



KENAI PENINSULA BOROUGH

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MIKE NAVARRE
BOROUGH MAYOR

MEMORANDUM

TO: Blaine Gilman, Assembly President
Members, Kenai Peninsula Borough Assembly

THRU: Mike Navarre, Mayor *MN*

FROM: Larry Persily, Assistant to the Mayor *LP*

DATE: July 14, 2016

SUBJECT: Ordinance 2016-28, An Ordinance Amending Sections of KPB Chapter 5.12 to Improve Efficient and Equitable Administration of the Borough Property Tax Code (Mayor)

This ordinance proposes several changes in the borough's property tax code, none of which would directly affect what property owners pay in taxes but all of which would make administration of the code more efficient and equitable for the borough and property owners. In addition to dealing with several assessment procedures, the ordinance also would amend provisions for the Board of Equalization that hears appeals of property assessments.

The ordinance would allow for notices of Board of Equalization meetings and document submittals by electronic transmission such as e-mail and e-mail attachments, rather than mandating the U.S. mail or fax machines or physical delivery to borough offices — but only if the property owner consents to such electronic service.

The code revisions would allow a larger pool of alternates for the Board of Equalization (four alternates instead of two), and an amended definition of a quorum (three members, instead of five), to better ensure timely adjudication of appeals to the board. No one likes delays — not the public nor borough staff nor board members. And the ordinance sets out that the Board of Equalization may move to go into an adjudicative session for discussion purposes, while retaining the requirement that all motions shall be made and decided in public.

The ordinance includes an improved definition of “community purpose” to qualify for a property tax exemption. The new definition matches the preferred language of the Alaska Association of Assessing Officers and requires that the property shall be used to benefit “the general public in a matter that enhances the quality of life through programs, public facilities or services.” The intent is to ensure consistent and equitable decisions on community purpose exemptions, consistent with the public interest that such property shall provide a public benefit. The ordinance also amends that section of code to set out a date by which such applications must be

received, and requires that the exemption application must be submitted in writing on a form prescribed by the assessor.

An additional section of the ordinance would prohibit senior citizens and disabled veterans from receiving the borough property tax exemption if they have applied for or received in that same year a similar residency-based property tax exemption and financial benefit in another city, borough, county or state. The ordinance also would amend code to add the same restriction to the \$50,000 residential property tax exemption. The intent is to tighten up borough code so that a property owner cannot claim a residency-based exemption in two tax jurisdictions at the same time.

In the interest of accurate tax forms and assessments going to property owners in a timely manner, the ordinance would amend code to require personal property owners to report sales to the borough assessing office, similar to the borough receiving notice of real property sales. And for those new owners of personal property who did not receive an annual tax reporting form from the borough because the borough was not notified of the property sale, the ordinance would amend code to allow such owners 30 days to make payment after they are first notified by the borough of the tax due before penalties start to accrue.

The last code provision to be amended by the ordinance deals with tax foreclosures on real property. It would amend code to require that the property owner be at least two years delinquent in taxes or owe a balance of more than \$200 before the property could be subject to foreclosure. The current threshold in code is a \$20 tax delinquency. In the interest of efficient use of staff resources, a \$20 threshold is too low.