

# Alaska State Legislature

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## REPRESENTATIVE PAUL SEATON Rep.Paul.Seaton@akleg.gov

### Sponsor Statement HB 338

In 1972, the legislature created the property tax exemption for seniors 65 years or older. At that time the exemption was income based and provided to low income seniors whose gross annual income was \$10,000 or less. Lawmakers later eliminated the income requirement. Under current statute AS 29.45.030, municipalities must exempt seniors 65 years or older from paying property taxes on the first \$150,000 of the assessed value of their permanent home in the municipality where they live. The state has not provided the promised reimbursement to municipalities for the amount of lost property tax since 1997. The senior exemption also applies to hospital and fire service area assessments as well as any general residential property tax. This is now a state unfunded mandate which limits the flexibility of municipalities to fund their local budgets for schools, hospitals, public safety and roads.

Alaska's \$3.8 billion deficit is reducing state support and services previously provided to municipalities through programs such as community revenue sharing and fish tax sharing. State subsidies for many services are now being cut and passed on to cities and boroughs to fund. Until the state's budget deficit is balanced, municipalities will continue to see further reductions from the state for vital services. To balance their own budgets, cities and boroughs need flexibility to decide which measures will meet the needs of their communities. If a large senior segment of the community is mandated to be exempt from property tax, it increases the tax burden on the younger residents. Local communities have different demographics, needs, and priorities which should be addressed at the local level. It is unfair of the state to restrict, without compensation, a municipality's ability and choice on how they fund their own budget.

**HB 338** *Municipality Property Tax Exemptions*, will give municipalities the choice on exempting all or part of a senior's property tax. It would remove seniors 65 years or older from the state mandatory property tax exemption list in statute and shift them to the optional exemption of local cities and boroughs. The bill will allow municipalities to accomplish this through an ordinance. Citizens could still challenge any ordinance through a voter initiative and exercise appropriate influence on their elected officials. I introduced this bill after receiving the City of Homer's Resolution 15-111 in which they unanimously supported legislation of this kind.

The state needs to support our cities and boroughs as they struggle to balance their own budgets to maintain vital services for their citizens.