

PROPERTY ASSESSMENT AND TAXATION

COMMUNITY HISTORY AND SERVICE AREA STRUCTURE

Juneau's unified City and Borough concept was adopted in 1970 with the unification of the Cities of Juneau and Douglas and the Greater Juneau Borough. The unification agreement included provisions placing restrictions on the services to be retained by each service area. These restrictions were to meet the terms of the then outstanding bond covenants. Since unification, all bonds containing service area restrictions have matured and the legal restrictions no longer apply.

In 1988, the Assembly formed Roded Service Area #9. Under this revised concept, services previously funded as areawide were transferred to the new Roded Service Area (see below). This shift provided tax relief to properties outside of the Roded Service Area for services not considered reasonably available to these properties.

In March 1994, the Assembly made a second modification to Juneau's service areas by consolidating all of the fire service areas, seven, into a single service area. Consolidation of the fire service areas provides residents with improved fire response service flexibility. This consolidation also resulted in a common property tax mill levy for the fire service area.

General governmental services are divided into the following three taxing areas –

Areawide:

Education	Library	Building Maintenance
Legislative (Mayor and Assembly)	Finance	Parks and Recreation
Manager and Administration	Human Resources	Social Services Grants
Law	Community Development	General Engineering
Clerk's Office	Capital City Rescue (Ambulance)	Capital Projects
Management Information Systems		

Roded Service Area, SA#9:

Police	Parks & Recreation
Streets	Capital Transit

Fire Service Area, SA#10:

Capital City Rescue (Fire)

ASSESSED VALUES CHANGES

The CBJ Assessor is required by State Statutes and City Code to value property at its full and true (market) value. State required assessing provisions, Section 29.45.110(a), read as follows-

The assessor shall assess property at its full and true value as of January 1 of the assessment year, except as provided in this section, AS 29.45.060, and 29.45.230. The full and true value is the estimated price that the property would bring in an open market and under the then prevailing market conditions in a sale between a willing seller and a willing buyer both conversant with the property and with prevailing general price levels.

The Assessor is projecting the FY11 (calendar 2010) areawide taxable assessed values at \$3.987 billion. This amount includes both real and business personal property assessments. This represents an increase of \$28.1 million or 0.72% over the previous year. The City Assessor attributes the majority of this assessed value growth to increases in business personal property owned by the Kensington and Greens Creek mines.

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The tables on the following page show the estimated changes in assessed values by property type and the assessed values by service area for both real and business personal property.

2008 TO 2009 ASSESSED VALUES CHANGES BY PROPERTY TYPE *(estimated)*

	<u>Assessed Values</u> <u>(In millions)</u>	<u>% Change</u> <u>to Total</u>	<u>% Change to</u> <u>Property Type</u>
2009 Assessed Value	\$3,929.2		
Residential Property: Existing	3.0	0.08%	0.13%
New Construction	5.9	0.15%	0.25%
Commercial: Existing Property	-8.0	(0.20%)	(0.61%)
New Construction	2.1	0.05%	0.16%
Business Personal Property	<u>25.1</u>	<u>0.64%</u>	(9.71%)
2010 Assessed Value (estimated)	<u>\$3,957.3</u>	<u>0.72%</u>	

PROJECTED TAXABLE ASSESSED VALUES BY SERVICE AREA (in millions)

<u>Service Area</u>	<u>2009 Certified Roll &</u> <u>Supplementals</u>	<u>2010 Estimated Value</u>			<u>2011</u> <u>Estimated Total</u>
		<u>Real Property</u>	<u>Personal Property</u>	<u>Total</u>	
Capital City Fire/Rescue	<u>\$3,654.9</u>	<u>\$3,492.1</u>	<u>\$187.0</u>	<u>\$3,679.1</u>	<u>\$ 3,784.5</u>
Roaded Service Area	<u>\$3,675.6</u>	<u>\$3,512.6</u>	<u>\$187.6</u>	<u>\$3,700.2</u>	<u>\$ 3,806.1</u>
Areawide	<u>\$3,929.2</u>	<u>\$3,674.1</u>	<u>\$283.2</u>	<u>\$3,957.3</u>	<u>\$ 4,068.2</u>

MILLAGE RATES AND RESTRICTIONS

The 2010 property assessments do not include an estimated \$190 million in required State exemptions for 1,360 qualifying senior citizens and disabled veterans. Under State law, the responsibility for paying this property tax falls to the State of Alaska. However, the State has not appropriated funds for this mandated property tax exemption program for a number of years. The amount of FY11 property tax revenues that the CBJ will not collect from the State under the senior citizens and disable veterans assessment exemption program is estimated at \$1.99 million.

A one-mill levy is equal to one tenth of one percent (0.1%). A one-mill levy assessed borough-wide will generate \$3.957 million in property tax revenues. The CBJ has three overlapping taxing areas (Areawide, Roaded and Fire) plus a separate debt service mill levy. Property can be subject to taxation in one, two or all three of these levies plus the debt service mill levy. Approximately 93% of taxable property is subject to the combined overlapping mill levy for the three taxing areas.

<u>Mill Levy</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>Proposed</u>	
					<u>FY11</u>	<u>FY12</u>
Operational						
Areawide	6.71	6.97	6.22	7.11	6.98	6.97
Roaded Service Area	2.26	2.07	2.60	1.95	1.93	1.93
Capital City Fire/Rescue	<u>0.29</u>	<u>0.22</u>	<u>0.34</u>	<u>0.20</u>	<u>0.35</u>	<u>0.36</u>
Total Operational	9.26	9.26	9.16	9.26	9.26	9.26
Debt Service	<u>0.91</u>	<u>1.11</u>	<u>1.21</u>	<u>1.34</u>	<u>1.25</u>	<u>1.21</u>
Total Mill Levy	<u>10.17</u>	<u>10.37</u>	<u>10.37</u>	<u>10.60</u>	<u>10.51</u>	<u>10.47</u>
Mill Change		<u>0.20</u>	<u>-</u>	<u>0.23</u>	<u>(0.09)</u>	<u>(0.04)</u>
% Change		<u>1.97 %</u>	<u>- %</u>	<u>2.22 %</u>	<u>(0.85) %</u>	<u>(0.38) %</u>

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In 1995, the CBJ voters’ approved a 12-mill operational property tax levy restriction on all taxable property. This levy restriction **does not apply** to tax levies used for the payment of debt service on voter approved (general obligation) bond indebtedness. The debt service mill levy is in addition to the operational mill levy. The debt service mill levy has been defined to be the total amount of general governmental support to the debt service fund less amounts received from the State’s School Construction Debt Reimbursement Program. The operating mill levy proposed for FY11 and FY12 is 9.26 mills, unchanged from FY10. The debt mill levy is proposed to decrease in FY11 to 1.25 mills and in FY12 to 1.21 mills. This brings the total FY11 mill levy to 10.51 and FY12 to 10.47. (See the “Major Revenue Analysis” for further explanation).

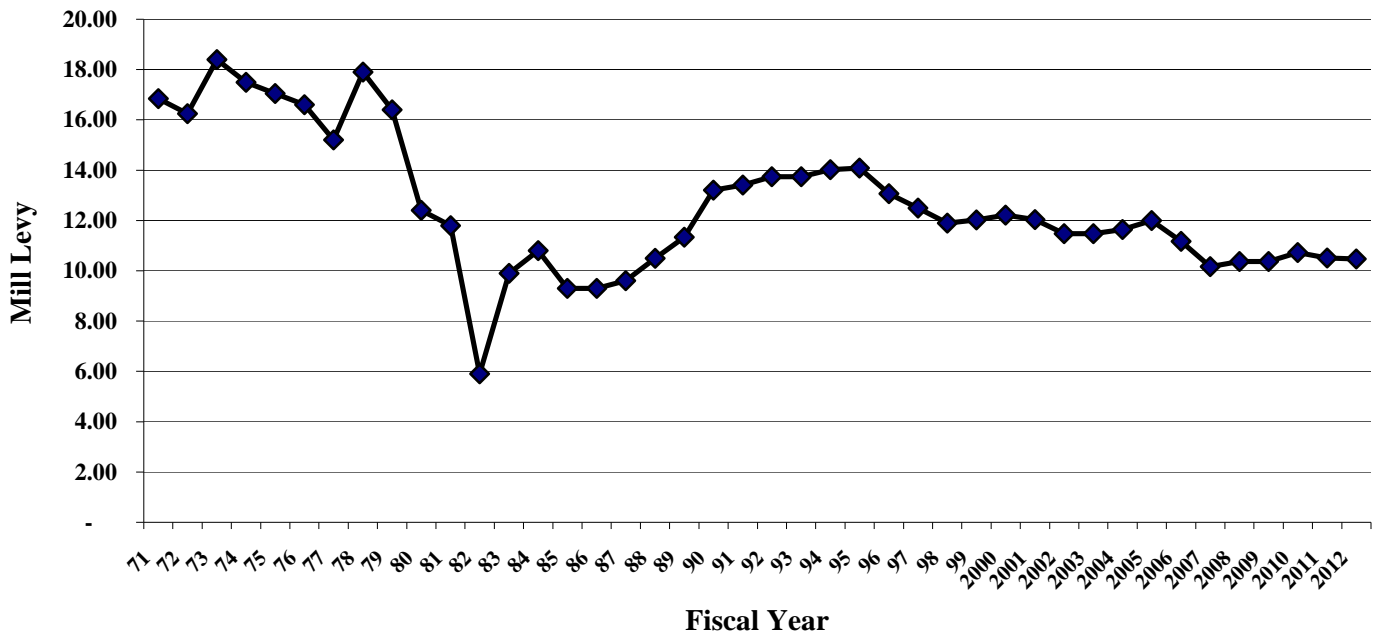
Mill Levy History

FISCAL YEAR	DEBT SERVICE MILL LEVY	SERVICE AREA			COMBINED MILL LEVIES		
		OPERATIONAL MILL LEVIES			(Including Debt Service)		
		Areawide Operating	Roaded Operating	Fire Service Operating	Areawide (non roaded)	Areawide & Rooded	Areawide, Rooded & Fire
1996	1.43	4.03	6.51	1.09	5.46	11.97	13.06
1997	1.54	3.86	6.03	1.06	5.40	11.43	12.49
1998	1.25	3.95	5.71	0.98	5.20	10.91	11.89
1999	1.38	4.23	5.48	0.93	5.61	11.09	12.02
2000	1.52	4.60	5.18	0.92	6.12	11.30	12.22
2001	1.22	4.88	5.19	0.74	6.10	11.29	12.03
2002	1.27	4.73	4.72	0.75	6.00	10.72	11.47
2003	1.03	4.97	4.72	0.75	6.00	10.72	11.47
2004	1.20	5.52	4.24	0.68	6.72	10.96	11.64
2005	1.06	5.55	4.69	0.70	6.61	11.30	12.00
2006	1.19	6.32	3.30	0.36	7.51	10.81	11.17
2007	0.91	6.71	2.26	0.29	7.62	9.88	10.17
2008	1.11	6.97	2.07	0.22	8.08	10.15	10.37
2009	1.21	6.22	2.60	0.34	7.43	10.03	10.37
2010	1.34	7.11	1.95	0.20	8.45	10.40	10.60
2011 Proposed	1.25	6.98	1.93	0.35	8.23	10.16	10.51
2012 Proposed	1.21	6.97	1.93	0.36	8.18	10.11	10.47

This chart above shows the individual as well as the combined (overlapping) mill rates for the three City and Borough of Juneau taxing areas and for debt service.

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The graph below shows the historical maximum mill levy since the unification of the City Borough, 1971, including debt service. For years prior to 1995, the mill levy is an average of the various service areas. FY82 was an abnormal mill levy year due to a large increase in State funding specifically directed to decreasing the mill rate for that year.



The graph below shows the trend in borough-wide certified assessed values since 1980. Values are displayed for both inflation adjusted, “constant”, and non-adjusted, “nominal” dollars. The “constant” dollar line has been included to help separate real property value increases from increases that include both growth and inflation. The CPI purchasing value adjustment, deflator, used was the average of Anchorage’s and Seattle’s CPI. Senior citizen and veteran property assessed values are excluded for comparison purposes.

Assessed Values

