

1  
2 Introduced by: Mayor At Request Of The Manager

3 Drafted by: Borough Attorney

4 Introduced on: 12/17/2020

5 Public Hearing Date: 01/08/2021

6 Amended/Adopted on: 01/08/2021  
7

8 **KODIAK ISLAND BOROUGH**  
9 **ORDINANCE NO. FY2021-25**

10  
11 **AN ORDINANCE OF THE ASSEMBLY OF THE KODIAK ISLAND BOROUGH AMENDING**  
12 **CHAPTER 18.20 OF THE KODIAK ISLAND BOROUGH CODE REGARDING THE PROCESS**  
13 **FOR DISPOSITION OF TAX FORECLOSED PROPERTY**  
14

15 **WHEREAS,** the Kodiak Island Borough periodically acquires property by clerk's deed through  
16 tax foreclosure under AS 29.45.450; and  
17

18 **WHEREAS,** AS 29.45.480 sets out the disposition of the proceeds from the sale of tax  
19 foreclosed property, and provides that if the tax foreclosed property has been held for less than  
20 ten (10) years the former record owner of the property may, within six (6) months of the sale,  
21 claim any excess proceeds. Excess proceeds are amounts in excess of the unpaid taxes, the  
22 amount equal to taxes that would have been assessed after foreclosure if it had remained in  
23 private ownership, penalty, interest, and costs to the municipality of maintaining and managing  
24 the property; and  
25

26 **WHEREAS,** the Kodiak Island Borough Assembly finds that when property received by the  
27 Borough through tax foreclosure under AS 29.45.450 which has been held by the Borough for  
28 less than ten (10) years is to be disposed by sale, it is in the public interest to expedite the sale  
29 to recover the amounts due the Borough; and  
30

31 **WHEREAS,** the Kodiak Island Borough Assembly finds that a restriction that Borough property  
32 be sold only for fair market value is more likely to slow the sale and delay the recovery of amounts  
33 due the Borough in connection with property received by the Borough through tax foreclosure  
34 under AS 29.45.450 which has been held by the Borough for less than ten (10) years; and  
35

36 **WHEREAS,** the Kodiak Island Borough Assembly finds that the public interest in timely  
37 recovery of funds due the Borough is served by permitting the sale of property received by the  
38 Borough through tax foreclosure under AS 29.45.450 which has been held by the Borough for  
39 less than ten (10) years by sale with a minimum price of the sum of the amount due for unpaid  
40 taxes, the amount equal to taxes that would have been assessed after foreclosure if it had  
41 remained in private ownership, penalty, interest, and the costs to the municipality of maintaining  
42 and managing the property, which amount may be less than appraised fair market value.

43  
44  
45  
46  
47  
48  
49  
50  
51  
52  
53  
54  
55  
56  
57  
58  
59  
60  
61  
62  
63  
64  
65  
66  
67  
68  
69  
70  
71  
72  
73  
74  
75  
76  
77  
78  
79  
80  
81  
82  
83  
84  
85  
86

NOW, THEREFORE, BE IT ORDAINED BY THE ASSEMBLY OF THE KODIAK ISLAND BOROUGH that:

**Section 1:** Classification. Sections 2, 3 and 4 of this ordinance are of a general and permanent nature and shall become a part of the Code of Ordinances of the Kodiak Island Borough. The remainder shall not be codified.

**Section 2:** That section 18.20.040 of the Kodiak Island Borough Code of Ordinances, entitled Disposition and Sale of Tax Foreclosed properties, is amended to read as follows:

**18.20.040, Disposition and Sale of Tax Foreclosed properties.**  
The assembly, by ordinance, shall provide for the disposition or sale of tax-foreclosed land, including the retention of such property by the borough for a public purpose, in accordance with AS 29.45.460. When the assembly determines that tax-foreclosed land shall be sold, it shall be sold by sealed bids, public auction, or any other method of disposal authorized by the assembly. The proceeds from the sale of tax-foreclosed property shall be allocated as provided in AS 29.45.480. If the property condition is in violation of the borough code, the terms of sale shall include a requirement that the buyer agree to remedy the violation within a time period which is reasonable for the type of violation.

**Section 3:** That section 18.20.100 of the Kodiak Island Borough Code of Ordinances, entitled Disposal for Fair Market Value, is amended to read as follows:

**18.20.100, Disposal for Fair Market Value.**  
A. Except as otherwise provided by this title or another provision of law, all disposal of borough land, other than land received through tax foreclosure under AS 29.45.450 which has been held by the borough for less than ten (10) years, shall be for the fair market value of the interest disposed of. The borough may accept in exchange for borough land any consideration of sufficient value not prohibited by law. Unless the assembly sets a different minimum sale price in the ordinance authorizing the sale, land received by tax foreclosure under AS 29.45.450 which has been held by the borough for less than ten (10) years may be disposed of for the amount of taxes, penalty, interest, and fees owed which includes costs to the borough of maintaining, managing, foreclosing and selling the property.  
B. The borough may dispose of borough land to the United States, the State of Alaska, or any political subdivision thereof, or a nonprofit corporation or association, for less than the fair market value of the interest disposed of, upon a finding by the assembly that the disposal will allow the use of the land for a public purpose beneficial to the borough. It may do so by direct negotiation with the

87 organization acquiring the land, without conforming to  
88 KIBC 18.20.120 through 18.20.155, unless otherwise directed by the assembly.  
89

90 C. Notwithstanding the other requirements of this section, the assembly may  
91 authorize a 10 percent rebate (not to exceed \$10,000) of the purchase price for  
92 the land so long as, within 36 months of the sale date, the purchaser has  
93 constructed a residential dwelling upon the property, and has obtained all legal  
94 authorization required to occupy it.

95 D. For properties that are sold by the borough under the above provisions  
96 which are believed to exhibit violations of adopted building safety or land  
97 use regulations, an estimate of the costs to bring the property into  
98 compliance shall be sought. If an independent analysis by a competent  
99 contractor or engineer shows that the cost of needed repairs or remediation  
100 of the subject property added to the amount of the borough's lien for  
101 property taxes does not exceed the potential assessed value of the property  
102 as repaired, as determined by the borough assessor, the property may only  
103 be sold pursuant to the inclusion of certain sale requirements to restore the  
104 property to compliance with adopted building safety and land use  
105 regulations within a reasonable period of time.

106 **Section 4:** That section 18.20.130 of the Kodiak Island Borough Code of Ordinances, entitled  
107 Appraisal, is amended to read as follows:  
108

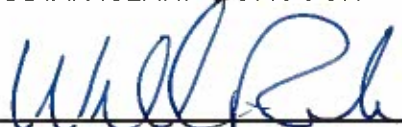
109 **18.20.130, Appraisal.**

110 Borough land, other than land received through tax foreclosure under AS  
111 29.45.450 held for less than ten (10) years, shall be appraised within 90 days  
112 prior to the date fixed for its disposal. The appraisal shall be performed by the  
113 assessor or a qualified appraiser and reflect the fair market value of the land and  
114 borough improvements located thereon. Land received through tax foreclosure  
115 under AS 29.45.450 which has been held by the borough for less than ten  
116 (10) years will only be appraised under this section if required the assembly.  
117

118 **Effective Date:** This ordinance shall become effective as provided in KIBC 1.10.040.  
119  
120


121 **ADOPTED BY THE ASSEMBLY OF THE KODIAK ISLAND BOROUGH**  
122 **THIS SEVENTH DAY OF JANUARY, 2021.**  
123

124 KODIAK ISLAND BOROUGH

125   
126  
127  
128 William Roberts, Borough Mayor



129 ATTEST:

  
Aise L. Rice, Borough Clerk

Kodiak Island Borough, Alaska  
Deletion – Red, Strikeout  
Insertion – Bold, Blue, Underline

Ordinance No. FY2021-25

130 **VOTES:**  
131 Ayes: Dvorak, Kavanaugh, Smith, Williams, and Arndt.  
132 Noes: Turner.  
133 Absent: Symmons.