



City and Borough of Wrangell
Board of Equalization Meeting
AGENDA

Monday, May 06, 2019
6:00 PM

Location: Borough Assembly Chambers
City Hall

CALL TO ORDER

ROLL CALL

CONFLICT OF INTEREST

APPEALS

- a. Property Tax Appeals

Possessory Interest - defined

EXEMPTIONS

- a. Approval of the Senior Citizens Property Tax Exemptions for the tax year 2019 for the total assessment value of \$27,453,600
- b. Approval of the Disabled Veteran tax Exemptions for the tax year 2019 for the total amount of \$30,000, representing \$382.50 in exempted tax revenue
- c. Approval of the Sprinkler Exemptions for tax year 2019 for the total amount of \$65,212, representing \$831.45 in exempted tax revenue

ADJOURNMENT

CITY & BOROUGH OF WRANGELL, ALASKA BOROUGH ASSEMBLY AGENDA STATEMENT

<u>AGENDA ITEM TITLE:</u>	<u>DATE:</u>	May 6, 2019
	<u>Agenda NO.</u>	3a

Property Tax Appeals

SUBMITTED BY:

Kim Lane, Borough Clerk
Aleisha Mollen, Accounting Generalist

FISCAL NOTE:

Expenditure Required: \$XXX Total

FY 19: \$	FY 20: \$	FY21: \$
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Amount Budgeted:

FY19 \$XXX

Account Number(s):

XXXXXX XXX XXXX

Account Name(s):

Enter Text Here

Unencumbered Balance(s) (prior to expenditure):

\$XXX

Reviews/Approvals/Recommendations

<input type="checkbox"/>	Commission, Board or Committee
Name(s)	
Name(s)	
<input type="checkbox"/>	Attorney
<input type="checkbox"/>	Insurance

ATTACHMENTS: 1. If there are any appeals to be heard, they will be provided at the meeting.

RECOMMENDATION MOTION:

Move to accept the Real Property Tax Assessment prepared and presented by Lila Koplin, Borough Assessor, in the amount of \$_____ for Property Owner Appellant_____.

or

Move to amend the Real Property Tax Assessment from \$_____ to \$_____ for Property Owner Appellant_____.

Assessment notices are mailed each year, no later than March 20th. As stated in WMC 5.04.160, Appeal by person assessed; Any person who receives notice or whose name appears on the assessment roll may appeal, as provided in this chapter, to the board (BOE) with respect to any alleged error in the valuation, overcharge or omission of the assessor, not adjusted to the taxpayer's satisfaction. A person appealing from a presumed assessment as provided in WMC 5.04.090 (Assessment-Determination), shall not prevail unless able to demonstrate excusable neglect, delay in mail delivery, or error in name.

Our Assessor has been in Wrangell, meeting with property owners who have appealed their tax assessment. If there are any appeals for the Assembly to consider, they will be provided to you at the meeting.

POSSESSORY INTEREST

The interest that lessees have in City or other government lease lands is called possessory interest. Possessory interest constitutes a private right to the possession and use of these lands for a specified time period. This right of possession represents a large portion of the bundle of rights inherent to that property and, therefore, represents a value imputable to that private interest.

There is a great deal of mixed emotion surrounding the taxation of possessory interests. Some people feel that, because the fee is in public ownership, no taxes should be paid. In the converse, many people feel that lessees of this property use the same services and compete with other private owners in the market place, and, therefore should be subject to taxation in the same manner as owners of comparable fee property.

There are several statutory provisions which outline the legal justification for taxing possessory interests.

Article IX, Section 5 of the Constitution of the State of Alaska says,

"Private leaseholds, contracts or interests in land or property owned or held by the United States, the State or its political subdivision, shall be taxable to the extend of those interests."

Also, Alaska Statute 29.45.030(A1) says:

"(a) The following property is exempt from general taxation: (1) Municipal, state or federally owned property, except that private leaseholds, contracts or other interest in the property shall be taxable to the extent of those interests;"

There are three basic methods of appraisal of possessory interest. Of these the reversionary method is the preferred method in the State of Alaska. This method was upheld in the recent court case Fairbanks North Star Borough vs. Golden Heart Utilities.

The reversionary method of assessing possessory interests was upheld in the 1979 court case of Sea-Land Service, Inc. vs. Kodiak Island Borough. In the case, Sea-Land had a preferential use agreement for the City of Kodiak's Terminal Three. Contained in the Memorandum of Decision No. 77-7686, the court made two very important decisions. The first states that the preferential use agreement is subject to real property taxation. "It cannot be denied that the preferential use agreement before the court in this case grants Sea-Land Service, Inc. possessory rights and privileges in land and improvements. Therefore, the preferential use agreement is real property and is subject to taxation by the City of Kodiak and the Kodiak Island Borough." The second decision is more pertinent to the subject at hand. "The Kodiak Island Borough used an acceptable method of valuing the interests held by Sea-Land Services, Inc. in Terminal Three." Also the Golden Heart decision in November 2000 again confirms the valuation method.



Article IX, Section 5 of the State Constitution states in part that possessory interest "...shall be taxable to the extent of the interest." Those interests, as previously pointed out, are the right of possession and use of the property for the expected term of the lease.

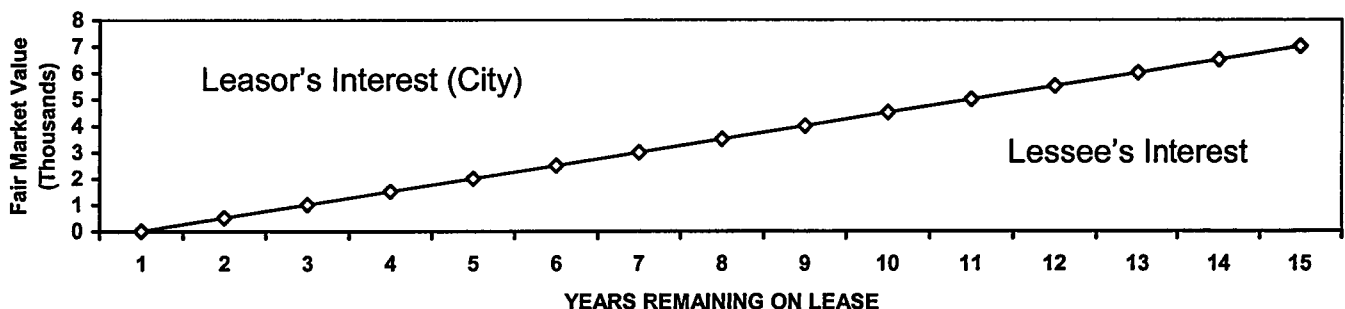
The reversionary method values the property rights or interests held by the lessee. Realistically, that is exactly what is valued by the assessor where all other properties are concerned. Much the same as the assessor recognized restrictions in the deed of a privately owned property, likewise he should recognize the restrictions in the lease of a governmentally owned property (i.e., reversion of the property to the lessor, and other restrictions).

Besides the State Assessor's threat of a major error if possessory interests are not valued, the most important factor is equality. To have equality between fee owners and lessee ownership, possessory interests need to be valued.

The ownership of real estate may be compared to a "bundle of sticks" which represents all the property rights inherent in the ownership of real property. Each stick represents a separate and distinct property right or privilege of ownership. The appraisal of real property is not solely an evaluation of bricks and mortar, but is an evaluation of the property rights existing in the property and the extent of interest the owner has in the property.

In the valuation of leasehold property, there are actually two distinct and separate ownerships, the values of which, when combined, equal the fee simple value. A lease is a contract by which some of the property rights are sold for a stated time. Therefore, there is a value of the rights sold (lessee's interest) and a value of rights retained (lessor's interest). The sum of these values is equal to the property value based on fee simple ownership.

These two interests in property can be best shown in the following diagram:



At year 15 the lessee has the greatest interest in the property, at year 1 the City has the greatest interest. As the term of the lease decreases, so does the lessee's possessory interest. The possessory interest or lessee's interest in the property is what is taxed.

Equality as an example comes when you have two properties side by side both engaging in the same business (in competition with each other). If the leased parcel was not taxed (possessory interest) then that property owner would have an unfair advantage over the adjoining owner who would be taxed.

The Office of the State Assessor of Alaska supports the use of the reversionary method of valuing possessory interest, and to ensure statewide equity, recommends that all municipalities use this method as opposed to rent savings or fee simple methods.

An example of the calculation of the reversionary method follows:

The reversionary method of appraising possessory interest appraises the lessee's use and possession of the property for a period of time less than perpetuity (length of the lease).

The property is first appraised as fee simple and the present worth of the reversionary value is then deducted, giving us the estimated value of the possessory interest or possession and use of the property. To arrive at the estimated value of a possessory interest by the reversionary method, there are 5 steps to be followed. These are

- 1) Determine the actual value of the property in fee simple.
- 2) Determine the present worth factor from annuity tables for a predetermined rate*, for the remaining life of the lease, including the tax rate. (*I use 10%)
- 3) Determine the reversionary value by multiplying the annuity factor by the actual value.
- 4) Determine the possessory interest by deducting the reversionary value from the present full value.
- 5) Determine what percentage allowance, if any, should be allowed for lease restrictions.

For an example:

- | | | |
|----|---|---------------|
| 1. | Actual land value (fee simple) | \$5,000.00 |
| 2. | Reversionary factor & taxes – 10% for 15 years | .239392 |
| 3. | Reversionary value .239392 x \$5,000 | \$1,197.00 |
| 4. | Possessory interest \$5,000 - \$1,197 = \$3,803 | \$3,800.00 RD |
| 5. | Minus allowance for lease restrictions, if any. | |

Possessory Interest:	\$3,800.00 RD
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Possessory interest valuation is the most equitable way to assure that there is equality between taxpayers in the community.



Parcel Number	Exempt Amount	Total Property Value Final	Tax Year	Exemption Details
11-550-120	-\$36900.00	\$0	2019	SENIOR CITIZEN
03-020-216	-\$150000.00	\$102200	2019	SENIOR CITIZEN
02-032-751	-\$150000.00	\$51700	2019	SENIOR CITIZEN
02-034-408	-\$150000.00	\$7600	2019	SENIOR CITIZEN
03-005-351	-\$96500.00	\$0	2019	SENIOR CITIZEN
03-009-218	-\$150000.00	\$21900	2019	SENIOR CITIZEN
02-022-612	-\$105300.00	\$0	2019	SENIOR CITIZEN
02-022-610	-\$69000.00	\$0	2019	SENIOR CITIZEN
02-022-539	-\$94600.00	\$94600	2019	SENIOR CITIZEN
02-022-535	-\$105200.00	\$0	2019	SENIOR CITIZEN
02-022-521	-\$114900.00	\$0	2019	SENIOR CITIZEN
02-022-517	-\$147600.00	\$0	2019	SENIOR CITIZEN
02-022-511	-\$68200.00	\$0	2019	SENIOR CITIZEN
02-022-503	-\$135200.00	\$0	2019	SENIOR CITIZEN
02-022-350	-\$150000.00	\$23400	2019	SENIOR CITIZEN
02-022-330	-\$102200.00	\$0	2019	SENIOR CITIZEN
02-022-324	-\$84000.00	\$0	2019	SENIOR CITIZEN
03-012-230	-\$150000.00	\$62400	2019	SENIOR CITIZEN
03-003-103	-\$121900.00	\$0	2019	SENIOR CITIZEN
02-034-107	-\$150000.00	\$167500	2019	SENIOR CITIZEN
71-320-1032	-\$8000.00	\$0	2019	SENIOR CITIZEN
02-034-103	-\$48300.00	\$144900	2019	SENIOR CITIZEN
02-034-101	-\$125600.00	\$0	2019	SENIOR CITIZEN
02-034-115	-\$65600.00	\$0	2019	SENIOR CITIZEN
03-009-228	-\$115600.00	\$77100	2019	SENIOR CITIZEN
03-003-402	-\$84400.00	\$0	2019	SENIOR CITIZEN
02-022-147	-\$147800.00	\$0	2019	SENIOR CITIZEN
02-032-406	-\$150000.00	\$21400	2019	SENIOR CITIZEN
02-032-405	-\$150000.00	\$67300	2019	SENIOR CITIZEN
02-032-402	-\$150000.00	\$51300	2019	SENIOR CITIZEN
71-210-1021	-\$4600.00	\$0	2019	SENIOR CITIZEN
03-004-254	-\$150000.00	\$100	2019	SENIOR CITIZEN
71-420-1042	-\$8500.00	\$0	2019	SENIOR CITIZEN
03-004-501	-\$127400.00	\$0	2019	SENIOR CITIZEN
03-014-238	-\$150000.00	\$71200	2019	SENIOR CITIZEN
02-022-141	-\$150000.00	\$60500	2019	SENIOR CITIZEN
03-015-214	-\$150000.00	\$70800	2019	SENIOR CITIZEN
03-006-209	-\$150000.00	\$25500	2019	SENIOR CITIZEN
02-031-309	-\$150000.00	\$28400	2019	SENIOR CITIZEN
72-260-2026	-\$7600.00	\$0	2019	SENIOR CITIZEN
04-006-604	-\$65000.00	\$0	2019	SENIOR CITIZEN
03-005-204	-\$150000.00	\$23900	2019	SENIOR CITIZEN
03-008-403	-\$150000.00	\$68100	2019	SENIOR CITIZEN
02-033-150	-\$96700.00	\$0	2019	SENIOR CITIZEN
02-009-430	-\$150000.00	\$10800	2019	SENIOR CITIZEN
02-023-161	-\$53400.00	\$0	2019	SENIOR CITIZEN
02-021-603	-\$116900.00	\$0	2019	SENIOR CITIZEN
71-030-1003	-\$9900.00	\$0	2019	SENIOR CITIZEN
03-008-405	-\$150000.00	\$2100	2019	SENIOR CITIZEN
02-033-305	-\$150000.00	\$2000	2019	SENIOR CITIZEN

03-005-361	-\$126100.00	\$0	2019	SENIOR CITIZEN
03-005-359	-\$115700.00	\$0	2019	SENIOR CITIZEN
02-032-103	-\$143700.00	\$0	2019	SENIOR CITIZEN
03-006-211	-\$150000.00	\$45200	2019	SENIOR CITIZEN
02-021-411	-\$150000.00	\$65600	2019	SENIOR CITIZEN
02-021-409	-\$150000.00	\$66600	2019	SENIOR CITIZEN
02-021-403	-\$150000.00	\$38100	2019	SENIOR CITIZEN
02-021-310	-\$114600.00	\$0	2019	SENIOR CITIZEN
02-021-308	-\$150000.00	\$53600	2019	SENIOR CITIZEN
71-540-1054	-\$10800.00	\$0	2019	SENIOR CITIZEN
02-021-218	-\$150000.00	\$49300	2019	SENIOR CITIZEN
02-021-209	-\$150000.00	\$20400	2019	SENIOR CITIZEN
72-540-2052	-\$2500.00	\$0	2019	SENIOR CITIZEN
03-021-406	-\$150000.00	\$114300	2019	SENIOR CITIZEN
02-021-185	-\$150000.00	\$76600	2019	SENIOR CITIZEN
02-021-133	-\$148500.00	\$0	2019	SENIOR CITIZEN
02-021-129	-\$150000.00	\$36700	2019	SENIOR CITIZEN
02-021-121	-\$150000.00	\$21300	2019	SENIOR CITIZEN
02-021-115	-\$70100.00	\$0	2019	SENIOR CITIZEN
02-021-098	-\$109500.00	\$0	2019	SENIOR CITIZEN
02-020-323	-\$150000.00	\$32600	2019	SENIOR CITIZEN
02-020-321	-\$150000.00	\$5700	2019	SENIOR CITIZEN
02-020-315	-\$146800.00	\$0	2019	SENIOR CITIZEN
02-020-310	-\$118500.00	\$0	2019	SENIOR CITIZEN
02-020-308	-\$127300.00	\$0	2019	SENIOR CITIZEN
02-020-306	-\$150000.00	\$55000	2019	SENIOR CITIZEN
03-015-226	-\$36500.00	\$0	2019	SENIOR CITIZEN
03-021-408	-\$150000.00	\$154400	2019	SENIOR CITIZEN
02-026-119	-\$150000.00	\$108300	2019	SENIOR CITIZEN
02-024-103	-\$97100.00	\$190000	2019	SENIOR CITIZEN
02-020-106	-\$150000.00	\$37500	2019	SENIOR CITIZEN
05-039-100	-\$124400.00	\$0	2019	SENIOR CITIZEN
03-009-150	-\$86500.00	\$0	2019	SENIOR CITIZEN
03-002-210	-\$150000.00	\$55000	2019	SENIOR CITIZEN
03-009-402	-\$103700.00	\$0	2019	SENIOR CITIZEN
02-031-404	-\$98300.00	\$0	2019	SENIOR CITIZEN
02-014-387	-\$150000.00	\$17400	2019	SENIOR CITIZEN
02-014-382	-\$140300.00	\$0	2019	SENIOR CITIZEN
02-014-333	-\$150000.00	\$40000	2019	SENIOR CITIZEN
02-014-325	-\$150000.00	\$74700	2019	SENIOR CITIZEN
02-014-323	-\$102200.00	\$0	2019	SENIOR CITIZEN
02-014-321	-\$144600.00	\$0	2019	SENIOR CITIZEN
02-014-310	-\$150000.00	\$82400	2019	SENIOR CITIZEN
02-014-307	-\$150000.00	\$179500	2019	SENIOR CITIZEN
02-013-207	-\$150000.00	\$143300	2019	SENIOR CITIZEN
02-013-203	-\$150000.00	\$14800	2019	SENIOR CITIZEN
02-011-307	-\$13000.00	\$90600	2019	SENIOR CITIZEN
75-130-5013	-\$2500.00	\$0	2019	SENIOR CITIZEN
03-007-210	-\$86900.00	\$0	2019	SENIOR CITIZEN
03-014-224	-\$150000.00	\$185800	2019	SENIOR CITIZEN
03-009-214	-\$150000.00	\$27300	2019	SENIOR CITIZEN

03-014-212	-\$84700.00	\$0	2019	SENIOR CITIZEN
03-014-210	-\$111000.00	\$0	2019	SENIOR CITIZEN
02-010-527	-\$150000.00	\$50300	2019	SENIOR CITIZEN
02-010-526	-\$112900.00	\$0	2019	SENIOR CITIZEN
02-010-508	-\$106700.00	\$0	2019	SENIOR CITIZEN
02-010-428	-\$122500.00	\$0	2019	SENIOR CITIZEN
02-010-427	-\$129100.00	\$22800	2019	SENIOR CITIZEN
03-015-212	-\$150000.00	\$127900	2019	SENIOR CITIZEN
72-330-2033	-\$5600.00	\$0	2019	SENIOR CITIZEN
02-031-305	-\$90100.00	\$0	2019	SENIOR CITIZEN
02-010-420	-\$150000.00	\$20800	2019	SENIOR CITIZEN
02-010-303	-\$56000.00	\$0	2019	SENIOR CITIZEN
02-010-294	-\$108000.00	\$0	2019	SENIOR CITIZEN
02-010-280	-\$122600.00	\$0	2019	SENIOR CITIZEN
02-010-268	-\$62500.00	\$0	2019	SENIOR CITIZEN
72-190-2019	-\$4000.00	\$0	2019	SENIOR CITIZEN
02-010-262	-\$115000.00	\$0	2019	SENIOR CITIZEN
02-010-258	-\$138400.00	\$0	2019	SENIOR CITIZEN
02-010-252	-\$81000.00	\$0	2019	SENIOR CITIZEN
02-010-250	-\$68200.00	\$0	2019	SENIOR CITIZEN
03-022-160	-\$66500.00	\$0	2019	SENIOR CITIZEN
08-320-110	-\$150000.00	\$65100	2019	SENIOR CITIZEN
01-005-409	-\$120200.00	\$0	2019	SENIOR CITIZEN
02-026-126	-\$78800.00	\$0	2019	SENIOR CITIZEN
02-026-323	-\$150000.00	\$48400	2019	SENIOR CITIZEN
02-010-147	-\$119400.00	\$0	2019	SENIOR CITIZEN
02-010-117	-\$89500.00	\$0	2019	SENIOR CITIZEN
02-010-113	-\$150000.00	\$3300	2019	SENIOR CITIZEN
06-010-050	-\$82300.00	\$0	2019	SENIOR CITIZEN
03-007-208	-\$150000.00	\$29000	2019	SENIOR CITIZEN
03-020-318	-\$67500.00	\$0	2019	SENIOR CITIZEN
71-160-1016	-\$14900.00	\$0	2019	SENIOR CITIZEN
02-009-400	-\$82500.00	\$0	2019	SENIOR CITIZEN
02-009-303	-\$150000.00	\$1700	2019	SENIOR CITIZEN
02-009-232	-\$102900.00	\$0	2019	SENIOR CITIZEN
02-009-226	-\$150000.00	\$54200	2019	SENIOR CITIZEN
02-009-220	-\$150000.00	\$101300	2019	SENIOR CITIZEN
02-009-218	-\$150000.00	\$91300	2019	SENIOR CITIZEN
02-009-216	-\$150000.00	\$96600	2019	SENIOR CITIZEN
03-013-305	-\$150000.00	\$43800	2019	SENIOR CITIZEN
71-500-1050	-\$12000.00	\$0	2019	SENIOR CITIZEN
03-008-425	-\$150000.00	\$54500	2019	SENIOR CITIZEN
03-006-212	-\$133700.00	\$0	2019	SENIOR CITIZEN
02-009-204	-\$150000.00	\$3900	2019	SENIOR CITIZEN
72-210-2021	-\$5000.00	\$0	2019	SENIOR CITIZEN
03-015-204	-\$150000.00	\$90600	2019	SENIOR CITIZEN
02-034-402	-\$111800.00	\$0	2019	SENIOR CITIZEN
02-009-202	-\$150000.00	\$66800	2019	SENIOR CITIZEN
03-009-135	-\$120200.00	\$0	2019	SENIOR CITIZEN
03-009-133	-\$57400.00	\$0	2019	SENIOR CITIZEN
03-006-349	-\$82900.00	\$1600	2019	SENIOR CITIZEN

03-006-348	-\$116000.00	\$1600	2019	SENIOR CITIZEN
73-180-3018	-\$10000.00	\$0	2019	SENIOR CITIZEN
02-009-101	-\$119700.00	\$0	2019	SENIOR CITIZEN
03-014-313	-\$150000.00	\$10200	2019	SENIOR CITIZEN
73-160-3016	-\$23600.00	\$0	2019	SENIOR CITIZEN
04-005-521	-\$57600.00	\$0	2019	SENIOR CITIZEN
02-005-135	-\$65300.00	\$0	2019	SENIOR CITIZEN
03-003-150	-\$49800.00	\$0	2019	SENIOR CITIZEN
02-005-130	-\$150000.00	\$42200	2019	SENIOR CITIZEN
03-003-250	-\$150000.00	\$12900	2019	SENIOR CITIZEN
03-022-438	-\$42300.00	\$102000	2019	SENIOR CITIZEN
75-120-5012	-\$3500.00	\$0	2019	SENIOR CITIZEN
03-009-109	-\$150000.00	\$2600	2019	SENIOR CITIZEN
03-021-505	-\$132900.00	\$0	2019	SENIOR CITIZEN
03-009-325	-\$107100.00	\$0	2019	SENIOR CITIZEN
03-007-206	-\$129600.00	\$0	2019	SENIOR CITIZEN
02-023-309	-\$135000.00	\$39000	2019	SENIOR CITIZEN
02-004-321	-\$70300.00	\$0	2019	SENIOR CITIZEN
02-004-315	-\$111100.00	\$0	2019	SENIOR CITIZEN
02-004-309	-\$124700.00	\$0	2019	SENIOR CITIZEN
02-026-450	-\$150000.00	\$78300	2019	SENIOR CITIZEN
02-034-208	-\$150000.00	\$42700	2019	SENIOR CITIZEN
03-010-121	-\$150000.00	\$135100	2019	SENIOR CITIZEN
04-007-711	-\$43200.00	\$0	2019	SENIOR CITIZEN
73-110-3011	-\$6400.00	\$0	2019	SENIOR CITIZEN
03-005-406	-\$127500.00	\$78500	2019	SENIOR CITIZEN
03-008-410	-\$150000.00	\$192200	2019	SENIOR CITIZEN
72-070-2007	-\$49400.00	\$0	2019	SENIOR CITIZEN
03-009-301	-\$106600.00	\$0	2019	SENIOR CITIZEN
03-006-204	-\$150000.00	\$67600	2019	SENIOR CITIZEN
02-009-244	-\$150000.00	\$68600	2019	SENIOR CITIZEN
02-003-200	-\$56000.00	\$0	2019	SENIOR CITIZEN
03-023-468	-\$42900.00	\$18400	2019	SENIOR CITIZEN
02-032-302	-\$116800.00	\$0	2019	SENIOR CITIZEN
03-004-111	-\$149400.00	\$0	2019	SENIOR CITIZEN
03-009-321	-\$64200.00	\$0	2019	SENIOR CITIZEN
03-008-408	-\$150000.00	\$36100	2019	SENIOR CITIZEN
04-002-315	-\$19600.00	\$0	2019	SENIOR CITIZEN
02-034-204	-\$150000.00	\$105100	2019	SENIOR CITIZEN
03-021-421	-\$86500.00	\$0	2019	SENIOR CITIZEN
02-026-307	-\$150000.00	\$161100	2019	SENIOR CITIZEN
02-027-207	-\$133200.00	\$0	2019	SENIOR CITIZEN
72-270-2027	-\$4000.00	\$0	2019	SENIOR CITIZEN
03-003-425	-\$150000.00	\$132800	2019	SENIOR CITIZEN
03-003-408	-\$150000.00	\$32100	2019	SENIOR CITIZEN
03-005-202	-\$150000.00	\$8000	2019	SENIOR CITIZEN
02-026-122	-\$150000.00	\$22700	2019	SENIOR CITIZEN
03-004-505	-\$150000.00	\$16000	2019	SENIOR CITIZEN
01-005-412	-\$113100.00	\$0	2019	SENIOR CITIZEN
03-005-357	-\$109200.00	\$0	2019	SENIOR CITIZEN
01-005-347	-\$150000.00	\$12500	2019	SENIOR CITIZEN

01-005-317	-\$118200.00	\$0	2019	SENIOR CITIZEN
03-009-367	-\$125500.00	\$0	2019	SENIOR CITIZEN
75-020-5002	-\$6500.00	\$0	2019	SENIOR CITIZEN
71-460-1046	-\$9200.00	\$0	2019	SENIOR CITIZEN
03-022-130	-\$105800.00	\$0	2019	SENIOR CITIZEN
09-020-140	-\$82500.00	\$0	2019	SENIOR CITIZEN
01-005-210	-\$129100.00	\$0	2019	SENIOR CITIZEN
01-005-202	-\$68800.00	\$0	2019	SENIOR CITIZEN
01-005-200	-\$150000.00	\$104500	2019	SENIOR CITIZEN
01-004-658	-\$122300.00	\$0	2019	SENIOR CITIZEN
01-004-656	-\$119300.00	\$0	2019	SENIOR CITIZEN
01-004-606	-\$150000.00	\$25300	2019	SENIOR CITIZEN
02-033-301	-\$150000.00	\$35800	2019	SENIOR CITIZEN
02-033-101	-\$150000.00	\$57400	2019	SENIOR CITIZEN
03-012-224	-\$150000.00	\$87500	2019	SENIOR CITIZEN
03-002-299	-\$150000.00	\$17000	2019	SENIOR CITIZEN
03-005-264	-\$83900.00	\$0	2019	SENIOR CITIZEN
03-022-446	-\$150000.00	\$184400	2019	SENIOR CITIZEN
03-003-153	-\$150000.00	\$99500	2019	SENIOR CITIZEN
02-031-316	-\$134400.00	\$0	2019	SENIOR CITIZEN
01-004-410	-\$118800.00	\$0	2019	SENIOR CITIZEN
01-004-406	-\$130500.00	\$0	2019	SENIOR CITIZEN
03-020-319	-\$74800.00	\$0	2019	SENIOR CITIZEN
03-003-203	-\$150000.00	\$48800	2019	SENIOR CITIZEN
03-006-305	-\$141000.00	\$0	2019	SENIOR CITIZEN
03-023-466	-\$147800.00	\$0	2019	SENIOR CITIZEN
03-021-403	-\$150000.00	\$77900	2019	SENIOR CITIZEN
03-021-501	-\$150000.00	\$136900	2019	SENIOR CITIZEN
72-440-2045	-\$6000.00	\$0	2019	SENIOR CITIZEN
01-004-214	-\$108300.00	\$0	2019	SENIOR CITIZEN
03-004-268	-\$150000.00	\$14400	2019	SENIOR CITIZEN
03-014-234	-\$150000.00	\$193700	2019	SENIOR CITIZEN
03-006-354	-\$150000.00	\$90500	2019	SENIOR CITIZEN
02-023-524	-\$119200.00	\$0	2019	SENIOR CITIZEN
03-023-456	-\$150000.00	\$194100	2019	SENIOR CITIZEN
71-300-1030	-\$11000.00	\$0	2019	SENIOR CITIZEN
01-004-208	-\$105600.00	\$0	2019	SENIOR CITIZEN
05-034-100	-\$101300.00	\$0	2019	SENIOR CITIZEN
03-006-210	-\$150000.00	\$189300	2019	SENIOR CITIZEN
01-004-206	-\$150000.00	\$52000	2019	SENIOR CITIZEN
02-023-351	-\$104600.00	\$0	2019	SENIOR CITIZEN

CITY & BOROUGH OF WRANGELL, ALASKA BOROUGH ASSEMBLY AGENDA STATEMENT

<u>AGENDA ITEM TITLE:</u>	<u>DATE:</u>	May 6, 2019
	<u>Agenda NO.</u>	4a

Approval of the Senior Citizens Property Tax Exemptions for the tax year 2019 for the total assessment value of \$27,453,600

SUBMITTED BY:

Aleisha Mollen, Accounting Generalist
Kim Lane, Borough Clerk

FISCAL NOTE:

Expenditure Required: \$XXX Total

FY 19: \$	FY 20: \$	FY21: \$
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Amount Budgeted:

	FY19 \$XXX	
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Account Number(s):

	XXXXXX XXX XXXX	
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Account Name(s):

	Enter Text Here	
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Unencumbered Balance(s) (prior to expenditure):

	\$XXX	
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Reviews/Approvals/Recommendations

<input type="checkbox"/>	Commission, Board or Committee
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Name(s)	
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Name(s)	
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<input type="checkbox"/>	Attorney
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<input type="checkbox"/>	Insurance
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ATTACHMENTS: 1. Senior Citizen Exemption Listing

RECOMMENDATION MOTION:

Move to approve the Senior Citizens Property Tax Exemptions for the tax year 2019 for a total assessment value of \$27,453,600.

Summary Statement

Between 2018 and 2019, a Memorandum of Agreement with the Department of Revenue, PFD Division, was reached, allowing the City & Borough of Wrangell access to the PFD Database for determining residency and eligibility for senior exemptions. After considerable work, several owners

were notified of ineligibility and given an opportunity to prove residence to retain their exemption. Between parcels disallowed for residency, parcels sold, and parcels where the owner is now deceased, 20 parcels that were exempt for 2018 are no longer exempt for 2019.

After the March 1st deadline, the City & Borough of Wrangell had 243 Senior Citizen Exemptions, including 21 new applications for 2019. Additionally, 1 exemption was received after March 1st, but before the April 15th grace period. With the Borough Assembly's approval of that one during the April 30, 2019 meeting, the total for 2019 is 244 exemptions for a total of \$27,453,600 in exempted value, representing \$343,358.90 in exempted tax revenue for Senior Citizen Exemptions. This is an increase in exempted tax revenue of only \$982.78 from 2018 to 2019.

Wrangell Municipal Code 5.04.040

A. Pursuant to AS 29.45.030(e) and the requirements of this section, the first \$150,000 of assessed value of real property owned and occupied as the primary residence and permanent place of abode by the following persons is exempt from taxation:

1. A resident 65 years of age or older on January 1st of the assessment year; or
2. A resident who is a disabled veteran on January 1st of the assessment year; or
3. A resident at least 60 years old on January 1st of the assessment year who is the widow or widower of a person who qualified for an exemption under subsection (A)(1) or (A)(2) of this section.

B. To be eligible for an exemption under subsection (A) of this section, for a year the individual applying for an exemption must also meet requirements under one of the following subsections:

1. The individual shall be eligible for a permanent fund dividend under AS 43.23.005 for that same year or for the immediately preceding year; or
2. If the individual has not applied or does not apply for one or both of the permanent fund dividends, the individual would have been eligible for one of the permanent fund dividends identified in subsection (B)(1) of this section had the individual applied.

C. Only one exemption under subsection (A) of this section may be granted for the same property, and if two or more persons are eligible for an exemption for the same property, the parties shall decide between or among themselves who is to receive the benefit of the exemption. Real property may not be exempted under subsection (A) of this section if the finance director determines, after notice and hearing to the parties, that the property was conveyed to the applicant primarily for the purpose of obtaining the exemption. The determination of the finance director may be appealed under AS 44.62.560 through 44.62.570.

D. An exemption may not be granted under subsection (A) of this section except upon written application for the exemption on a form designated by the borough. The claimant must file the application no later than March 1st of the first assessment year for which the exemption is sought. The assembly, for good cause shown, may waive the claimant's failure to make timely application for exemption for that year and authorize the finance director to accept the application as if timely filed. To be considered by the assembly, a request to waive the claimant's failure to make timely application for exemption must be in writing and filed no later than April 15th of the assessment year for which the exemption is sought.

E. If the application for exemption is approved after taxes have been paid, the amount of tax that the claimant has already paid for the assessment year for the property exempted shall be refunded to the claimant.

F. The finance director shall require proof in the form the finance director considers necessary of the right to and amount of an exemption claimed under subsection (A) of this section and shall require a disabled veteran claiming an exemption under subsection (A) of this section to provide evidence of the disability rating. The finance director may require proof of eligibility for exemption under this section at any time.

G. Subsequent annual applications for exemption under this section shall not be required. It shall be the responsibility of every person who obtains a property tax exemption under this section to notify the borough of any change in ownership, property use, residency, permanent place of abode, status of disability, or other factor affecting qualification for the exemption. The finance director may at any time demand proof of current eligibility for exemption under this section.

CITY & BOROUGH OF WRANGELL, ALASKA BOROUGH ASSEMBLY AGENDA STATEMENT

<u>AGENDA ITEM TITLE:</u>	<u>DATE:</u>	May 6, 2019
	<u>Agenda NO.</u>	4b

Approval of the Disabled Veteran tax Exemptions for the tax year 2019 for the total amount of \$30,000, representing \$382.50 in exempted tax revenue

SUBMITTED BY:

Aleisha Mollen, Accounting Generalist
Kim Lane, Borough Clerk

FISCAL NOTE:

Expenditure Required: \$XXX Total

FY 19: \$	FY 20: \$	FY21: \$
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Amount Budgeted:

FY19 \$XXX

Account Number(s):

XXXXXX XXX XXXX

Account Name(s):

Enter Text Here

Unencumbered Balance(s) (prior to expenditure):

\$XXX

Reviews/Approvals/Recommendations

<input type="checkbox"/>	Commission, Board or Committee
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Name(s)

Name(s)

<input type="checkbox"/>	Attorney
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<input type="checkbox"/>	Insurance
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ATTACHMENTS: 1. Disabled Vet Exemption List

RECOMMENDATION MOTION:

Move to approve the Disabled Veteran Property Tax Exemptions for the tax year 2019 for a total assessment value of \$30,000, representing \$382.50 in exempted tax revenue.

Summary Statement

The City & Borough of Wrangell continues to have only one Disabled Veteran Exemption application, for a total of \$30,000.00 in exempted value, representing \$382.50 in exempted tax revenue for Disabled Veteran Exemptions.

Wrangell Municipal Code 5.04.040

A. Pursuant to AS 29.45.030(e) and the requirements of this section, the first \$150,000 of assessed value of real property owned and occupied as the primary residence and permanent place of abode by the following persons is exempt from taxation:

1. A resident 65 years of age or older on January 1st of the assessment year; or
2. A resident who is a disabled veteran on January 1st of the assessment year; or
3. A resident at least 60 years old on January 1st of the assessment year who is the widow or widower of a person who qualified for an exemption under subsection (A)(1) or (A)(2) of this section.

B. To be eligible for an exemption under subsection (A) of this section, for a year the individual applying for an exemption must also meet requirements under one of the following subsections:

1. The individual shall be eligible for a permanent fund dividend under AS 43.23.005 for that same year or for the immediately preceding year; or
2. If the individual has not applied or does not apply for one or both of the permanent fund dividends, the individual would have been eligible for one of the permanent fund dividends identified in subsection (B)(1) of this section had the individual applied.

C. Only one exemption under subsection (A) of this section may be granted for the same property, and if two or more persons are eligible for an exemption for the same property, the parties shall decide between or among themselves who is to receive the benefit of the exemption. Real property may not be exempted under subsection (A) of this section if the finance director determines, after notice and hearing to the parties, that the property was conveyed to the applicant primarily for the purpose of obtaining the exemption. The determination of the finance director may be appealed under AS 44.62.560 through 44.62.570.

D. An exemption may not be granted under subsection (A) of this section except upon written application for the exemption on a form designated by the borough. The claimant must file the application no later than March 1st of the first assessment year for which the exemption is sought. The assembly, for good cause shown, may waive the claimant's failure to make timely application for exemption for that year and authorize the finance director to accept the application as if timely filed. To be considered by the assembly, a request to waive the claimant's failure to make timely application for exemption must be in writing and filed no later than April 15th of the assessment year for which the exemption is sought.

E. If the application for exemption is approved after taxes have been paid, the amount of tax that the claimant has already paid for the assessment year for the property exempted shall be refunded to the claimant.

F. The finance director shall require proof in the form the finance director considers necessary of the right to and amount of an exemption claimed under subsection (A) of this section and shall require a disabled veteran claiming an exemption under subsection (A) of this section to provide evidence of the disability rating. The finance director may require proof of eligibility for exemption under this section at any time.

G. Subsequent annual applications for exemption under this section shall not be required. It shall be the responsibility of every person who obtains a property tax exemption under this section to notify the borough of any change in ownership, property use, residency, permanent place of abode, status of disability, or other factor affecting qualification for the exemption. The finance director may at any time demand proof of current eligibility for exemption under this section.

Parcel Number	Exempt Amount	Total	Property Value	Final	Tax Year	Exemption Details
03-009-225	-\$30000.00			\$0	2019	Disabled Vet

Parcel Number	Exempt Amount	Total Property Value Final	Tax Year	Exemption Details
02-022-300	-\$12532.00	\$929100	2019	Fire Suppression
02-022-208	-\$8948.00	\$740300	2019	Fire Suppression
02-022-119	-\$2734.00	\$154500	2019	Fire Suppression
02-022-226	-\$5804.00	\$412700	2019	Fire Suppression
02-023-124	-\$4570.00	\$249000	2019	Fire Suppression
02-021-142	-\$4104.00	\$198400	2019	Fire Suppression
02-011-210	-\$6220.00	\$743100	2019	Fire Suppression
02-011-205	-\$10000.00	\$607300	2019	Fire Suppression
02-011-108	-\$4770.00	\$290100	2019	Fire Suppression
02-010-503	-\$1650.00	\$206900	2019	Fire Suppression
02-010-131	-\$1980.00	\$374900	2019	Fire Suppression
02-011-202	-\$1900.00	\$282700	2019	Fire Suppression

CITY & BOROUGH OF WRANGELL, ALASKA BOROUGH ASSEMBLY AGENDA STATEMENT

<u>AGENDA ITEM TITLE:</u>	<u>DATE:</u>	May 6, 2019
	<u>Agenda NO.</u>	4c

Approval of the Sprinkler Exemptions for tax year 2019 for the total amount of \$65,212, representing \$831.45 in exempted tax revenue

SUBMITTED BY:

Aleisha Mollen, Accounting Generalist
Kim Lane, Borough Clerk

FISCAL NOTE:

Expenditure Required: \$XXX Total

FY 19: \$	FY 20: \$	FY21: \$
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Amount Budgeted:

FY19 \$XXX

Account Number(s):

XXXXXX XXX XXXX

Account Name(s):

Enter Text Here

Unencumbered Balance(s) (prior to expenditure):

\$XXX

Reviews/Approvals/Recommendations

<input type="checkbox"/>	Commission, Board or Committee
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Name(s)

Name(s)

<input type="checkbox"/>	Attorney
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<input type="checkbox"/>	Insurance
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ATTACHMENTS: 1. Fire Suppression Exemption List

RECOMMENDATION MOTION:

Move to approve the Sprinkler Exemptions for the tax year 2019 for the total amount of \$65,212, representing \$831.45 in exempted tax revenue.

Summary Statement

Last year, the City & Borough of Wrangell had 14 applications for a sprinkler exemption, representing \$71,398 in exempted value and \$910.32 in tax revenue. This exemption allows for 2% of the assess value for the assessment in 1981, if the fire suppression system was in effect prior to January 1, 1981, or as of January 1 of the year after

installing the fire suppression system if installed after January 1, 1981. This is the only type of exemption that the City & Borough of Wrangell accepts that is not mandated by the state statutes. For 2019, there were 2 exemptions that were not applied for, therefore the total is 12 exemptions for a total of \$65,212 in exempted value and \$831.45 in tax revenue.