



Mayor Dan Sullivan

February 11, 2015

Honorable Senator Giessel
Senate District N
Alaska State Capitol, Room 427
Juneau, Alaska 99801

Honorable Senator Giessel:

The Municipality of Anchorage supports SB 45. The Anchorage Assembly added it to the Municipality's 2015 Legislative Program requests to bring fairness to the taxation system that funds parks and recreational opportunities for not only Anchorage residents, but also for its thousands and thousands of visitors.

There are approximately 771 parcels within the outer boundaries of the Anchorage Parks and Recreation Service Area that do not pay taxes for parks and recreation services due to the vagaries of expansion of the service area during 40 years of city growth. Our preliminary research indicates some majority of them are privately held lots that are no different from their neighbors. Yet, due to a state statute, they enjoy a de facto tax exemption that cannot be changed by a majority vote of Anchorage's citizens.

The existing state statute (AS 29.35.450) was amended just over ten years ago to include a "dual majority vote" requirement that gives some people who benefit from parks and recreation services a veto power greater than the voting power of a majority of the taxpayers who pay to provide the services. For example, assume there are 10 lots inside a Parks and Recreation Service Area, but that are not legally part of the Service Area – like a donut hole - and don't pay property tax for parks and recreation services while everybody around them does. They enjoy the same use of all that the Municipality has to offer in parks and recreational opportunities; but they get it for free. Their neighbors pay their parks and recreation tax burden for them.

The 300,000+ residents of Anchorage could, by majority vote decide to include these 10 lots because the 10 property owners get the same use of all the trails, parks, and activities in the parks that everyone else gets (and pays for). However, unless at least 6 of the 10 lot owners vote to include and tax themselves (the "dual majority vote" requirement), the 10 lots remain "outside" the service area and don't pay the tax - despite the overwhelming vote of all of Anchorage's citizens. This is because of the wording in the statute that requires the "dual majority vote." This is unfair and needs to be addressed by statutory amendment. Our preliminary analysis suggests the Anchorage Parks and Recreation Service Area tax burden is being unfairly shifted from these "exempt" properties to other taxpayers in the amount of approximately \$1 million a year.

I hope the legislature is able to address this inequity in the current legislative session. Thank you for your consideration.

Sincerely,

Dan Sullivan
Mayor