

PROPERTY ASSESSMENT AND TAXATION

AUTHORITY

The City and Borough of Juneau's authorization to levy a property tax is provided under Alaska State Statute Section 29.45. Under this section, the State *requires* the Assessor to assess property at full and true value as of January 1 each year. The full and true value is the estimated price that the property would bring in an open market in a sale between a willing seller and a willing buyer (AS 29.45.110)). The area wide projected assessed value (full and true less exempted properties) for the 2016 fiscal year, (2015 calendar year) is \$4.50 billion, up from \$4.39 billion (a 3.2% increase) in 2014.

The rate of levy is to be fixed by Assembly resolution, determined annually before June 15, per AS 29.45.240. The State of Alaska requires a number of property exemptions that municipalities must exempt when taxing property (AS 29.45.030).

Two of the most significant exemptions in terms of dollars are the Senior Citizen and Disabled Veteran exemptions. In FY16, these exemptions were over \$2.462 million in property tax revenue not collected.

ASSESSED VALUE CHANGES

The Assessor is projecting, net of property appeals, FY17 (calendar 2016) areawide taxable assessed values at \$4.69 billion. This amount includes both real and business personal property assessments. This represents an increase of \$192.1 million (4.3% increase) over the previous year. The City Assessor attributes the assessed value growth to increased residential home prices due to a severe shortage of housing and rising rental costs. This has impacted existing real property values.

The table presented below shows the assessed values by service area for both real and business personal property.

<u>Service Area</u>	PROJECTED TAXABLE ASSESSED VALUES BY SERVICE AREA (in millions)			
	<u>2015</u>	<u>2016 Projected Values</u>		
	<u>Certified Roll</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Total</u>
Capital City Fire/Rescue	\$3,996.6	\$3,976.5	\$184.1	\$4,160.6
Roaded Service Area	\$4,019.6	\$4,004.0	\$184.1	\$4,188.1
Areawide	\$4,502.9	\$4,330.0	\$365.0	\$4,695.0

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MILLAGE RATES AND RESTRICTIONS

A one-mill levy is equal to one tenth of one percent (0.1%). A one-mill levy assessed borough-wide will generate \$4.7 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 89.6% of taxable property is subject to the combined overlapping mill levy for the three taxing areas.

<u>Mill Levy</u>	<u>FY15</u>	<u>FY16</u>	<u>Adopted FY17</u>	<u>Approved FY18</u>
Operational				
Areawide	6.64	6.70	6.60	6.60
Roaded Service Area	2.20	2.20	2.30	2.30
Capital City Fire/Rescue	0.42	0.36	0.36	0.36
Total Operational	9.26	9.26	9.26	9.26
Debt Service	1.50	1.50	1.40	1.40
Total Mill Levy	10.76	10.76	10.66	10.66
Mill Change		-	(0.10)	-
% Change		-	(0.93) %	-

The 2016 property assessments do not include an estimated \$252 million in required State exemptions for 1,765 (estimated) 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 FY17 property tax revenues that the CBJ will not collect from the State under the senior citizens and disabled veterans assessment exemption program is estimated at \$2.65 million.

In 1995, the CBJ voters approved a 12-mill operational property tax levy restriction on taxable property. This restriction **does not apply** to tax levies for voter approved general obligation debt. The debt service mill levy is in addition to the operational mill levy. The proposed operating mill levy for FY17 is 9.26 mills, which is the same as FY16. The debt mill levy is 1.40 for FY17 and is 0.10 mills less than FY16. This brings the total FY17 mill levy to 10.66. The FY18 operating mill levy and the debt mill levy are projected to remain the same.

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MILL LEVY HISTORY

Fiscal Year	Operational Mill Levies				Debt Service Mill Levy	Operational and Debt Mill Levies
	Areawide Operating	Roaded SA Operating	Fire SA Operating	Total (All 3 areas)		
1998	3.95	5.71	0.98	10.64	1.25	11.89
1999	4.23	5.48	0.93	10.64	1.38	12.02
2000	4.60	5.18	0.92	10.70	1.52	12.22
2001	4.88	5.19	0.74	10.81	1.22	12.03
2002	4.73	4.72	0.75	10.20	1.27	11.47
2003	4.97	4.72	0.75	10.44	1.03	11.47
2004	5.52	4.24	0.68	10.44	1.20	11.64
2005	5.55	4.69	0.70	10.94	1.06	12.00
2006	6.32	3.30	0.36	9.98	1.19	11.17
2007	6.71	2.26	0.29	9.26	0.91	10.17
2008	6.97	2.07	0.22	9.26	1.11	10.37
2009	6.22	2.60	0.34	9.16	1.21	10.37
2010	7.11	1.95	0.20	9.26	1.34	10.60
2011	6.98	1.93	0.35	9.26	1.25	10.51
2012	6.56	2.24	0.46	9.26	1.29	10.55
2013	6.66	2.17	0.43	9.26	1.29	10.55
2014	6.64	2.23	0.39	9.26	1.40	10.66
2015	6.64	2.20	0.42	9.26	1.50	10.76
2016	6.70	2.20	0.36	9.26	1.50	10.76
2017	6.60	2.30	0.36	9.26	1.40	10.66
2018	6.60	2.30	0.36	9.26	1.40	10.66

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

COMMUNITY HISTORY AND SERVICE AREA STRUCTURE

The City and Borough of Juneau is a home rule unified City-Borough government. Juneau's unified City concept was adopted by the voters in 1970. The unification combined the Cities of Juneau and Douglas and the Greater Juneau Borough into a single governmental unit.

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In 1988, the Assembly formed Rodeded Service Area #9. Under this revised concept, services previously funded as areawide were transferred to the new Rodeded Service Area (see below). This shift provided tax relief to properties outside of the Rodeded 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 services. This consolidation also resulted in a single 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 Landscape Maintenance |
| Manager’s Office | Human Resources | Social Services Grants |
| Law | Community Development | General Engineering |
| Clerk’s Office | Capital City Rescue (Ambulance) | Capital Projects |
| Management Information Systems | | |

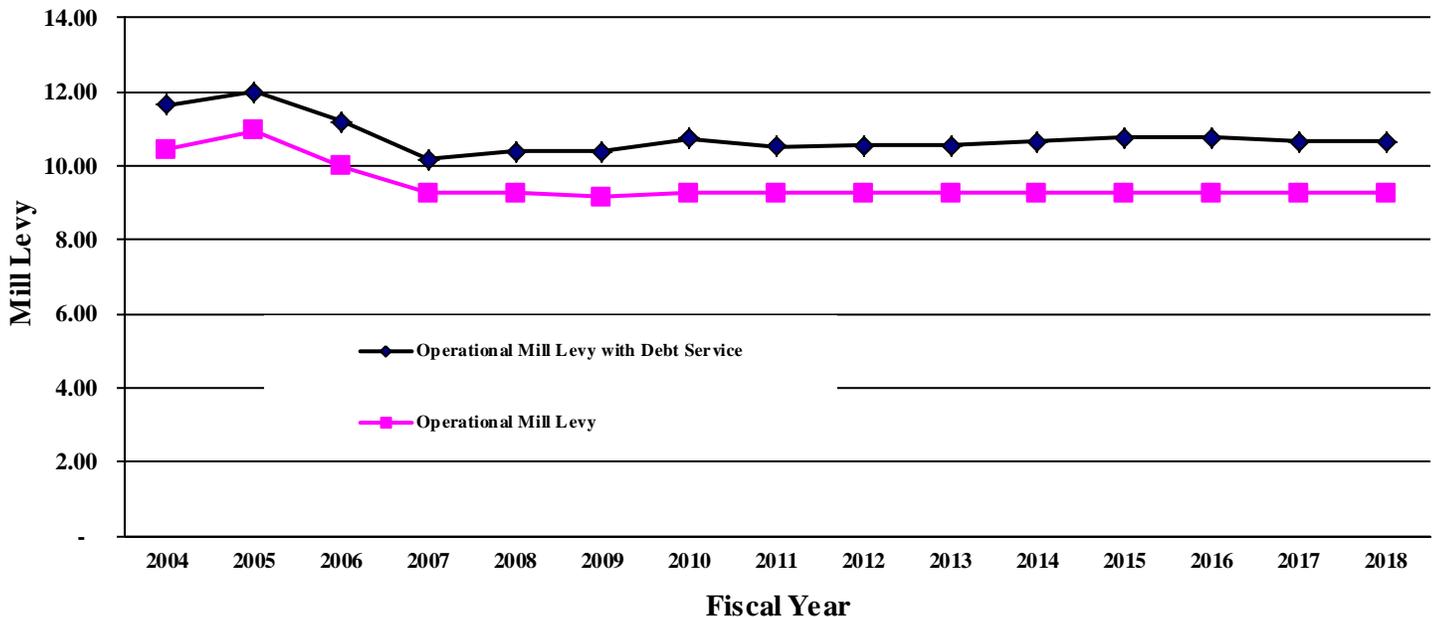
Rodeded Service Area, SA#9:

- | | |
|---------|--------------------|
| Police | Parks & Recreation |
| Streets | Capital Transit |

Fire Service Area, SA#10:

- Capital City Rescue (Fire)

The graph below shows the historical and proposed general operating and the total mill levy (including debt service) for the 15 years. The City’s practice has been to reduce the operating mill levy when financially practical.



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The graph below shows the trend in borough-wide certified assessed values since 1990. Values are displayed for both inflation adjusted, “constant”, and non-adjusted, “nominal” dollars. The “constant” dollar line has been included to show how much of the increase in value over time is due to just new taxable properties versus the total nominal increase in value (combines new property values plus inflation). The CPI purchasing value adjustment, deflator, used was the average of Anchorage’s and Seattle’s CPI-U. Senior citizen and veteran property assessed values are excluded for comparison purposes.

**Assessed Values
FY90 - FY17**

