# City and Borough of Juneau
# Minutes - Assembly Finance Committee Meeting
# Wednesday, September 1, 2021

## I. CALL TO ORDER

The meeting was called to order at 6:00 pm by Carole Triem, Chair.

## II. ROLL CALL

Committee Members Present: Carole Triem, Chair; Mayor Beth Weldon; Loren Jones; Greg Smith; Maria Gladziszewski; Christine Woll; Michelle Bonnet-Hale; Alicia Hughes-Skandijs

Committee Members Absent: Wade Bryson

Staff Present: Rorie Watt, City Manager; Robert Barr, Deputy City Manager; Jeff Rogers, Finance Director; Adrien Speegle, Budget Analyst; Teresa Bowen, Attorney

Others Present: None

## III. APPROVAL OF MINUTES

The August 18, 2021 minutes were approved as presented.

## IV. AGENDA TOPICS

### a. Incentive for Online Filing of Sales/Hotel Taxes (Ordinance 2021-29)

Jeff Rogers, Finance Director, drew the Committee's attention to packet pages 9-55 relating to the incentive for online filing of sales and hotel taxes. In response to discussions about this topic at the June 2$^{nd}$ and August 18$^{th}$ Assembly Finance Committee meetings, CBJ's Sales Tax office issued a survey to all sales tax filers inquiring about their knowledge of and experience with CBJ's online filing portal. Mr. Rogers presented the memo on packet page 9 that summarized the results of this survey. The memo also addressed Mr. Bryson's proposed amendment to Ordinance 2021-29 at the August 18$^{th}$ committee meeting. This amendment, detailed on packet page 13, would change the current variable incentive structure for timely filing and remittance of sales tax returns to a flat $30 incentive for timely online filing instead. This amendment is aimed at conveying a proportionately greater benefit to the filers with smaller businesses, and also streamlines the administrative application of the discount. Mr. Rogers noted Mr. Bryson's amendment repeals the duplicative hotel bed tax incentive. As written, the proposed amendment would not go into effect until February 1, 2022 for taxes due from the January 2022 period.

Mr. Rogers responded to committee questions.

**Motion: by Mayor Weldon to move Ordinance 2021-29 to the full Assembly.**

**Objection: by Mr. Smith for the purpose of an amendment.**

**Amendment: by Mr. Smith to amend the Mayor's motion to include Mr. Bryson's amendment.**

**Motion passed by unanimous consent.**

**Original motion, as amended, passed by unanimous consent.**

**b. 2021 Commercial Property Assessments**

Mr. Rogers presented packet pages 56-62. In response to a large volume of commercial property assessment appeals in 2021, Mr. Rogers presented evidence from the Assessor's office that Juneau commercial land values have not kept pace with the market over the last 10 years, prior to 2021. To illustrate, Mr. Rogers referenced packet page 59 which details the cumulative change in assessed land value since 2011 for all active 2021 commercial assessment appeals. He stated this table showcases the central problem that most of the appeals are from properties that have generally flat assessments from 2011 to 2020. Mr. Rogers clarified that the assessment and appeals processes are designed to identify over and under assessed property values.

Mr. Rogers stated that he and City Assessor Mary Hammond intend to enter into a contract with Marty McGee, former State Assessor and former Anchorage City Assessor, to assist Ms. Hammond with navigating through the commercial appeals process. Additionally, Mr. Rogers and Ms. Hammond are working closely with the current Acting State Assessor, Joseph Caissie. Mr. Rogers stated that he has requested Mr. Caissie review the City Assessor's ratio study and the resulting adjustment to commercial land assessments.

Mr. Rogers also noted the option of a third party audit by the International Association of Assessing Officers. He stated that this may be of interest in the future.

Mr. Rogers responded to committee questions.

Mr. Rogers clarified Mr. McGee's role as a consultant and expert in dealing with commercial property tax assessments and appeals. At the time of the meeting, Mr.

McGee was not yet under contract, but the Assessor's office hopes to start work with him soon. It is not likely that he would look at individual appeals. He would more likely review the methodology of how the Assessor's office made assessment changes and help to shape the argument detailing its appropriateness. Mr. Rogers further clarified that Mr. McGee has not indicated that he disagrees with the City Assessor's methodology, but if he does, the City will be the first to take corrective action to adjust each parcel's assessment as necessary.

Mr. Roger's clarified that the role of Mr. Caissie, the Acting State Assessor, is to ensure that there is assessment equity and fairness within a community. He has authority to issue a community wide correction of assessed values if he deems it necessary. Mr. Rogers stated that whatever Mr. Caissie produces will be independent and disclosed to the Assembly.

Mr. Rogers stated that if new property sales price data is disclosed, it may produce alterations for individual appeals, but will not result in an entire assessment re-evaluation for 2021.

Teresa Bowen, CBJ Attorney, clarified that state law places the burden of proof on the appellant in disputing assessed property valuations (Title 29, Section 45).

Rorie Watt, City Manager, reminded the Committee that property owners know purchase and sale prices and the Assessor's office does not have that information unless the property owners choose to disclose it. The assessors are, therefore, required to make a property assessment based on the information they have at the time which could be limited as a result of the city not enforcing the requirement of disclosure of purchase prices.

Ordinance 2020-47(am) adopted on October 26, 2020 requires the disclosure of real estate sales prices, however as written the ordinance does not contain any enforcement mechanism. The Committee discussed the possibility of amending the law to include a penalty to help the Assessor's office obtain more accurate information to inform future assessments.

*The committee recessed at 7:15 PM.*
*The committee reconvened at 7:25 PM.*

**c. Updated Consumer Tax Forecast**

Mr. Rogers presented packet pages 65-70 detailing updated collections from consumer taxes through the end of fiscal year 2021. He stated that most of the actual revenue collected was very close to projections with the exception of hotel bed tax, which exceeded projections with the influx of independent travelers.

Mr. Rogers stated that he has not yet updated any FY22 projections, but will include new information in the mid-year update in November.

Mr. Rogers responded to committee questions.

Mr. Rogers clarified that online sellers are required to register with the Remote Sales Tax Commission after 200 transactions or $100,000 in sales within the City and Borough of Juneau. The Remote Sales Tax Commission generally pursues registering larger remote sellers first, then moves down to smaller volume sellers.

**d. Resources and Process for Grant Seeking**

Mr. Rogers presented the memo on packet page 63, stating that the federal government is infusing the economy with trillions of dollars of stimulus funding through the $1.9 trillion American Rescue Plan Act, the forthcoming $1 trillion infrastructure bill, and a new “human infrastructure” bill that may top $3.5 trillion. In response to a significant amount of this funding being made available to municipal governments, CBJ has identified the need for a centralized Grant Writer position to focus solely on identifying, prioritizing, and pursuing these grants. This position would cost approximately $100,000 to $120,000 annually including health and benefits.

Mr. Watt stated that he recommends the Assembly appropriate funds to establish this position, but has policy concerns regarding determining which funding opportunities align best with CBJ’s goals and priorities, and what the Assembly’s involvement should be in the grant seeking and application process. He requested the Committee allow him to write up a policy proposal for consideration.

**<u>Motion:</u> by Mayor Weldon to direct staff to draft an appropriation ordinance for up to $120,000 in the Manager's Office to be forwarded to the Assembly.**

**Motion passed by unanimous consent.**

## V. NEXT MEETING DATE

**a. November 3, 2021 (September 29, 2021 tentative)**

## VI. AJOURNMENT

*The meeting was adjourned at 8:14pm.*