

POSSIBLE MOTION

I MOVE TO approve Ordinance 2010-30 on
first reading.



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

Memorandum

TO: Jim Dinley, Municipal Administrator
Mayor Cheryl Westover and Members of the Assembly

FROM: Randy Hughes, Assessing Director *RH*

SUBJECT: Proposed Ordinance Relating to Mobile/Modular Home Classification

DATE: October 29, 2010

It has been common practice within the City and Borough of Sitka to classify mobile homes and similar structures on individual parcels as real property and those in mobile home parks as personal property.

AS 29.45.070. Mobile Homes. Mobile homes, trailers, house trailers, trailer coaches and similar property used or intended to be used for residential, office, or commercial purposes and attached to the land or connected to water, gas, electric, or sewage facilities are classified as real property for tax purposes unless expressly classified as personal property by ordinance. This section does not apply to house trailers and mobile homes that are unoccupied and held for sale by persons engaged in the business of selling mobile homes.

The Sitka General Code does not contain any language that classifies mobile/modular homes as personal property, although many of these structures have been treated as personal property if located in parks.

Typically, all taxable personal property within CBS is evaluated each year on the basis of returns of property provided by owners of such property. All returns are subject to Independent Investigation by the Assessor. Approximately 465 mobile homes are classified as personal property.

The same valuation methodology should be applied for all such structures on private property or in parks. Valuation of like structures should also be similar, when categorized as either real or personal property. This will also eliminate the need for the filing of the personal property return. This will save the Assessing Office both time and money spent on mailings and review.

Notification of this change in policy to be included in the personal property return mailings that occur December 1, 2010. Existing mobile home/ modular personal property data will be converted to real property data files for the 2012 valuation year.

RECOMMENDED ACTION:

Adopt the attached ordinance which is consistent with State law (AS 29.45.070).

Providing for today...preparing for tomorrow

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2010- 30

**AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AMENDING SITKA
GENERAL CODE CHAPTER 4.12 ENTITLED "PROPERTY TAX" TO DEFINE
RESIDENTIAL AND BUSINESS USED MOBILE AND MODULAR HOMES AND
SIMILAR STRUCTURES THAT ARE ATTACHED TO THE LAND OR UTILITIES AS
REAL PROPERTY INSTEAD OF PERSONAL PROPERTY**

1. **CLASSIFICATION.** This ordinance is of a permanent nature and is intended to become a part of the Sitka General Code ("SGC").

2. **SEVERABILITY.** If any provision of this ordinance or any application to any person or circumstance is held invalid, the remainder of this ordinance and application to any person or circumstance shall not be affected.

3. **PURPOSE.** It has been the property tax assessment practice within the City and Borough of Sitka (CBS) to classify mobile and modular homes and similar structures on individual parcels as real property. However, mobile and modular homes and similar structures in parks for mobile and modular homes and trailers are treated as personal property.

Alaska statutory property tax provisions at AS 29.45.070, entitled "Mobile Homes," allows treatment of these types of structures as personal property if an ordinance to that effect has been adopted:

"Mobile homes, trailers, house trailers, trailer coaches and similar property used or intended to be used for residential, office, or commercial purposes and attached to the land or connected to water, gas, electric, or sewage facilities are classified as real property for tax purposes unless expressly classified as personal property by ordinance. This section does not apply to house trailers and mobile homes that are unoccupied and held for sale by persons engaged in the business of selling mobile homes"

No ordinances have been passed that contain any language that classifies mobile homes as personal property, or provides for the current distinction being made between such structures on private property and those in parks.

The Assessor recommends that rather than pass such an ordinance, the distinction be abandoned. This ordinance clarifies that no such distinction exists, and classifies residential and business used mobile and modular homes and similar structures attached to the land or utilities as real property, and not as personal property.

The same valuation methodology should be applied for all such structures on private property or in parks. Valuation of like structures should also be similar, when categorized as

1 either real or personal property. This change should also result in a reduction in the current work
2 load for the Assessor's office, and alleviate certain personal property tax filings by owners of
3 such structures. Typically, all taxable personal property within CBS is evaluated each year on
4 the basis of returns of property provided by owners of such property. Approximately 465
5 mobile/modular homes are classified as personal property. Therefore, this ordinance reclassifies
6 many of these structures as real property, and therefore alleviates the need for owners of such
7 structures to file the returns, and review by the Assessor's Office.

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9 The Assessor plans to send notification of this change in policy to be included in the
10 personal property return mailings that occur on or about December 1, 2010. This change,
11 however, will not occur until 2012 valuation year. This will allow the Assessor's Office and
12 taxpayers to be prepared for this change.

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14 Note that this ordinance, in line with the statutory requirement under AS 29.45.070, does
15 not apply to any mobile or modular home or similar type structure that is unoccupied or not
16 intended to be occupied as a residence or business. It also does not apply if the structure is not
17 attached to the land or connected to utilities. Additionally, it would not apply to such structures
18 when they are being sold by business that sells such structures. All such structures shall continue
19 to be treated as personal property.

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21 The purpose of this ordinance is therefore to amend the "real property" tax definition at
22 SGC 4.12.010 and make comparable adjustments in the personal property tax provisions at SGC
23 4.12.060 to clarify that mobile/modular homes and similar structures used or usable as residences
24 or business, and that are attached to the land or utilities, are treated as real property for property
25 tax purposes.

26
27 4. **ENACTMENT.** NOW, THEREFORE, BE IT ENACTED by the Assembly of
28 the City and Borough of Sitka that SGC at Title 4, Chapter 4.12 entitled "Property Tax" is
29 amended as follows (new language underlined; deleted language stricken):

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31 **4.12.010 Definitions.**

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33 The following terms and phrases whenever used in this chapter shall have the meanings
34 ascribed to them in this section.

35
36 A. "Real property" includes:

- 37
38 1. Land itself, whether laid out in lots or otherwise,
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40 2. All buildings, structures, improvements, fixtures of whatsoever kind
41 permanently fixed thereon,
42
43 3. Mobile homes, modular homes, trailers, house trailers, trailer coaches and
44 similar property used or intended to be used for residential, office, or
45 commercial purposes and attached to the land or connected to water, gas,
46 electric, or sewage facilities.

