



LAWS OF ALASKA

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Source

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CSHB 173 (Finance)

59

AN ACT

Providing for indemnification in the event of a decrease in property values within the City and Borough of Juneau resulting from enactment of the capital relocation initiative; and providing for an effective date.

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

* Section 1. PURPOSE. The purpose of this Act is to establish a mechanism for the fair and equitable indemnification of individuals, businesses or corporations who experience financial losses when selling property located within the City and Borough of Juneau because of the relocation of the state capital.

* Sec. 2. ROLE OF COMMISSIONER. The commissioner of community and regional affairs shall administer the indemnification program.

* Sec. 3. INDEMNIFICATION FOR FINANCIAL LOSS. The commissioner shall

(1) accept, on forms prescribed by the commissioner, applications for reimbursement; the application must be signed by the owner of the eligible property and, if the property is subject to a mortgage, by the mortgagee;

(2) determine that the actual sale price was the result of a reasonable effort by the seller to sell the property on the open market;

(3) determine the difference between the actual price at the time of sale, computed as specified in sec. 10 of this Act, and the fair market value as specified in sec. 11 of this Act;

(4) determine, if the actual sales price is less than 95 per cent of the adjusted base year fair market value, that portion of the difference which is attributable to the impact of the capital relocation initiative;

(5) approve an indemnification amount in accordance with (4) of this section before the consummation of the sale of the property and transfer the indemnification amount to the seller within 30 days after the consummation of the sale of the property;

(6) submit applications for reimbursement on business capital assets to the Legislative Budget and Audit Committee for a determination as to whether the decline in market value is attributable to the capital relocation initiative.

* Sec. 4. PURCHASE OF PROPERTY. If eligible property with marketable title cannot be sold, the commissioner shall, after he has determined that reasonable efforts to find a buyer have been made, purchase the property. The purchase price shall be 95 per cent of the adjusted base year fair market value according to sec. 11 of this Act.

* Sec. 5. COMMISSIONER TO MANAGE PURCHASED PROPERTY. The commissioner may take any reasonable action necessary for the safety and maintenance of property acquired under this Act.

* Sec. 6. AUTHORITY TO DISPOSE OF PURCHASED PROPERTY. (a) The commissioner may dispose of property acquired under this Act at public sale to the highest bidder on such terms as he considers beneficial to the state.

(b) The commissioner shall provide the public with notice of a proposed sale. The notice shall identify specific parcels of property and any encumbrances to which they may be subject.

(c) The commissioner may, at his discretion, offer for sale units of state property made by combining parcels of land acquired under this Act, parcels as purchased by him, or portions of parcels purchased by him.

(d) The commissioner shall convey marketable title to the purchaser of the property.

(e) The purchaser under this section shall pay his own closing costs.

* Sec. 7. CAPITAL RELOCATION REVOLVING FUND. (a) There is created the capital relocation revolving fund which consists of money appropriated by the legislature, money received in payment for property sold as provided in sec. 6 of this Act, and any other money transferred to the commissioner for the indemnification program including any money transferred for this purpose by the United States.

(b) The commissioner or his designee, after consultation with the Legislative Budget and Audit Committee, may authorize withdrawals from the fund for the purpose of implementing the provisions of secs. 3 - 6 of this Act.

* Sec. 8. ELIGIBLE PROPERTY. An indemnification application, provided for in sec. 3 of this Act, may be filed by any person owning real property, a mobile home, or business capital assets, subject to the following provisions:

(1) Residential property, both real and mobile homes, including both land and fixtures, must be in actual use as a

residence at the time the application for indemnification is submitted.

(2) Real property and mobile home property held for investment purposes must be owned by the applicant for at least one year before the application is submitted. All those structures listed as mobile homes by the assessor of the City and Borough of Juneau for property tax purposes and used as a residence shall be considered mobile home property.

(3) Business capital assets include rental real property and major items of fixed equipment and machinery which produce income but are not bought or sold in the ordinary course of the proprietor's business. Business capital assets must be in use in an ongoing business which has been carried on for at least one year before the application is submitted.

(4) Business property, including both land and fixtures, must be used for an ongoing business which has been carried on for at least one year before the application is submitted.

(5) Personal property other than mobile homes and business inventories are not eligible for indemnification under this program.

(6) Real property held for recreational purposes is not eligible for indemnification under this program.

(7) Real property owned by a public utility is not eligible for indemnification under this program.

* Sec. 9. CONCLUSION OF THE INDEMNIFICATION PROGRAM. No application may be accepted after the legislature sitting at the new capital site declares the indemnification program terminated.

* Sec. 10. ACTUAL SALES PRICE. The actual sales price includes the cost of any real estate commission and other selling expenses.

* Sec. 11. FAIR MARKET VALUE. (a) The fair market value for eligible property other than mobile homes and business capital assets shall be computed by adjusting either the value of the property determined in the base year assessment under sec. 12 of this Act, or the actual sales price received from a prior sale after the completion of the base year assessment, whichever is less:

(1) to account for the cost of any additions, renovations, or improvements made on the property;

(2) to account for any decrease in property value resulting from unrestored, complete or partial destruction or loss attributable to natural disaster, fire, accident, riot, vandalism, or similar unexpected and sudden physically damaging event;

(3) to account for loss in value due to inadequate maintenance as determined by the commissioner; and

(4) to reflect quarterly changes in value as determined by comparing the then-current quarterly homeownership costs

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in the Anchorage consumer price index, published by the United States Department of Labor, Bureau of Labor Statistics with those published for July 1975; in no case shall the quarterly adjustment factor exceed the average quarterly rate of increase in the index for the calendar years 1971 through 1974.

(b) The fair market value for mobile home property shall be computed using the methods employed by the assessor of the City and Borough of Juneau in arriving at market value for tax purposes. The fair market value shall be reviewed by the commissioner following an on-site inspection of the property and is subject to revision.

(c) The fair market value of business capital assets shall be computed on the basis of replacement cost in the year of sale less depreciation.

* Sec. 12. BASE YEAR ASSESSMENT. (a) The state assessor shall within one year of the effective date of this Act take the steps necessary to complete the assessment of all real property within the City and Borough of Juneau at its full and true value as of January 1, 1976. All additional real property coming into existence between January 1, 1976 and January 1, 1978 shall be appraised at its full and true value as of the assessment date for tax purposes in that year.

(b) The cost of the initial assessment shall be paid equally by the state and the City and Borough of Juneau. Assessments on additional real property shall be paid by the City and Borough of Juneau.

(c) A property owner aggrieved by determination of his assessment may appeal under AS 29.53.130 - 29.53.135.

(d) All adjustments in valuation approved by the board of equalization are subject to review and final approval by the commissioner. A property owner may appeal the final determination in accordance with AS 29.53.140.

* Sec. 13. REGULATIONS. The commissioner shall adopt regulations in accordance with the Administrative Procedure Act (AS 44.62) to carry out the purposes of this Act.

* Sec. 14. ANNUAL REPORT. The commissioner shall submit an annual report of his activities under this Act to the governor and the legislature at the beginning of each regular legislative session.

* Sec. 15. DEFINITIONS. In this Act "commissioner" means the commissioner of community and regional affairs.

* Sec. 16. EFFECTIVE DATE. This Act takes effect immediately in accordance with AS 01.10.070(c).