



KENAI PENINSULA BOROUGH

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**MIKE NAVARRE
BOROUGH MAYOR**

MEMORANDUM

TO: Gary Knopp, Assembly President
Members, Kenai Peninsula Borough Assembly

FROM: Mike Navarre, Mayor *MN*

DATE: December 22, 2011

SUBJECT: Ordinance 2011-19-59, appropriating \$100,000 for the assessing department to obtain contractual assistance for the assessment of the Tesoro refinery for the 2012 tax year.

The Kenai Peninsula Borough (KPB) assessing department is required by state statute to value all properties at full and true value each year. While an annual valuation is required, an independent fee appraisal is not. As I understand, an agreed upon methodology was used as a means of determining the statutorily required annual "full and true value" for tax years 2006-2010. The methodology was then applied to the value determined for the 2005 tax year and provided for annual adjustments to the valuation for tax purposes. The KPB made the decision to get an independent appraisal for tax year 2011 to update the valuation of the Tesoro property, since the last independent appraisal was done in 2005.

No funds were budgeted in the FY2012 budget in anticipation of reaching another agreement on methodology, once a final value was determined for tax year 2011, negating the need for annual appraisals and saving both Tesoro and the KPB the time and expense of annual appraisals and the appeal process.

Ordinance 2011-19-59 was introduced in case KPB decides to seek an independent appraisal, for the 2012 tax year, for the Tesoro property. The decision on whether to hire an independent appraiser has not been made but must be made early in 2012 to meet the statutory timelines for determining values and allowing for taxpayer appeals. An appraiser cannot be hired if funds are not available. This ordinance allows the KPB the flexibility and funding necessary to make a timely decision in the best interest of the KPB. If the KPB does not hire an independent appraiser, these funds will not be spent.