age that has
12 undergone substantial rehabilitation, renovation, or replacement, subject to any
13 conditions prescribed in the ordinance; or

14 (3) is located in a deteriorating or deteriorated area with boundaries that
15 have been determined by the municipality.

16 * Sec. 2. This Act takes effect July 1, 1999.

BILL ID: HB 76

00 CS FOR HOUSE BILL NO. 76(RLS) am S

01 "An Act relating to an exemption from and deferral of payment on municipal
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07 **time** after the day substantial rehabilitation, renovation, or replacement of any structure
08 on the property begins. A municipality may by ordinance permit deferral of payment
09 of taxes on all or some types of deteriorated property for up to five years **beginning**
10 **on or any time** after the day substantial rehabilitation, renovation, or replacement of
11 any structure on the property begins. However, if the ownership of property for which
12 a deferral has been granted is transferred, all tax payments deferred under this
13 subsection are immediately due and the deferral ends, or, if ownership of **any [ONLY]**
14 part of the property is transferred, all tax payments [ATTRIBUTABLE TO THAT
01 PART] are immediately due . **The amount deferred each year is a lien on that**
02 **property for that year [AND THE DEFERRAL ATTRIBUTABLE TO THAT PART**
03 **ENDS].** Only one exemption and only one deferral may be granted to the same
04 property under this subsection , **and, if an exemption and a deferral are granted to**
05 **the same property, both may not be in effect on the same portion of the property**
06 **during the same time. An ordinance adopted under this subsection must include**
07 **specific eligibility requirements and require a written application for each**
08 **exemption or deferral .** In this subsection, "deteriorated property" means real property
09 that is commercial property not used for residential purposes or that is multi-unit
10 residential property with at least eight residential units, and that

11 (1) has been the subject of an order by a government agency requiring
12 the property to be vacated, condemned, or demolished by reason of noncompliance
13 with laws, ordinances, or regulations;

14 (2) has a structure on it not less than 15 years of age that has
15 undergone substantial rehabilitation, renovation, or replacement, subject to any

16 conditions prescribed in the ordinance; or

17 (3) is located in a deteriorating or deteriorated area with boundaries that
18 have been determined by the municipality.

19 * Sec. 2. AS 29.45.050(o) is repealed July 1, 2002.

20 * Sec. 3. This Act takes effect July 1, 1999.

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB334
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Commerce
 Title Municipal Property Tax Deferral/Exemption RDU Comm Assist & Ec Dev (405)
 Component Community Advocacy
 Sponsor Ramras
 Requester House Community & Regional Affairs Component No. 2703

Expenditures/Revenues (Thousands of Dollars)

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

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

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2006) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation relates to an exemption from and deferral of municipal property taxes for certain types of deteriorated property. It does not impact the operations of the department.

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

Phone 269-4535
 Date/Time 1/30/06 3:34 PM
 Date 1/30/2006

HB

371

24-GH2063\G

Cook

1/28/06

CS FOR HOUSE BILL NO. 371()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY**Offered:****Preferred:****Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR****A BILL****FOR AN ACT ENTITLED**

1 "An Act relating to a community dividend program; and providing for an effective
2 date."

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

4 * **Section 1.** AS 29.60 is amended by adding new sections to read:

5 **Article 10. Community Dividend Program.**

6 **Sec. 29.60.800. Community dividend program.** (a) There is established in
7 the department the community dividend program. The department may adopt
8 regulations under AS 44.62 to carry out the purposes of the program.

9 (b) The legislature may appropriate amounts deposited into the Alaska capital
10 income fund (AS 37.05.565) or from other sources to the program. Grants under the
11 program shall be awarded as described in (c) - (i) of this section.

12 (c) From the first \$10,000,000 appropriated for a fiscal year for grants under
13 the program, the department shall

14 (1) award a base grant amount to each municipality, as follows:

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(A) to each borough, \$50,000;

(B) to each city or reserve qualified under AS 29.60.810 with a

population of

(i) less than 100 persons, \$25,000;

(ii) at least 100 but not more than 249 persons, \$30,000;

(iii) at least 250 but not more than 500 persons,

\$35,000;

(iv) more than 500 persons, \$40,000;

(2) award a base grant of \$25,000 for each community qualified under

AS 29.60.810; and

(3) distribute any remaining portion as an additional base grant to

municipalities on a per capita basis.

(d) If the amount appropriated for grants under the program for a fiscal year is insufficient to award the full amount under (c)(1) and (c)(2) of this section to each municipality and community, the department shall prorate the amount available for grants under (c)(1) and (c)(2) of this section.

(e) Following the grant awards made under (c) of this section, from the remaining amount appropriated for grants under the program for the fiscal year, the department shall distribute organizational grants of

(1) \$1,000,000 to each borough that first organized after the effective date of this section and is less than two years old at the time of the award; and

(2) \$500,000 to each borough that first organized after the effective date of this section and is not more than three years old at the time of the award.

(f) Subsection (e) of this section does not apply to a borough incorporated by consolidation or to a unified municipality that occupies the area formerly occupied by another borough.

(g) If the amount appropriated for grants under the program is insufficient to award the full amount of organizational grants under (e) of this section to each eligible borough, the department shall prorate the amount available for award under (e) of this section.

(h) After the grant awards are made under (c) and (e) of this section, the

1ST AMEND: MAY BE USED FOR COMMUNITY

1 department shall distribute any remaining amount appropriated for grants under the
2 program for the fiscal year as supplemental grants on a per capita basis to the
3 boroughs that received a grant under (c)(1)(A) of this section.

4 (i) For purposes of grant awards under the program,

5 (1) the population of a municipality is the population as certified by the
6 department;

7 (2) in determining the population of a borough for purposes of
8 additional base grants under (c)(3) of this section, the department shall first deduct the
9 population of all cities in the borough.

10 (j) Grant money awarded under the program to a municipality may be used
11 only for the following public services:

12 (1) police protection and related public safety services;

13 (2) fire protection and emergency medical services;

14 (3) infrastructure maintenance;

15 (4) public education;

16 (5) fuel costs.

17 **Sec. 29.60.810. Qualifications.** To qualify to receive grant money under
18 AS 29.60.800 - 29.60.849, a community or reserve shall form a community
19 development corporation with authority to determine how grant money received under
20 AS 29.60.800 - 29.60.849 will be used. The charter must require that the governing
21 board of the corporation shall be elected at an annual election open to all residents of
22 the community or reserve who are registered and qualified to vote in state elections.
23 The department may distribute grant money for the community or reserve only to a
24 corporation organized in accordance with this section and, if required by the
25 Department of Law, only after the corporation has delivered a written waiver of
26 sovereign immunity from legal action by the state to recover all or a portion of the
27 grant money distributed under AS 29.60.800 - 29.60.849.

28 **Sec. 29.60.849. Definitions.** In AS 29.60.800 - 29.60.849, unless the context
29 otherwise requires,

30 (1) "borough," in addition to the meaning given in AS 29.71.800,
31 includes a unified municipality;

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NATIVE
UNIFIED

- 1 (2) "community" means a place in the unorganized borough that is not
- 2 incorporated as a city or organized as a reserve and in which 25 or more individuals
- 3 reside as a social unit;
- 4 (3) "municipality," in addition to the meaning given in AS 29.71.800,
- 5 includes a reserve;
- 6 (4) "program" means the community dividend program established in
- 7 AS 29.60.800;
- 8 (5) "reserve" means an Indian reserve organized under federal law that
- 9 existed before enactment of 43 U.S.C. 1618(a) and is continued in existence under 43
- 10 U.S.C. 1618(a).
- 11 * Sec. 2. This Act takes effect July 1, 2006.

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: CSHB 371 (CRA)
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Commerce
 Title Community Dividend Program RDU Comm Asst & Econ Dev (405)
 Component Community Advocacy
 Sponsor Rules
 Requester By Request of Governor Component No. 2703

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services	64.0	64.0	64.0	64.0	64.0	64.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	64.0	64.0	64.0	64.0	64.0	64.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	64.0	64.0	64.0	64.0	64.0	64.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	64.0	64.0	64.0	64.0	64.0	64.0

Estimate of any current year (FY2006) cost: 00

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

POSITIONS

Full-time	1	1	1	1	1	1
Part-time						
Temporary						

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

This legislation funds an annual community dividend program from earnings of the Alaska capital income fund (AS 37.05.565) and among other things, provides unincorporated communities located with organized boroughs and the unorganized borough with base grants of \$25,000. The department estimates that there are approximately 75 eligible unincorporated communities located in the unorganized borough. Historically, no state financial aid program provided funding directly to unincorporated communities located within organized boroughs, consequently, there is no readily available determination of the number of these potentially eligible unincorporated communities. The department roughly estimates there may be between 70 to several hundred, and anticipates a significant increase in workload to identify communities, determine eligibility, and administer payments to these new recipients of direct state financial aid. This would require a new project assistant position (R16) to assist with the administration of the program.

Prepared by: Michael Black, Director Phone 907.269.4578
 Division: Community Advocacy Date/Time 2/3/06 1:21 PM
 Approved by: William C. Noll, Commissioner Date 2/3/2006
 Agency: Commerce, Community, and Economic Development

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: CSHB 371 (CRA)
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Commerce
 Title Community Dividend Program RDU Revenue Sharing (217)
 Component Community Dividend
 Sponsor Rules
 Requester By Request of Governor Component No. New

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	27,600.0	27,600.0	27,600.0	27,600.0	27,600.0	27,600.0
Miscellaneous						
TOTAL OPERATING	27,600.0	27,600.0	27,600.0	27,600.0	27,600.0	27,600.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1197 AK Cap Income	27,600.0	27,600.0	27,600.0	27,600.0	27,600.0	27,600.0
TOTAL	27,600.0	27,600.0	27,600.0	27,600.0	27,600.0	27,600.0

Estimate of any current year (FY2006) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation funds an annual community dividend program from earnings of the Alaska capital income fund (AS 37.05.565). The Alaska Permanent Fund Corporation has estimated a mid-case statutory return from the fund of 6.5% on \$424 million, or \$27.6 million, per year in projected realized income. The projected annual income may vary significantly due to fluctuations in the market.

See next page for continued analysis.

Prepared by: Michael Black, Director Phone 907.269.4578
 Division: Community Advocacy Date/Time 2/3/06 1:15 PM
 Approved by: William C. Noll, Commissioner Date 2/3/2006
 Agency: Commerce, Community, and Economic Development

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

BILL NO. HB 371 (CRA)

ANALYSIS CONTINUATION

The first \$10 million appropriated to the program is allocated to boroughs and cities using graduated base grants ranging from \$25,000 to \$50,000. Additionally, unincorporated communities located within organized boroughs and the unorganized borough would each receive a base grant of \$25,000. The remaining balance is distributed on a per capita basis to municipalities only. After making the \$10 million distribution, the department shall distribute organizational grants to newly incorporated boroughs at \$1 million per year for each of the borough's first two years and \$500,000 for the borough's third year. After paying the organizational grants, any remaining amount shall be distributed on a per capita basis to organized boroughs based on their areawide populations.

The department estimates that there are approximately 75 eligible unincorporated communities located in the unorganized borough. Historically, no state financial aid program provided funding directly to unincorporated communities located within organized boroughs, consequently, the department has no readily available determination on the number of these potentially eligible unincorporated communities but roughly estimates there may be between 70 to several hundred.



DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

Office of the Commissioner

Frank H. Murkowski, Governor
William C. Noll, Commissioner

January 19, 2006

The Honorable Kurt Olson
The Honorable Bill Thomas
Alaska House of Representatives
Co-Chairs, Community & Regional Affairs Committee
State Capitol, Room 110 & Room 428
Juneau, AK 99801-1182

Re: HB 371 – Community Dividend Program

Dear Representatives Olson and Thomas:

House Bill 371 has been introduced at the request of the Governor. This bill would fund an annual community dividend program from earnings of the Alaska Capital Income Fund (AS 37.05.565). HB 371 has received referrals to the Community & Regional Affairs Committee.

We respectfully request that you schedule this bill for a hearing in the Community & Regional Affairs Committee, and we urge favorable action on this bill. I have enclosed a copy of the Governor's transmittal letter, the bill, and the fiscal notes for this legislation.

We will be happy to meet with you and other members of the committee to provide any further information you may require. Thank you for considering our request.

Sincerely,

William C. Noll
Commissioner

FRANK H. MURKOWSKI
GOVERNOR
GOVERNOR@GOV.STATE.AK.US



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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 13, 2006

The Honorable John Harris
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Harris:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to a community dividend program.

This bill would establish the community dividend program, under which several types of grants would be awarded to municipalities for use for specified public services. The bill provides for appropriation for the program from amounts deposited into the Alaska capital income fund, established in AS 37.05.565 by ch. 49, SLA 2005. The Alaska capital income fund is financed by the earnings on *Amerada Hess* settlement deposits to the Alaska Permanent Fund.

The bill provides first for a base grant to municipalities, then for an organizational grant to newly organized boroughs. Any amounts remaining from a fiscal year's appropriation would be distributed on a pro rata basis to municipalities as a supplemental grant.

I urge your prompt and favorable action on this measure.

Sincerely yours,

A handwritten signature in cursive script that reads "Frank H. Murkowski".

Frank H. Murkowski
Governor

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HB 371
 (H) Publish Date: 1/13/06

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title Community Dividend/Revenue Sharing RDU AK Permanent Fund Corporation
 Component AK Permanent Fund Corporation
 Sponsor Governor Frank Murkowski
 Requester _____ Component No. 109

Expenditures/Revenues (Thousands of Dollars)

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

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

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2006) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill as drafted would not affect the operations of the Alaska Permanent Fund Corporation. Therefore there is no fiscal impact to the APFC as a result of this bill.

Prepared by: Michael Burns, Executive Director/CEO Phone 907-465-2047
 Division Alaska Permanent Fund Corporation Date/Time 1/13/2006
 Approved by: _____ Date _____
 Agency _____

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: HB 371
(H) Publish Date: 1/13/06

Revision Date/Time (Note if correction): _____ Dept. Affected: Commerce
Title Community Dividend Program RDU Comm Asst & Econ Dev (405)
Component State Revenue Sharing
Sponsor Rules
Requester By Request of Governor Component No. 689

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	27,600.0	27,600.0	27,600.0	27,600.0	27,600.0	27,600.0
Miscellaneous						
TOTAL OPERATING	27,600.0	27,600.0	27,600.0	27,600.0	27,600.0	27,600.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1197 AK Cap Inc	27,600.0	27,600.0	27,600.0	27,600.0	27,600.0	27,600.0
TOTAL	27,600.0	27,600.0	27,600.0	27,600.0	27,600.0	27,600.0

Estimate of any current year (FY2006) cost: 0.0

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

POSITIONS

Full-time	0	0	0	0	0	0
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation funds an annual community dividend program from earnings of the Alaska capital income fund (AS 37.05.565). The Alaska Permanent Fund Corporation has estimated a mid-case statutory return from the fund of 6.5% on \$424 million, or \$27.6 million, per year in projected realized income. The projected annual income may vary significantly due to fluctuations in the market.

The first \$10 million appropriated to the program is allocated to boroughs and cities using graduated base grants ranging from \$25,000 to \$50,000 with the remaining balance distributed on a per capita basis. After making the \$10 million distribution, the department shall distribute organizational grants to organized boroughs at \$1 million per year for each of the borough's first two years and \$500,000 for the borough's third year. After paying the organizational grants, any remaining amount shall be distributed on a per capita basis to organized boroughs based on their areawide populations. The division anticipates implementing and administering the program with existing staff.

Prepared by: Michael Black, Director Phone 907.269.4578
Division Community Advocacy Date/Time 1/12/06 1:07 PM
Approved by: William C. Noll, Commissioner Date 1/12/2006
Agency Commerce, Community, and Economic Development

Community Dividend Program HB 371

SUSTAINABILITY

The Community Dividend Program is funded with a reliable and sustainable source - the estimated \$27.6 million in annual earnings of the "Alaska Capital Income Fund".

BASE GRANTS TO ALL CITIES AND BOROUGHS

\$10 million annually distributed to all cities and boroughs:

- Cities with less than 100 residents receive \$25,000
- Cities with 100 to 249 residents receive \$30,000
- Cities with 250 to 500 residents receive \$35,000
- Cities with more than 500 residents receive \$40,000
- Boroughs receive \$50,000
- Balance of funds distributed on a per capita basis

FINANCIAL INCENTIVES FOR BOROUGH ORGANIZATION

Increased incorporation grants for areas that organize into boroughs:

- Year one \$1 million
- Year two \$1 million
- Year three \$500,000

SUPPLEMENTAL GRANTS TO ORGANIZED BOROUGHS

Remaining balance (approximately \$16.6 million) distributed to organized boroughs on a per capita basis.

ACCOUNTABILITY

Community Dividend payments may only be used for essential public services like public safety; infrastructure maintenance; education; and fuel.

HB 371 Community Dividend Program
\$10 Million Base Grants to Cities and Boroughs
\$16.6 Million Supplemental Borough Grants
(Distribution Assumes One New Borough Incorporation Grant at \$1 Million)

Municipalities	2004 Population	Graduated Base Amounts	Per Capita Amounts	Base Grants Distribution	Borough Area-wide Population	Borough Supplemental Distribution	Total Community Dividend Payment
Adak	69	\$25,000	\$445	\$25,445			\$25,445
Akhiok	56	\$25,000	\$361	\$25,361			\$25,361
Akiak	367	\$35,000	\$2,368	\$37,368			\$37,368
Akutan	771	\$40,000	\$4,975	\$44,975			\$44,975
Alakanuk	667	\$40,000	\$4,304	\$44,304			\$44,304
Aleknagik	219	\$30,000	\$1,413	\$31,413			\$31,413
Aleutians East Borough	76	\$50,000	\$490	\$50,490	2,629	\$75,980	\$126,471
Allakaket	90	\$25,000	\$581	\$25,581			\$25,581
Ambler	274	\$35,000	\$1,768	\$36,768			\$36,768
Anaktuvuk Pass	300	\$35,000	\$1,936	\$36,936			\$36,936
Anchorage	277,498	\$50,000	\$1,790,646	\$1,840,646	277,498	\$8,019,936	\$9,860,582
Anderson	546	\$40,000	\$3,523	\$43,523			\$43,523
Angoon	481	\$35,000	\$3,104	\$38,104			\$38,104
Aniak	532	\$40,000	\$3,433	\$43,433			\$43,433
Anvik	101	\$30,000	\$652	\$30,652			\$30,652
Atka	92	\$25,000	\$594	\$25,594			\$25,594
Atkasuk	247	\$30,000	\$1,594	\$31,594			\$31,594
Barrow	4,351	\$40,000	\$28,076	\$68,076			\$68,076
Bellevue	5,888	\$40,000	\$37,994	\$77,994			\$77,994
Bettles	31	\$25,000	\$200	\$25,200			\$25,200
Brevig Mission	319	\$35,000	\$2,058	\$37,058			\$37,058
Bristol Bay Borough	1,096	\$50,000	\$7,072	\$57,072	1,096	\$31,675	\$88,748
Buckland	437	\$35,000	\$2,820	\$37,820			\$37,820
Cheformak	439	\$35,000	\$2,833	\$37,833			\$37,833
Chevak	899	\$40,000	\$5,801	\$45,801			\$45,801
Chignik	92	\$25,000	\$594	\$25,594			\$25,594
Chuathbaluk	105	\$30,000	\$678	\$30,678			\$30,678
Clark's Point	62	\$25,000	\$400	\$25,400			\$25,400
Collman Cove	177	\$30,000	\$1,142	\$31,142			\$31,142
Cold Bay	89	\$25,000	\$574	\$25,574			\$25,574
Cordova	2,298	\$40,000	\$14,829	\$54,829			\$54,829
Craig	1,127	\$40,000	\$7,272	\$47,272			\$47,272
Deering	145	\$30,000	\$936	\$30,936			\$30,936
Delta Junction	984	\$40,000	\$6,350	\$46,350			\$46,350
Denali Borough	1,296	\$50,000	\$8,363	\$58,363	1,842	\$53,235	\$111,598
Dillingham	2,422	\$40,000	\$15,629	\$55,629			\$55,629
Diomedes	141	\$30,000	\$910	\$30,910			\$30,910
Eagle	115	\$30,000	\$742	\$30,742			\$30,742
Eek	292	\$35,000	\$1,884	\$36,884			\$36,884
Egegik	76	\$25,000	\$490	\$25,490			\$25,490
Ekwook	127	\$30,000	\$820	\$30,820			\$30,820
Elim	318	\$35,000	\$2,052	\$37,052			\$37,052
Emmonak	762	\$40,000	\$4,917	\$44,917			\$44,917
Fairbanks	29,954	\$40,000	\$193,288	\$233,288			\$233,288
Fairbanks North Star Borough	53,493	\$50,000	\$345,181	\$395,181	84,979	\$2,455,968	\$2,851,149
False Pass	62	\$25,000	\$400	\$25,400			\$25,400
Fort Yukon	594	\$40,000	\$3,833	\$43,833			\$43,833
Galena	717	\$40,000	\$4,627	\$44,627			\$44,627
Gambell	648	\$40,000	\$4,181	\$44,181			\$44,181
Golovin	160	\$30,000	\$1,032	\$31,032			\$31,032
Goodnews Bay	236	\$30,000	\$1,523	\$31,523			\$31,523
Grayling	182	\$30,000	\$1,174	\$31,174			\$31,174
Gustavus	473	\$35,000	\$3,052	\$38,052			\$38,052
Haines Borough	2,245	\$50,000	\$14,487	\$64,487	2,245	\$64,882	\$129,369
Holy Cross	206	\$30,000	\$1,329	\$31,329			\$31,329
Homer	5,332	\$40,000	\$34,406	\$74,406			\$74,406

HB 371 Community Dividend Program
\$10 Million Base Grants to Cities and Boroughs
\$16.6 Million Supplemental Borough Grants
(Distribution Assumes One New Borough Incorporation Grant at \$1 Million)

Municipalities	2004 Population	Graduated Base Amounts	Per Capita Amounts	Base Grants Distribution	Borough Areawide Population	Borough Supplemental Distribution	Total Community Dividend Payment
Hoonah	841	\$40,000	\$5,427	\$45,427			\$45,427
Hooper Bay	1,124	\$40,000	\$7,253	\$47,253			\$47,253
Houston	1,368	\$40,000	\$8,827	\$48,827			\$48,827
Hughes	72	\$25,000	\$465	\$25,465			\$25,465
Iliusia	269	\$35,000	\$1,736	\$36,736			\$36,736
Hydaburg	349	\$35,000	\$2,252	\$37,252			\$37,252
Juneau	30,966	\$50,000	\$199,818	\$249,818	30,966	\$894,945	\$1,144,763
Kachemak	475	\$35,000	\$3,065	\$38,065			\$38,065
Kake	663	\$40,000	\$4,278	\$44,278			\$44,278
Kaktovik	284	\$35,000	\$1,833	\$36,833			\$36,833
Kaltag	211	\$30,000	\$1,362	\$31,362			\$31,362
Kasaan	60	\$25,000	\$387	\$25,387			\$25,387
Kenai	6,809	\$40,000	\$43,937	\$83,937			\$83,937
Kenai Peninsula Borough	31,794	\$50,000	\$205,161	\$255,161	50,980	\$1,473,367	\$1,728,528
Ketchikan	7,691	\$40,000	\$49,629	\$89,629			\$89,629
Ketchikan Gateway Borough	4,948	\$50,000	\$31,929	\$81,929	13,030	\$376,578	\$458,507
Kiana	394	\$35,000	\$2,542	\$37,542			\$37,542
King Cove	723	\$40,000	\$4,665	\$44,665			\$44,665
Kivalina	388	\$35,000	\$2,504	\$37,504			\$37,504
Klawock	848	\$40,000	\$5,472	\$45,472			\$45,472
Kobuk	128	\$30,000	\$826	\$30,826			\$30,826
Kodiak	6,199	\$40,000	\$40,001	\$80,001			\$80,001
Kodiak Island Borough	6,494	\$50,000	\$41,905	\$91,905	13,466	\$389,179	\$481,084
Kotlik	588	\$40,000	\$3,794	\$43,794			\$43,794
Kotzebue	3,130	\$40,000	\$20,197	\$60,197			\$60,197
Koyuk	348	\$35,000	\$2,246	\$37,246			\$37,246
Koyukuk	109	\$30,000	\$703	\$30,703			\$30,703
Kupreanof	38	\$25,000	\$245	\$25,245			\$25,245
Kwethluk	695	\$40,000	\$4,485	\$44,485			\$44,485
Lake & Peninsula Borough	882	\$50,000	\$5,691	\$55,691	1,603	\$46,328	\$102,020
Larsen Bay	96	\$25,000	\$619	\$25,619			\$25,619
Lower Kalskag	262	\$35,000	\$1,691	\$36,691			\$36,691
Manokotak	437	\$35,000	\$2,820	\$37,820			\$37,820
Marshall	358	\$35,000	\$2,310	\$37,310			\$37,310
Matanuska-Susitna Borough	57,474	\$50,000	\$370,870	\$420,870	70,148	\$2,027,339	\$2,448,209
McGrath	367	\$35,000	\$2,368	\$37,368			\$37,368
Mekoryuk	198	\$30,000	\$1,278	\$31,278			\$31,278
Metlakatla	1,370	\$40,000	\$8,840	\$48,840			\$48,840
Mountain Village	769	\$40,000	\$4,962	\$44,962			\$44,962
Napakiaik	360	\$35,000	\$2,323	\$37,323			\$37,323
Napaskiak	436	\$35,000	\$2,813	\$37,813			\$37,813
Nenana	549	\$40,000	\$3,543	\$43,543			\$43,543
New Stuyahok	477	\$35,000	\$3,078	\$38,078			\$38,078
Newhalen	183	\$30,000	\$1,181	\$31,181			\$31,181
Nightmute	232	\$30,000	\$1,497	\$31,497			\$31,497
Nikolai	121	\$30,000	\$781	\$30,781			\$30,781
Nome	3,473	\$40,000	\$22,411	\$62,411			\$62,411
Nondalton	205	\$30,000	\$1,323	\$31,323			\$31,323
Noorvik	609	\$40,000	\$3,930	\$43,930			\$43,930
North Pole	1,532	\$40,000	\$9,886	\$49,886			\$49,886
North Slope Borough	235	\$50,000	\$1,516	\$51,516	7,104	\$205,312	\$256,828
Northwest Arctic Borough	708	\$50,000	\$4,569	\$54,569	7,306	\$211,150	\$265,718
Nuiqsut	430	\$35,000	\$2,775	\$37,775			\$37,775
Nulato	320	\$35,000	\$2,065	\$37,065			\$37,065
Nunam Iqua	204	\$30,000	\$1,316	\$31,316			\$31,316
Nunapitchuk	527	\$40,000	\$3,401	\$43,401			\$43,401

HB 371 Community Dividend Program
\$10 Million Base Grants to Cities and Boroughs
\$16.6 Million Supplemental Borough Grants
(Distribution Assumes One New Borough Incorporation Grant at \$1 Million)

Municipalities	2004 Population	Graduated Base Amounts	Per Capita Amounts	Base Grants Distribution	Borough Areawide Population	Borough Supplemental Distribution	Total Community Dividend Payment
Old Harbor	196	\$30,000	\$1,265	\$31,265			\$31,265
Ouzinkie	187	\$30,000	\$1,207	\$31,207			\$31,207
Palmer	5,197	\$40,000	\$33,535	\$73,535			\$73,535
Pelican	118	\$30,000	\$761	\$30,761			\$30,761
Petersburg	3,123	\$40,000	\$20,152	\$60,152			\$60,152
Pilot Point	75	\$25,000	\$484	\$25,484			\$25,484
Pilot Station	559	\$40,000	\$3,607	\$43,607			\$43,607
Platinum	39	\$25,000	\$252	\$25,252			\$25,252
Point Hope	726	\$40,000	\$4,685	\$44,685			\$44,685
Port Alexander	69	\$25,000	\$445	\$25,445			\$25,445
Port Heiden	90	\$25,000	\$581	\$25,581			\$25,581
Port Lions	238	\$30,000	\$1,536	\$31,536			\$31,536
Quinhagak	612	\$40,000	\$3,949	\$43,949			\$43,949
Ruby	190	\$30,000	\$1,226	\$31,226			\$31,226
Russian Mission	331	\$35,000	\$2,136	\$37,136			\$37,136
Saint George	137	\$30,000	\$884	\$30,884			\$30,884
Saint Mary's	539	\$40,000	\$3,478	\$43,478			\$43,478
Saint Michael	409	\$35,000	\$2,639	\$37,639			\$37,639
Saint Paul	494	\$35,000	\$3,188	\$38,188			\$38,188
Sand Point	908	\$40,000	\$5,859	\$45,859			\$45,859
Savoonga	710	\$40,000	\$4,582	\$44,582			\$44,582
Saxman	391	\$35,000	\$2,523	\$37,523			\$37,523
Scammon Bay	486	\$35,000	\$3,136	\$38,136			\$38,136
Selavik	829	\$40,000	\$5,349	\$45,349			\$45,349
Seldovia	263	\$35,000	\$1,697	\$36,697			\$36,697
Seward	2,540	\$40,000	\$16,390	\$56,390			\$56,390
Shageluk	132	\$30,000	\$852	\$30,852			\$30,852
Shaktouik	209	\$30,000	\$1,349	\$31,349			\$31,349
Shishmaref	591	\$40,000	\$3,814	\$43,814			\$43,814
Shungnak	264	\$35,000	\$1,704	\$36,704			\$36,704
Sitka	8,805	\$50,000	\$56,817	\$106,817	8,805	\$254,472	\$361,289
Skagway	870	\$40,000	\$5,614	\$45,614			\$45,614
Soldotna	3,767	\$40,000	\$24,308	\$64,308			\$64,308
Stebbins	586	\$40,000	\$3,781	\$43,781			\$43,781
Tanana	304	\$35,000	\$1,962	\$36,962			\$36,962
Teller	241	\$30,000	\$1,555	\$31,555			\$31,555
Tenakee Springs	105	\$30,000	\$678	\$30,678			\$30,678
Thorne Bay	497	\$35,000	\$3,207	\$38,207			\$38,207
Togiak	805	\$40,000	\$5,195	\$45,195			\$45,195
Toksook Bay	561	\$40,000	\$3,620	\$43,620			\$43,620
Unalakleet	728	\$40,000	\$4,698	\$44,698			\$44,698
Unalaska	4,366	\$40,000	\$28,173	\$68,173			\$68,173
Upper Kalskag	263	\$35,000	\$1,697	\$36,697			\$36,697
Valdez	4,454	\$40,000	\$28,741	\$68,741			\$68,741
Wainwright	531	\$40,000	\$3,426	\$43,426			\$43,426
Wales	152	\$30,000	\$981	\$30,981			\$30,981
Wasilla	6,109	\$40,000	\$39,420	\$79,420			\$79,420
White Mountain	213	\$30,000	\$1,374	\$31,374			\$31,374
Whittier	172	\$30,000	\$1,110	\$31,110			\$31,110
Wrangell	2,023	\$40,000	\$13,054	\$53,054			\$53,054
Yakutat	680	\$50,000	\$4,388	\$54,388	680	\$19,653	\$74,041
Totals	638,480	\$5,880,000	\$4,120,000	\$10,000,000	574,377	\$16,600,000	\$26,600,000

HB

378

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Photo Courtesy of K. L. Ramseyer



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BALD EAGLE PRESERVE, Haines, Alaska

The Preserve

The Alaska Chilkat Bald Eagle Preserve was created by the State of Alaska in June of 1982. The preserve was established to protect and perpetuate the world's largest concentration of Bald Eagles and their critical habitat. It also sustains and protects the natural salmon runs and allows for traditional uses provided such uses do not adversely affect preserve resources. The Preserve consists of 48,000 acres of river bottom land of the Chilkat, Kleheni, and Tsirku Rivers. The boundaries were designated to include only areas important to eagle habitation. Virtually every portion of the preserve is used by eagles at some time during the year.

The river "flats" of the Chilkat River along the Haines Highway between miles 18 and 21 are the main viewing area for eagle watchers and considered critical habitat in the preserve. Bald eagles are attracted to the area by the availability of spawned-out salmon and open waters in late fall and winter. The natural phenomena responsible for five miles of open water on the Chilkat River during freezing months is called an "alluvial fan reservoir". The Tsirku fan, which is a fan-shaped accumulation of gravel, rock, sand, and glacial debris, at the confluence of the Tsirku, Kleheni, and Chilkat Rivers acts as a large water reservoir.

During the warmer spring, summer and early fall seasons, water from snow and melted glacial ice flows into the alluvial fan. The fan receives water



Photo Courtesy of K. L. Ramseyer

Visitor Guidelines

The following guidelines were developed to insure protection to the eagles and other critical features of the preserve. Please help us protect this area for the eagles and future visitor use.

STAY OFF THE FLATS! This is where the eagles feed. Their energy is better utilized by feeding than by flying away from intruders.

VIEW EAGLES FROM AREA BETWEEN HAINES HIGHWAY AND RIVER. Staying within this area prevents stressful conditions for the eagles. They need their space to roost and feed.

DO NOT DISTURB THE FISH IN ANY WAY. Fish are the eagles' food. Please leave all fish and fish carcasses where nature has placed them.

STOP AND PARK ONLY IN DESIGNATED TURNOUTS. The road is narrow and has many curves. Watch for traffic at all times. Never stop on the roadway. Do not set up tripods on the road.

The Bald Eagle (*Haliaeetus leucocephalus*)

The Bald Eagle is found only on the North American continent. Adult eagles generally weigh between 9 and 12 pounds and have a wing span of 7 feet. Females are slightly larger than males. Immature eagles are mottled brown and white. The distinct white head and tail of the mature bird is developed between 4 and 6 years of age.

Eagles feed mainly on fish, but water fowl, small mammals and carrion supplement their diet, especially when fish are in short supply. Eagles can fly up to 30 m.p.h. and can dive at speeds up to 100 m.p.h.. Their keen eyesight allows them to spot fish at distances up to 1 mile.

Bald eagles mate for life. Courting behavior begins in early April and often involves spectacular aerial displays of eagles diving and locking talons. Eagles lay from 1 to 3 eggs (commonly two) and the eggs usually hatch between late May and early June after a 34 or 35 day incubation period. The young usually leave the nest by early September.

The Chilkat Valley is year-round home for between 200 and 400 eagles. Over 80 eagle nests have been observed in the Eagle Preserve. By the time of the Fall Congregation the resident eagles are through raising their young, although immature eagles may stay near their parents for a year or more. Over 3,000 bald eagles have been counted within the preserve during the Fall Congregation.

faster than it can flow out, creating a huge reservoir of water. When winter arrives, cold weather sets in and surrounding waters freeze. However, water in this large reservoir remains from 10 to 20 degrees (F) above surrounding water temperatures. This warmer water "percolates" into the Chilkat River and keeps it from freezing.

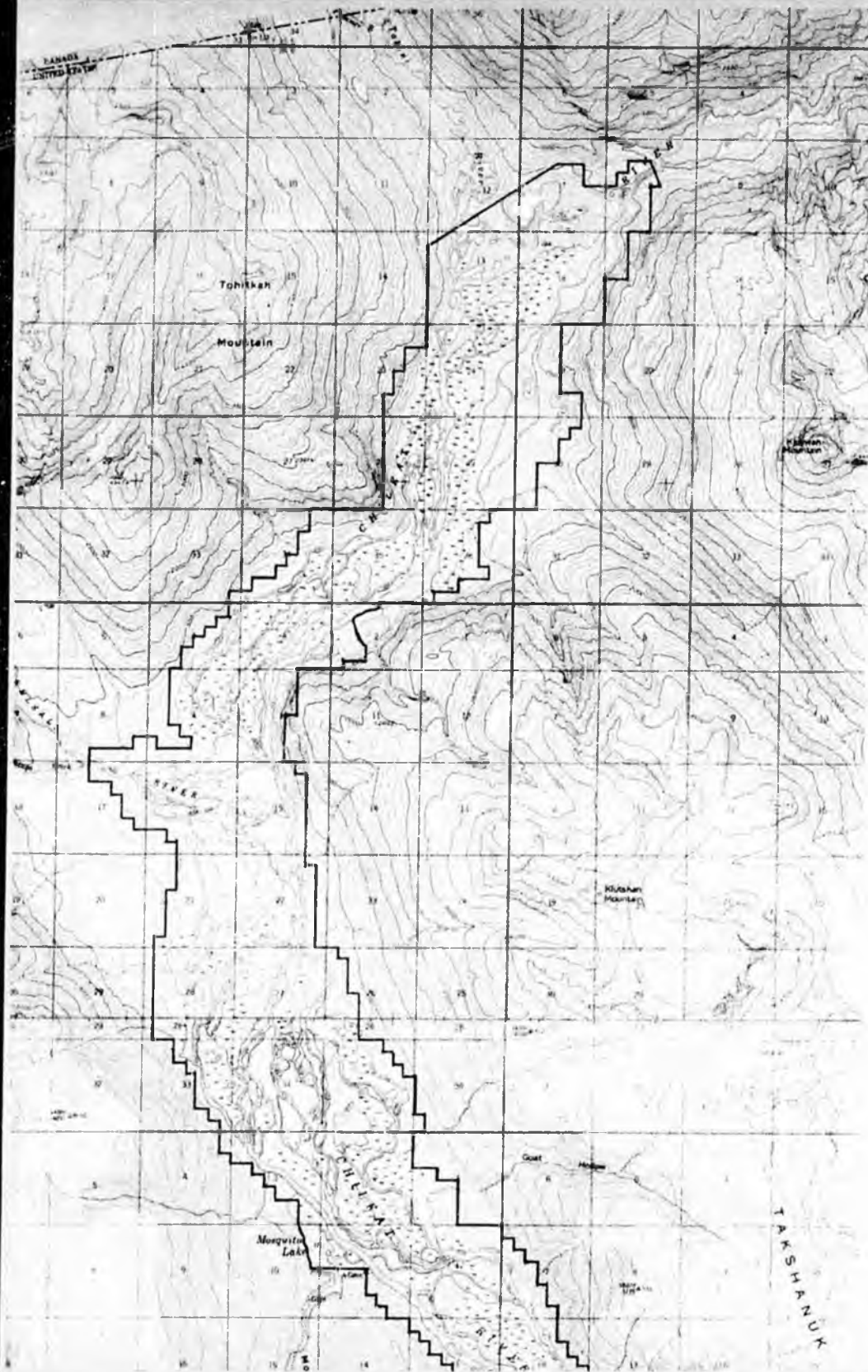
Five species of salmon spawn in these and other nearby streams and tributaries. The salmon runs begin in the summer and continue on through late fall or early winter. The salmon die shortly after spawning and it is their carcasses which provide large quantities of food for the eagles. This combination of open water and large amounts of food bring large concentrations of eagles into the Chilkat Valley beginning early October and last through February.



Photo Courtesy: Ed Woody (Baker)



ALASKA STATE PARKS
Department of Natural Resources
Division of Parks & Outdoor Recreation
400 Willoughby, 3rd Floor
Juneau, Alaska 99801



REGULATIONS

The use and discharge of weapons for the purpose of lawful hunting or trapping is allowed in the preserve, except within one-half mile of a developed facility. Fireworks are prohibited.

The Critical Habitat Area is closed to aircraft landing.

No person may disturb, damage, deface or remove cultural, archaeological or historical materials. No person may damage or remove natural objects including rocks and minerals, except that edible plants and roots may be gathered for personal use.

Normal animal waste discarded from lawful hunting, trapping, or fishing must not be left within 100 feet of a trail, road, or a developed facility. Fish waste should be discarded in the waters from which they were taken.

The Bald Eagle Protection Act, a federal law, states that it is unlawful to possess, sell, barter or transport bald eagles (dead or alive or any part of), nests or eggs. Violations of this law can result in a fine of up to \$10,000 and up to a two-year imprisonment.

Permits are required for certain activities within the preserve. Any commercial activity including any form of guiding, transportation services, or sale of any goods or services within the boundaries of the preserve requires a Commercial Use Permit. A list of permitted operators is available at the parks office.

Special Use Permits are required for activities that may affect the environment of the preserve. A partial list of activities includes scientific research, promotional activities, construction of facilities or structures of any kind, and camping longer than 15 days.

Persons having questions concerning permits or needing assistance in determining if permits are required for certain activities should contact the Division of Parks and Outdoor Recreation at the locations listed in this brochure.

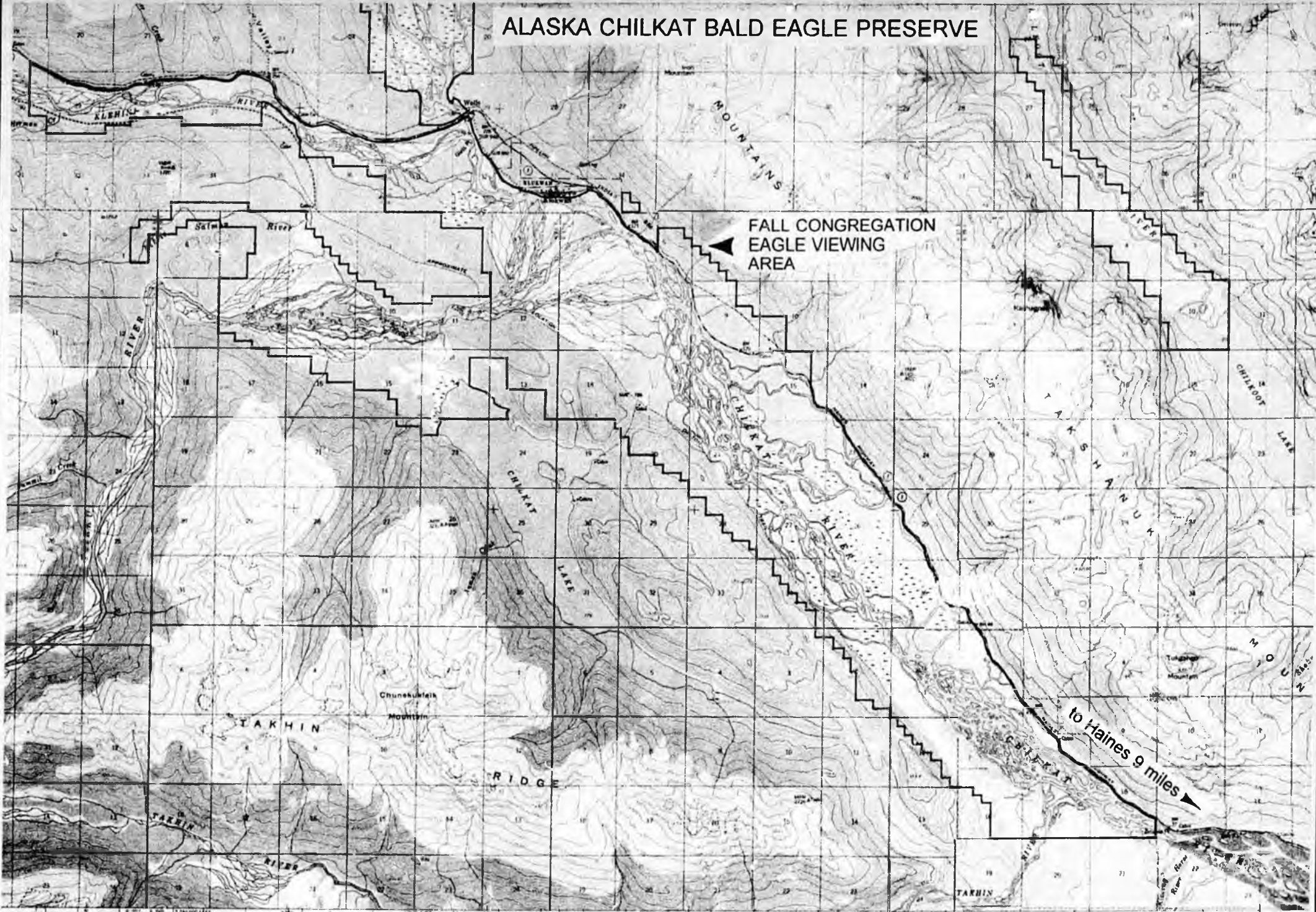
MANAGEMENT

The Alaska Chilkat Bald Eagle Preserve is managed by the State of Alaska Division of Parks and Outdoor Recreation with the assistance of the 13-member Alaska Chilkat Bald Eagle Preserve Advisory Council.

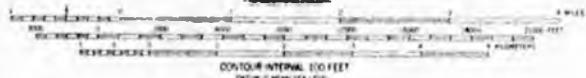
FOR MORE INFORMATION

Alaska State Parks
 400 Willoughby Ave.
 Juneau, AK 99801
 (907) 465-4563

ALASKA CHILKAT BALD EAGLE PRESERVE



revised, edited, and published by the Geological Survey
 of the U.S.G.S., U.S.C.G.S. and Geologic Survey of Canada
 maps by photogrammetric methods from aerial photographs
 1948; field annotated 1954. May not be used checked
 and Transverse Mercator projection, 1927 North American Datum
 60 foot grid based on Alaska coordinate system, zone 1
 meter Universal Transverse Mercator grid ticks,
 5' shown in blue
 (not printed in gray represents uncolored and unmarked
 and predetermined by the State of Alaska, Division of Lands
 & River Management)



ROAD CLASSIFICATION
 Medium Duty Light Duty
 Unimproved dirt
 State Road



SKAGWAY (B-3) ALASKA
 NAD 83 (1983) 14275

FOR SALE BY U.S. GEOLOGICAL SURVEY
 FAIRBANKS, ALASKA 99701, DENVER, COLORADO 80236, OR RESTON, VIRGINIA 22092

This map should not be used for survey information or land status and ownership. The State of Alaska assumes no responsibility for any graphical errors or omissions.



REPRESENTATIVE BILL THOMAS

ALASKA STATE LEGISLATURE DISTRICT 5

e-mail: Representative.Bill.Thomas@legis.state.ak.us webpage: www.akrebublicans.org/thomas/

State Capitol

Juneau AK, 99801-1182

907-465-3732

888-461-3732

FAX 907-465-2652

Date: 2-2-06

To: Representative Olson, Co-Chair House C&RA

From: Representative Thomas, Co-Chair House C&RA

Re: Hearing Request for CSHB 378 An act designating a representative of a Haines nonprofit recreational group as an ex officio member of the Alaska Chilkat Bald Eagle Preserve Advisory Council and removing the mayor of the City of Haines as an ex officio member of the council.

CSHB 378 will fill a currently vacant seat on the Alaska Chilkat Bald Eagle Preserve Advisory Council with a person who represents a recreational interest and who has been appointed by the Haines Borough Mayor.

I request that CSHB 378 be scheduled for a hearing at your earliest convenience.



REPRESENTATIVE BILL THOMAS

ALASKA STATE LEGISLATURE DISTRICT 5

e-mail: Representative.Bill.Thomas@legis.state.ak.us webpage: www.akrebullians.org/thomas/

State Capitol

Juneau AK, 99801-1182

907-465-3732

888-461-3732

FAX 907-465-2652

Date: 2 2-06

To: Representative Olson, Co-Chair House C&RA

From: Representative Thomas, Co-Chair House C&RA

Re: Sponsor Statement for CSHB 378 An act designating a representative of a Haines nonprofit recreational group as an ex officio member of the Alaska Chilkat Bald Eagle Preserve Advisory Council and removing the mayor of the City of Haines as an ex officio member of the council.

The Alaska Chilkat Bald Eagle Preserve was created by the State of Alaska in 1982. The preserve, located along the Haines Highway, was created to protect the world's largest concentration of Bald Eagles and their habitat. Along with the large eagle population, the preserve is home to five species of salmon that spawn in the surrounding streams and tributaries.

At the heart of the Eagle Preserve, between 18 and 24 mile of the Haines Highway, is the main viewing area for eagle watchers. This area hosts a particularly large concentration of eagles due to the availability of salmon and open water in the winter months.

In order to protect the sanctity and utility of the Eagle Preserve, the Alaska Bald Eagle Preserve Advisory Council was created. The council consists of 12 seats representing local, state, environmental, traditional, and commercial interests. One of these seats is dedicated to the Haines City Mayor. However, the City of Haines and the Haines Borough have since consolidated leaving the seat for the Haines City Mayor open. CS 378 designates this open seat to a person who represents a recreational use who has been appointed by the Haines Borough Mayor.

I respectfully request your support of CSHB 378.

CS FOR HOUSE BILL NO. 378()

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY

Offered:

Referred:

Sponsor(s): REPRESENTATIVE THOMAS

A BILL

FOR AN ACT ENTITLED

1 **"An Act designating a representative of a Haines nonprofit recreational group as an ex**
 2 **officio member of the Alaska Chilkat Bald Eagle Preserve Advisory Council and**
 3 **removing the mayor of the City of Haines as an ex officio member of the council."**

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

5 *** Section 1. AS 41.21.625(c) is amended to read:**

6 (c) The [MAYOR OF THE CITY OF HAINES, THE] mayor of the Haines
 7 Borough, the president of Klukwan, Inc., the chair [CHAIRMAN] of the Council of
 8 the Chilkat Indian Viliage, and the chair [CHAIRMAN] of the Chilkoot Indian
 9 Association are ex officio members of the Alaska Chilkat Bald Eagle Preserve
 10 Advisory Council. A member of the board of directors of a Haines nonprofit
 11 recreational group who has been selected by the mayor of the Haines Borough is
 12 also an ex officio member of the advisory council. The mayor of the Haines
 13 Borough may recommend to the governor for appointment to the advisory council the
 14 name of a resident of the Haines Borough for the representation of commercial or

1

industrial interests.

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB378-DNR-Parks-02-06
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Natural Resources
 Title Chilkat Bald Eagle Preserve RDU Resource Development
Advisory Council Component Parks Management
 Sponsor Rep. Thomas
 Requester (H) CRA Component No. 452

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
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 (FY2006) cost: 0.0

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

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

There is no fiscal impact associated with implementation of this legislation.

Prepared by: Jerry Lewanski, Director
 Division: Parks
 Approved by: Michael Menge
 Agency: Natural Resources

Phone 907-269-8701
 Date/Time 2/6/2006
 Date 2/6/2006

State of Alaska**Office of Boards and Commissions****BALD EAGLE PRESERVE**

BOARD: Alaska Chilkat Bald Eagle Preserve Advisory Council

BOARD IDENTIFICATION NUMBER: 009

DEPARTMENT: DEPARTMENT OF NATURAL RESOURCES

AUTHORITY: AS 41.21.625; Chapter 95, SLA 1982

STATUS: Active

SUNSET DATE:

REQUIREMENTS: No Legislative Confirmation or Financial Disclosure required

PROHIBITIONS: None

TERM: 2 years

DESCRIPTION: 12 member council. Governor appoints a resident of the Haines Borough representing a conservation organization, a representative of the U.S. Fish and Wildlife Service, and a member of the Upper Lynn Canal fish and game advisory committee. The Mayor of the City of Haines, the Mayor of the Haines Borough, the President of Klukwan, Inc., the chairman of the Council of the Chilkat Indian Village, and the chairman of the Chilkoot Indian Association serve as ex officio members. The Mayor of the Haines Borough may recommend to the Governor for appointment to the council a resident of the Haines Borough for representation of commercial or industrial interests. The commissioner of Fish and Game, the director of the Division of Parks, and the director of the Division of Forestry, or their designees also serve ex officio. Members may select alternates to act as members in their absence.

FUNCTION: Assists the department in the development and monitoring of a management plan for the Alaska Chilkat Bald Eagle Preserve.

CHAIR: No provisions.

SPECIAL FACTS: Advisory.

COMPENSATION: Standard Travel and Per Diem.

MEETINGS: 7 times per year; 7 days total; September through March.

FOR FURTHER INFORMATION CONTACT:

Mr. Michael Eberhardt
Southeast Area Superintendent
Division of Parks and Outdoor Recreation
DNR, 400 Willoughby Avenue, Fifth Floor M/S 1000
Juneau, AK 99801
Phone: (907) 465-4563, FAX: (907) 465-5330

Chilkat Bald Eagle Preserve Advisory Council Members
February 2006

Kimberley Strong	Chilkat Indian Village P.O. Box 210, Haines, Ak 99827 kstrong@aptalaska.net	
Gary Hess	Upper Lynn Canal Fish and Game Advisory Committee P.O. Box 125, Haines Ak 99827 gdhess@aptalaska.net	
Fred Shields	Mayor, Haines Borough P.O. 1209, Haines Ak 99827 fshields@haines.ak.us	Co-Chair
Mike Jacobson	U.S. Department of the Interior Fish and Wildlife Service/Raptor Management 3000 Vintage Blvd #240 Juneau, Ak 99801 Mike_Jacobson@fws.gov	
Travis Reid	Business and Industry P.O. Box 267, Haines Ak 99827 travisreid@chilkatguides.com	
Lori Crupi	Conservation Organization P.O. Box 1606, Haines Ak 99827 Cassadie22@yahoo.com	
Bill Thomas	Chilkoot Indian Association P.O. Box 490 (CIA business office), Haines Ak 99827 Thomasgroup@aptalaska.net	
Roy Josephson	Division of Forestry P.O. Box 263, Haines Ak 99827 Roy_Josephson@dnr.state.ak.us	
Les Katzeek	Klukwan, Inc P.O. Box 104, Haines Ak 99827	
Randy Bachman	Department of Fish and Game P.O. Box 330, Haines Ak 99827 Randy_Bachman@fishgame.state.ak.us	
Jerry Lewanski, Director or Joel Telford	Department of Parks and Outdoor Recreation P.O. Box 430, Haines Ak 99827	
Vacant	City Mayor	

Juneau Audubon Society
PO Box 21725
Juneau, AK 99802

Wednesday, February 08, 2006

Re: HB378 "An Act designating a representative of Chilkat Snowburners, Inc. as an ex officio member of the Alaska Chilkat Bald Eagle Preserve Advisory Council and removing the mayor of the City of Haines as an ex officio member of the council."

Dear Community and Regional Affairs committee member:

Juneau Audubon Society is proud to have the Chilkat Bald Eagle Preserve, one of the world's premier birding locations, so near to us. The State of Alaska must continue to manage the Chilkat Bald Eagle Preserve with the high standards of protection granted at its creation. For the Preserve to be effective in protecting the populations of bald eagles that roost and forage here, the salmon runs within this river system, and the hydrological function of the Chilkat must be protected. We recommend that an elected official be retained as the ex officio member of the Alaska Chilkat Bald Eagle Preserve Advisory Council.

The Chilkat Bald Eagle Preserve was created by the State of Alaska in June of 1982. The preserve was established to protect and perpetuate the world's largest concentration of Bald Eagles and their critical habitat. The Preserve also sustains and protects the natural salmon runs and allows for traditional uses provided such uses do not adversely affect Preserve resources. The boundaries were designated to include only areas important to eagle habitation. Virtually every portion of the preserve is used by eagles at some time during the year.

The eagles are indelibly connected to the salmon runs, which thus require protection for rearing of young (safeguards from bank erosion and greater siltation of rearing areas). A natural hydrological storage of surface water into the immense quantities of gravel in the Chilkat valley provide water during the fall available for spawning salmon. This late chum salmon spawning run provide the food and attraction to the thousands of eagles that congregate in the preserve from October to February.

The Chilkat Bald Eagle Preserve has special protections as a state park and preserve. Juneau Audubon wants to help ensure that the preserve will remain protected to the full extent of the original legislation. Juneau Audubon Society wants the present boundaries of the Chilkat Bald Eagle Preserve maintained. Please safeguard this unique resource. It brings not only bald eagles, visitors, and tourist dollars to Haines but it also protects critical habitat for our national symbol. The bald eagle is our national bird and the Chilkat Bald Eagle Preserve is a unique showcase for it in a wild and historic location. It needs careful guardianship by the State. Long term protection is essential for the continuation of the habitat conditions that bring the salmon and eagles to this location. The Chilkat Bald Eagle Preserve is a unique and incredible resource and public relations statement for the state of Alaska. Juneau Audubon Society does not support HB 378, nor any decreases in the size of the preserve boundary.

Thank you for your attention,
Sincerely,

/s/ Brenda Wright
President, Juneau Audubon Society



Audubon ALASKA

715 L Street, Suite 200
Anchorage, AK 99501
Tel: 907-276-7034
Fax: 907-276-5069
www.audubonalaska.org

MEMORANDUM

To: Co-chairs and Members, Committee on Community and Regional Affairs
From: Stan Senner, Executive Director
Date: 8 February 2006
Re: HB 378, Alaska Chilkat Bald Eagle Preserve

The National Audubon Society was deeply involved in the formation of the Alaska Chilkat Bald Eagle Preserve in 1982, and the advisory council established by the Alaska Legislature in the original legislation has served all interests well for more than 20 years.

The proposed legislation—HB 378, Chilkat Bald Eagle Preserve Advisory Council—would upset the balance of interests represented on the advisory council by replacing the seat of an official elected by the public with a seat representing a special interest. Due to municipal consolidation, there no longer is a Mayor of the City of Haines, and that seat on the advisory committee has been vacant since 2002.

The Chilkat Bald Eagle Preserve exists because of the Chilkat River's international importance for Bald Eagles and other fish and wildlife resources, and the Haines community, State of Alaska, and others showed great foresight in seeking its protection. Since 1982, the preserve has become a great asset to the community and Alaska, and it brings tangible economic benefits to the area. Although Audubon was deeply involved in the formation of the preserve, we have watched its management from a distance, believing that the State—with participation from the Haines community and oversight by the preserve's preserve advisory council—has been a good steward.

Unfortunately, we find that it makes no sense whatsoever to replace what had been a seat for an elected public official with a seat for a specific organization or special interest, regardless of what that interest might be (motorized recreation, environmental or whatever). If there is need to replace the seat previously allocated to the Haines' Mayor, it should remain a seat representing truly the public, not a special interest. Otherwise, Audubon encourages Members of the Committee on Community and Regional Affairs to reject HB 378 and make no other changes to the original legislation, which has stood the test of time.

The Alaska Chilkat Bald Eagle Preserve is a treasure for the Haines community, the State of Alaska, and the Nation, and its avian resources are of international significance. After more than 20 years, there is no reason now to start tinkering with a successful formula. Thank you for your consideration of our views.

February 8, 2006

To: House Community and Regional Affairs Committee

From: Lynn Canal Conservation, Inc.
P.O. Box 964
Haines, Alaska
(907) 766-2295
lcc11@aptalaska.net

RE: HB 378

Lynn Canal Conservation (LCC) has been an active participant in the Alaska Chilkat Bald Eagle Preserve since its inception in 1982. LCC is opposed to HB 378 because it inappropriately replaces a publicly elected representative on the Chilkat Bald Eagle Preserve Advisory Council with a special interest seat.

Although the city mayor's seat was dissolved when the city and borough of Haines consolidated into a single municipality, it did not dissolve the need for full and complete public representation on the advisory council.

HB 378 does not allow the Haines community to maintain the balance of representatives on the advisory council as was intended in the original statute.

Please do not move HB 378 from committee with any additional special interest seats. We ask you to ensure that there is no decline in public representation on the preserve advisory council.

Thank you for considering our concerns.

Sincerely,
Nancy Berland, Issues Coordinator



AMERICAN EAGLE FOUNDATION

P.O. Box 333 • PIGEON FORGE, TENNESSEE 37868

WWW.EAGLES.ORG

February 7, 2006

House Committee on Community and Regional Affairs, State of Alaska

Mr. Chairman and Members of the Committee

I am writing in behalf of the American Eagle Foundation (AEF) of Pigeon Forge, TN, a nonprofit organization of concerned citizens and professionals founded in 1985 to develop and conduct bald eagle and environmental recovery programs in the United States.

We are among many state and national groups committed to the absolute protection of the Alaska Chilkat Bald Eagle Preserve, a small but nationally precious set aside inside the Haines State Forest.

We understand that the Alaska Chilkat Bald Eagle Preserve is again subject to threat. We believed that threats to this area were resolved in 1982, when Congressional support, and that of the National Audubon Society resulted in the State of Alaska's establishing the Chilkat Bald Eagle Preserve.

The law provides for multiple use in the Haines State Forest and sets aside the Eagle Preserve for protection of the Bald Eagle habitat, including its salmon food supply. However, since 2001, there has been increasing political pressure to ignore this provision.

We understand House Bill 378 replaces a publicly elected municipal seat on the Preserve's advisory council, with a possible special interest seat, and that it is viewed as a potential first step by some interests to destroy the Preserve. If so, we would strongly oppose such loss of publicly elected balance on the Council.

As you well know, the Chilkat is known worldwide. In September, 2003, AEF Eagle Consultant Bob Hatcher, retired Tennessee Endangered Species Coordinator (1978-2001), visited that stretch of the Chilkat River. Even though it was two months prior to the early winter eagle concentration, he reported that felt the tingling effect of walking on "hallowed ground".

The preserve is a magnet for tourism with all protections in place, and one of the great assets of Alaska. Please do not ignore your trust to America's national symbol.

Sincerely,

Al Cecere, President
American Eagle Foundation
P.O. Box 333, Pigeon Forge, TN 37868

8 Feb 04

Dear Rep. Thomas,

The Chukot eagle preserve is a spectacular + very special place, with one of the largest (perhaps THE largest) aggregations of eagles ever known. Feeding on the late chum run is undoubtedly important to their winter survival + the maintenance of the great eagle concentrations in Southeast Alaska. People come from all over to see this spectacle without disturbing either the fish or the eagles. We should protect the entire preserve in order to protect an area of great ecological importance and an important tourist draw.

HB 378 - or any attempt to reduce protection for the Preserve - is a really bad idea + should not be supported.

MA Wilken
5230 Terrace Pl.
Jnu.

Historical Note:

In 1982, the Legislature created the Haines State Forest for multiple use activities including logging, mining and recreation. Within the State Forest, is the smaller Alaska Chilkat Bald Eagle Preserve.

The Eagle Preserve is *withdrawn from multiple use for the purpose of protecting in perpetuity the Salmon habitat* on which the eagles and area's people depend.

Traditional uses are protected in the Preserve. Sport and commercial activities that pose no threat of impact are allowed. All uses are permitted in the surrounding State Forest.

The law has served well and continues to do so. Please protect its integrity. It is of deep concern to the state and the nation, and provides Haines with a tourist attraction requiring nothing more than respect and promotion to serve its purpose.

Date: February 8, 2006
To: House Community and Regional Affairs
From: Peter Goll, Box 261, Haines, 99827
Retired State Representative from Haines (1983-1991)
Subject: House Bill 378 regarding the Alaska Chilkat Bald Eagle Preserve

Thank you for accepting this testimony on HB378. I respectfully ask that HB378 be amended or held in Committee. The bill assures unnecessary and damaging controversy, and specifically reduces elected local control over the Preserve.

A suggested solution:

The empty seat can be filled, with no reduction of local voter control, and no change in policy impact, by providing that the Haines Borough Assembly select a member of its own to serve on the Preserve Advisory Council as the second local public seat. Thank you for your consideration.

This bill is neither a small housekeeping matter nor a local matter. There are significant local, state and national interests. The affected parties have neither been consulted nor have they concurred with the bill as written. A brief summary of issues follows.

1. *HB378 serves no public purpose. Instead it replaces public representation with special interest representation on the Advisory Council. Specifically, it replaces the Mayor of the City of Haines with a member of the board of a local recreation club, damaging the public's authority and creating needless controversy among interest groups;*
2. *It creates an improper, new and controversial appointment process: providing the Haines mayor with appointment power to a State board, arbitrarily requiring that a board member of one among many non-profits representing various and competing interests be appointed. The resulting local conflict for special interest seats is evident already.*
3. *The bill has been drafted over opposition of many affected parties and without the approval of others including the Haines Borough Assembly and the Alaska Chilkat Bald Eagle Preserve Advisory Council. No public discussion has occurred.*
4. *HB378 will create negative publicity damaging to Haines business interests. Negative attention is already coming to Haines from those in and out of state concerned about the Preserve: from those who promote visitation. Wilderness tourism in Haines is threatened if Haines becomes home to unnecessary resource conflicts regarding eagles. The existing law has worked. Please do not lead Haines to conflict. Retain the balance on the Advisory Council. This is not a conservation v. development issue. It is one of public control and public relations.*
5. *The requirement to appoint a recreation club officer is an insult to subsistence users and in-holders who feel threatened. It ignores in-holders and others directly dependent on the Preserve such as commercial fishers. It opens up the long term fight among special interests that can only do damage to Haines and Klukwan.*

HB

390

ALASKA STATE LEGISLATURE

Vice-Chair:
House Finance Committee

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



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

Interim:
PO Box 464
Chugiak, AK 99567

BILL STOLTZE

State Representative

Representative_Bill_Stoltze@legis.state.ak.us

MEMORANDUM

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

FROM: Bill Stoltze *BS*

DATE: March 28, 2006

SUBJECT: Hearing Request

Pursuant to my conversation with Co-Chairman Rep. Thomas, I still want to pursue a committee hearing on House Bill 390, relating to property assessment appeal fees.

Thank you for your consideration.

DISTRICT 16

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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
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Chugak, AK 99567

BILL STOLTZE **State Representative**

Representative_Bill_Stoltze@legis.state.ak.us

House Bill 390

Property Assessment Appeal Fee

"An Act limiting the amount that a municipality may charge for an appeal of a residential real property tax assessment to the municipality's board of equalization."

Often time homeowners feel the value of their home has been wrongly assessed. In order to challenge that assessment an appeal must be filed with their municipality's board of equalization. Currently, municipalities charge a variety of fees associated with an assessment appeal.

HB 390 will cap the amount a municipality can charge for a homeowner to appeal the assessment on their home to \$10.

This legislation is an attempt to allow homeowners due process in having their home assessed by their local government.

ANCH - \$ 30-100
KENAI - 30,100, 200, 1000 - 2mm 7
KETCHIKAN - FREE 150
30-100

DISTRICT 16

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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.

Anchorage Daily News (AK)
February 5, 2005
Section: Alaska
Edition: Final
Page: B1

Ballooning property values put crunch on seniors in the Valley

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

Mat-Su focus

RINDI WHITE
Anchorage Daily News

Staff

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

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.

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HB 390
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Commerce
Title Property Assessment Appeal Fee RDU Community Assist & Ec Dev (405)
Component Community Advocacy
Sponsor Stoltze
Requester Community & Regional Affairs Component No. 2703

Expenditures/Revenues (Thousands of Dollars)

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

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

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2006) cost: 0.0
Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation limits the amount a municipality may charge individuals for filing an appeal on an assessment to \$10.00, regardless of the actual cost to the municipality. Currently, three municipalities charge a fee in excess of \$10.00. If the assessment is adjusted, the hearing fee is refunded to the individual. This legislation does not impact the operations of the division, however, there may be an impact to local municipalities that the division has no information to document.

Prepared by: Mike Black, Director Phone 907 269 4535
Division: Community Advocacy Date/Time 4/3/06 2:27 PM
Approved by: William C. Noll, Commissioner Date 4/3/2006
Agency: Commerce, Community and Economic Development

HB

391

ALASKA STATE LEGISLATURE

Vice-Chair:
House Finance Committee

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



Session:
Alaska State Capitol
Juneau, AK 99801-1182
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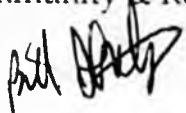
Interim:
PO Box 464
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BILL STOLTZE State Representative

Representative_Bill_Stoltze@legis.state.ak.us

MEMORANDUM

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

FROM: Bill Stoltze 

DATE: March 7, 2006

SUBJECT: Follow Up

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

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

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POINT OF Sale!

POT Bill In Senior
Citizen TAX exemption!

Which City or Borough
gives higher Exemption?

Kenai! 3.3 m² 150

\$ 19 million - \$ 150 cap
deduction



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

February 24, 2006

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

Re: HB 391

Dear Representatives Thomas and Olson and Committee Members,

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

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

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

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

HB 391 would destroy the equity between local property taxpayers:

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

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

For example,

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

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

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

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

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

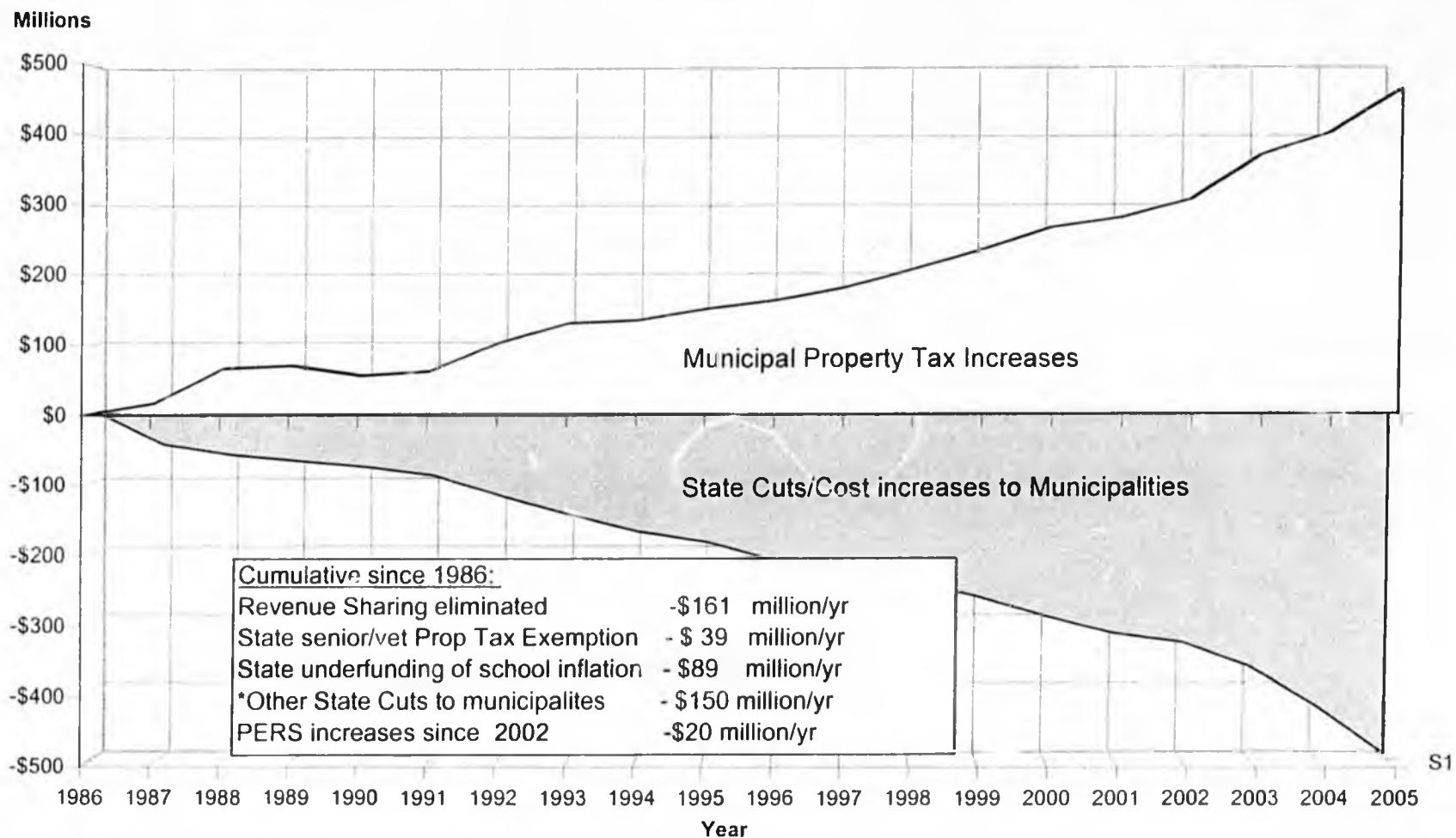
Sincerely,

Kevin Ritchie
Executive Director

cc. Representative Bill Stoltze

Why Property Taxes Have Gone Up

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



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

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

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

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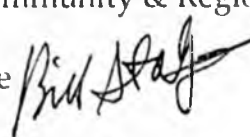
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MEMORANDUM

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

FROM: Bill Stoltze 

DATE: February 10, 2006

SUBJECT: Hearing Request

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

Thank you for your consideration.

DISTRICT 16

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BILL STOLTZE State Representative

Representative_Bill_Stoltze@legis.state.ak.us

House Bill 391

Limit Annual Increase of Muni Prop Assess

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

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

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

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

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Anchorage Daily News

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Assessments expected to rise 11 percent

TAXES: Property value increase is less than last year.

By KYLE HOPKINS
Anchorage Daily News

(Published: February 1, 2006)

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

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

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

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

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

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

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

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

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

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

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

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

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

Local property values keep on rising

10 PERCENT JUMP. City begins mailing its 2006 appraisal notices

ANCHORAGE
Anchorage Daily News

Sta.

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"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."

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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."

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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.

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Daily News reporter Peter Porco can be reached at pporco@adn.com or 257-4582.

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Anchorage Daily News

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Contact reporter Kyle Hopkins at khopkins@adn.com or call 352-6710.

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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.

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

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

"Competition drives the market," Black said.

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

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



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

JOEL DAVIDSON/Frontiersman

looking for accuracy in existing structures.

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

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

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

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

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

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

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

If people think their property is described inaccurately by the borough, Black said there is still time, through March 30, to file an appeal. Borough residents can access the descriptions of their property by going to the borough's Web site at www.co.mat-su.ak.us/ 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

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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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