



Tyranny of the Powerful in Rural Alaska

Description

Haines, We have a Problem!

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*Rural Alaska often suffers from tyrannical behavior from elected officials and their bureaucrat sycophants, who impose unfair expectations on people simply trying to live in a climate zone that can be unforgiving. Normally very optimistic Haines resident, **Brenda Josephson**, has been an elected official in Haines, Alaska, and documents here her dismay and concern for her community for arbitrary and capricious property appraisals.*

This is the story of how Alaska's property tax

assessment process has failed the Haines community.

This issue affects everyone. We all pay property tax either directly to the borough or through rent payments.

Government's currency is the trust, respect, and goodwill of the people. I believe it is unfortunate that the entire approach of the assessor's office toward the people of Haines under Contract Assessor **Michael Dahle's** guidance appears to be bankrupting the **Haines Borough** of the currency it once held from the people it serves.

Unnecessary Changes to Past Practice

Significant changes were implemented to Haines assessments for 2023. This is not news to property owners experiencing increased assessments and tax bills. The increases are the result of a new mass appraisal methodology that combines the cost method with some market comparison data. This combination creates an exotic hybrid valuation model that ignores actual market sales conditions for property in Haines adding speculative costs to replace existing structures.

The inevitable result of using this valuation model is a significantly inflated valuation of property for many parcels. This is due to costs to replace existing structures using factors that include modern building codes and architectural standards with current costs of construction materials using professional building contractors and other inflationary factors.

This approach by its very nature is regressive, shifting a disproportionate tax burden to middle and lower-valued properties owned and rented by those in our community that can least afford it. Buildings that are 20 years or older with functional obsolescence and homebuilt structures are particularly impacted. The injustice that has been created by this regressive taxation scheme will then compound year after year.

It is not a coincidence that we are experiencing the same chaos that brought lawsuits against the City and Borough of Juneau in 2021. Borough Manager, **Annette Kreitzer** should have known better when she recommended that Dahle be retained as a contract assessor.

Dahle's Alaska certification as an appraiser expired in 2006 according to **Heather Windsor**, Certification Board Committee Member, of the Alaska Association of Assessing Officers. His appraiser accreditation in the State of Washington is listed as "suspended" by the Washington Department of Revenue. That is "suspended" not expired.

[Washington State DOR Accredited Appraiser Search](#)

The injustices that are occurring in Haines this year under the direction of Contract Assessor Dahle are systemic and not isolated occurrences. A total of 227 appeals have been filed by Haines residents. Instead of receiving serious inquiries and site visits in response to their appeals many appellants are receiving threatening emails saying that the assessment will be increased if relief is pursued to the Board of Equalization.

Threats and Intimidation

One homeowner received a threat from the Assessor's Office that his assessments would be increased if he refused to drop his appeals. The appellant continued forward with his appeals and ninety minutes before the deadline for his packet to be submitted for the BOE hearing he received a notification via email that all four properties would be increased. The building value for two of the properties increased over 33%. Even a vacant lot went up \$10,000.

You can hear the appellant's BOE testimony yourself from the Haines BOE hearing on October 11, 2023, starting at 26 minutes and 10 seconds (26:10) at the below link:

BOE Testimony

[Haines BOE October 11, 2023](#)

An Open Letter was recently published in Haines detailing a personal account of the property owner's experience when the property owner appealed the assessment on their modest property in the Mosquito Lake area of Haines Borough. In preparation for the BOE hearing the property owners obtained a certified appraisal with a value of \$620,000 which was supported by the testimony of a local real estate salesperson with 26 years of experience in Haines.

Contract Assessor Dahle responded with a recommendation to the BOE to increase the assessment up to \$1.1 Million. That is correct, after seeing the appraisal the Assessor's office adjusted the value up, not down.

During the hearing Haines BOE members expressed their belief that the appellant met the burden of proof beyond a preponderance of evidence. Their deliberations were interrupted in advance of the vote by Haines Mayor *Doug Olerud* to discourage finding in the appellant's favor out of fear that it would set a precedent. Olerud was not a member of the BOE but was acting as chair. His non-voting role should have prevented him from entering the deliberation.

Apparently, the ability of a property owner to succeed on appeal was unacceptable to the mayor regardless of the overwhelming evidence. All BOE members fell in line with the mayor's direction. The final decision was \$818,700 because it was a number presented by the assessor at one point and seemed like a compromise between the \$1.1 Million recommended increase and the appraisal of \$620,000.

[Haines BOE July 20, 2023](#)

Similar cases have also become publicly known, including a local small business owner and two other heartbreaking appeals that were heard at the Board of Equalization (BOE) meeting on October 5, 2023. Many other residents have dropped their appeals due to the threat of their property assessments being increased further if they pursued justice to the BOE.

In testimony during the October 5th BOE one of our neighbors spoke about how difficult it has been to hear disparagement of her single Mother's accomplishments while exposing defects of their homebuilt house. **She was forced to display the substandard conditions of her abode on the record and in public.** This is something that should have been resolved in a private meeting with the assessor

where the less fortunate among us have an opportunity to be treated respectfully and with dignity.

You can hear the recording yourself at the following link:

[Haines BOE Hearing October 5, 2023](#)

These types of situations can cause people to feel bullied and helpless that can create a sense of desperation and hopelessness to the point of suicide. Alaska has one of the highest suicide rates in the nation. Haines itself has endured the loss of too many of our friends and neighbors that have taken their own lives in recent years out of a sense of the hopelessness they endured.

This is not a joke or a game to the people who have suffered the indignities that has occurred this year from “city hall”.



Haines, Alaska is located in the Chilkat Valley accessible by road some 777 miles from Anchorage. This port is where the **Alaska Marine Highway** links the majority of Alaskans to their capital which is only accessible by water travel or flight on Alaska Airlines—which has a monopoly and actually has blocked elected officials from flying there to do the job they were elected to perform. Haines is an interesting community and DONN LISTON taught 6th grade there in 2006-07.

[Senator Reinbold Sues Seattle Airlines](#)

Call for Dignity and Accountability from Local Government

We are better than this and our government must be held accountable by the people they serve!

The systemic pattern of threatening property owners with additional increases if appellants continue their appeal to the Board of Equalization will not stop if we consent with silence. We must stand up and speak out to ensure the government is held accountable.

I do not fault the current assembly that are serving as BOE members. They have been thoughtful and genuinely appear to want to make the right decision. But during their deliberations they have been pressured by Mayor Olerud to side with the Contract Assessor despite statements and overwhelming evidence to the contrary.

I fault a failure by our State and local government to establish checks and balances on the heavy hand of government against the public they serve.

Calls to the State Assessor's office to expose process errors and Contract Assessor Dahle's threats to increase assessments if appellants refused to drop their appeal resulted in a BOE retraining that occurred on September 21, 2023. During the retraining State Assessor **Joseph Caissie** encouraged the BOE to support the Assessor's opinion.

Caissie's argument was that even if the model the assessor is using consistently established assessments at 150% or even up to 200% of full and true market value that was okay if there is "uniformity". In Mr. Caissie's words the job of the assembly is not to reduce assessments to market value, but instead "the job of the assembly (is) to set the mill rate lower".

Hear the State Assessor's words of advice to the Haines BOE on this link for the full context of his argument during the training.

[Haines BOE State Assessor Retraining September 21, 2023](#)

High-Handed Local Government Officials

Unfortunately, the argument that it would be fair and equitable to uphold assessments to more than full and true market value based on the new hybrid valuation method instituted by Dahle in Haines this year fails to hold water for several reasons.

1. State of Alaska Statute 29.45.110 requires property to be assessed at its *"full and true value as of January 1 of the assessment year...the estimated price that the property would bring in an open market and under the then prevailing market conditions in a sale between a willing seller and a willing buyer both conversant with the property and with prevailing general price levels"*. Use of a cost methodology that creates significantly inflated valuation of property fails to meet that mandated assessment valuation.
2. The regressive nature of the mass appraisal with the exotic hybrid cost methodology

disproportionately burdens owners of middle and lower-valued properties.

3. Inflating property assessment beyond “full and true value” circumvents the will of the people that live in communities, like Haines, that have enacted millage cap rates to limit the taxation on property.

What is the root cause of the problem that is occurring this year? It all started eleven months ago when Borough Manager, **Annette Kreitzer** committed our government to contract with Dahle. It appears she committed to Dahle without seeking proposals from other contract assessors. Kreitzer then went to the assembly on December 13, 2022, for a procurement resolution to reward Dahle with a long-term contract paid by you and me, the taxpayers of Haines.

Dahle previously worked for CBJ in the assessor’s office and was at the center of the chaos in 2021 that occurred when commercial properties received increased assessments to 150% regardless of the area they were located or how the Covid-19 shutdowns affected their industry.

[Strictly commercial: Property owners chafe at new assessments](#)

Multiple property owners sued CBJ in Superior Court with the intention of elevating to the Supreme Court if necessary. CBJ struck a compromise with the appellants that included the municipality enacting an ordinance that required the assessor’s office to work within state and nationally recognized guidelines.

CBJ Ordinance 2022-21(b) adopted December 12, 2022

[CBJ Ordinance Archive 89086](#)

[CBJ Ordinance 2022-21 BOE Procedure](#)

During this time, a Juneau appellant watched Dahle perform at a BOE hearing in June of 2022. I was informed that during the hearing Dahle publicly disparaged professionals that provide evidence contrary to his assessments and referred to certified appraisers as “hired guns”. The appellant told me he expected Dahle to be present for his appeal to the BOE. However, Dahle was noticeably absent, and it was announced that he was suddenly “retired”.

A few short months later Dahle was then invited into our community and offered a contract to work for the Haines Borough by Kreitzer, who is also from Juneau.

Once Kreitzer had Dahle under contract significant changes to assessments were undertaken by putting into place the new regressive methodology. The people were not provided with transparency or an opportunity for public comment about the potential for unintended consequences. What we did receive was a propaganda campaign from borough officials selling the merits of the change as being “fair and equitable” in public statements to KHNS, CVN, and on the record in public meetings.

<https://www.chilkatvalleynews.com/story/2023/03/30/news/property-tax-assessments-increase/16889.html>

<https://www.chilkatvalleynews.com/story/2023/08/03/news/borough-defends-tax-assessments-after-appeals/17266.html>

<https://www.chilkatvalleynews.com/story/2023/08/31/news/residents-fume-over-property-tax-assessments-plot-fixes/17350.html>

Chilkoot Charlie: *We Cheat the other Guy and pass the Savings on to YOU!*

The Haines Borough also officially acknowledged the change in methodology in the FY24 adopted budget. In the “Manager’s Memo” section of the final FY24 Budget Kreitzer documented the following:

“We are continuing with a contract assessor in FY24, as he assists in training staff, and continuing the move toward mass appraisal, which will ensure more fairness and equity in property valuations in the coming years.”

– Page 3 of the Manager’s (Page 5 of the FY24 Budget)

“As we move toward a mass appraisal system that will provide more uniformity and equity in assessments, this year individual property values increased by about 16% over previous years. As we continue down this path, it should result in fewer spikes in property assessments in the future.”

– Page 4 of the Manager’s Report (Page 6 of the FY24 Budget).

[Haines Borough FY24 Adopted Budget](#)

Alaska Statute 29.45.150 protects the public’s interests by requiring a municipality to take formal action by resolution or ordinance in advance of enacting a systematic reevaluation. By requiring formal action, a municipality is required to disclose the new approach and provide an opportunity for the public to weigh in with public comments prior to adopting the change.

Haines Borough failed to provide the public with an opportunity to learn about and provide public comments on the systematic proposed change as required by statute. A Haines resident has received a legal opinion letter which states in part that:

“The manner by which the Haines Borough has assessed real property within the Haines Borough deviates from procedural requirement set out in state law and the Haines Borough ordinances...Without corrective action by the Haines Borough to cure the improper adoption and application of the new assessment methodology and conformity with mandatory timelines for appeals, further action by the Haines Borough Board of Equalization regarding pending property tax appeals violates applicable legal principles.”

When assembly members were made aware of the requirements stated in AS 29.45.150 during public comments at the September 26, 2023, assembly meeting, this issue was referred to the borough's legal firm, Chandler, Falconer, Munson, and Cacciola, LLP. In response the attorneys issued a 12-page letter explaining why in their opinion it was okay for the Haines Borough to have gone forward with a systematic assessment change without a resolution or act.

As a former assembly member, I have experience with the borough's law firm and their 'circle the wagons' approach when public concerns are raised about borough actions and / or process issues. My suspicion has always been piqued when I read phrases like, "*ambiguous*", "*antiquated*", "*alternative interpretation*" in opinion letters from the borough attorneys.

Now that the public has called out our government for an alleged violation of Alaska Statute 29.45.150 which, the government is now claiming there has not been a systematic reevaluation. But the record speaks for itself. You can hear Dahle himself state that there is a plan to change to "a mass appraisal standpoint rather than an individual appraisal standpoint". This was stated on the record during the December 13, 2022, Assembly Meeting. The recording is available at the link below and Dahle begins speaking at 57 minutes and 30 seconds into the recording (57:30).

[Haines Borough December 13, 2022 Assembly Meeting](#)

Attorney **Joe Geldhof** from Juneau wrote the opinion quoted above for one of our appellants and is very familiar with the Haines Borough. It is my understanding that the last time he was willing to take on an issue with Haines Borough it resulted in the overturning of an election. The case resulted in **Daymond Hoffman** being seated as an assembly member despite the fact the Haines Borough claimed they did nothing wrong in the counting of the votes. He is not an attorney that puts forth frivolous arguments.

<https://www.adn.com/voices/article/our-view-close-one/2009/12/03/>

<https://www.adn.com/politics/article/court-ruling-reverses-haines-election/2009/11/17/>

Between Chandler, Falconer, Munson, & Cacciola or Joe Geldhof, I would choose Geldhof hands down for truth and accuracy.

I am speaking out publicly on this issue because an injustice is occurring, and it needs to be corrected. Our government receives its authority from the people it serves. It is time that "we the people" regain control of our government through our elected representatives.

Please reach out to your elected officials and request them to make a commitment to reverse these injustices by becoming an advocate in support of legislative changes. We need to ensure there are codified protections for the people against the heavy hand of "city hall" to protect appellants rights against regressive and unjust property assessments and unlicensed contract assessors.

We Can and Must Do Better.

Brenda Josephson
Haines, Alaska

Haines resident Brenda Josephson has held elective office on the Haines Borough Assembly and Haines Borough School Board. She also served her community as a Haines Borough Planning Commissioner and Haines Chamber of Commerce Board of Directors. She is licensed by the State of Alaska for real estate sales and is federally licensed tax professional authorized by the US Department of Treasury to practice as an Enrolled Agent before the Internal Revenue Service.

Category

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2. Alaska Property Rights
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