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CS-HB 338 Sectional Analysis **Version: 29-LS1335\ P**

*Please note that a sectional analysis of a bill or resolution should not be considered an authoritative interpretation of the measure itself.
The legislation is the best statement of its contents.*

Section 1 (page 1, line 6) – Current statute excludes all state mandatory property exemptions from the full and true property values used to determine a municipality’s required local contribution to their school district. HB 338 moves the senior’s property tax exemption from the state mandatory list to an optional municipality list. This section adds language to maintain the exclusion of the first \$150,000 in assessed property value of optional senior property tax exemptions from the determination of a municipality’s required location contribution to their school district, under AS 14.17.510(a), regardless of whether the municipality exempts the property. This will maintain state support and a municipality’s required local contribution at current levels. If the senior property value was not excluded, then a municipality’s required local contribution would increase and the state’s support would decrease by an equal amount.

Section 2 (page 2, line 22) – Removes seniors 65 years of age or older from the state mandatory list of residents who must receive an exemption from general taxation for their real property owned and occupied as the primary residence and permanent place of abode. Removes the requirement for approval by voters and allows a municipality to pass by ordinance an exemption for a widow or widower under 60 years of age of a person who qualifies for the exemption under this section. (Note: HB 338 moves seniors from the mandatory list to the optional municipality list noted in Section 4.)

Section 3 (page 3, line 14) – Removes seniors 65 years of age or older from the municipality list of optional property value exemptions that exceed \$150,000. (Note: HB 338 moves seniors from this section to a new subsection (Section 4) where a municipality can exempt “all or part” - so listing under this section is no longer necessary.) Removes the requirement for approval by voters and allows a municipality to pass by ordinance any approved exemptions over \$150,000 for disabled vets and their eligible widows/widowers.

Section 4 (page 3, line 23) – New section: Subsection (y) allows a municipality to decide if all or part of assessed value of a resident senior’s real property is exempt from property taxation. The property must be owned and occupied as the primary residence and permanent place of abode. This exemption can also be extended to an eligible senior’s widow 60 years or older. New subsection (z) allows a municipality to base their senior exemption on hardship or need. A municipality is allowed to determine how a senior would qualify for a hardship or needs based exemption. For example, they could create an income limit or use an existing asset test such as qualifying for food stamps or other needs based program.

Section 5 (page 4, line 1) – New section: this transition language will maintain existing senior property tax exemptions in municipalities after passage of the bill, until a municipality takes action to either remove or change the exemption. For those municipalities that already have an ordinance related to exemption of the first \$150,000 or more of the assessed value of a resident senior’s property tax, those ordinances will stay in place until the municipality takes action. For those municipalities who do not already have an existing ordinance, this section and transitional language will maintain the first \$150,000 exemption for seniors within the municipality after passage of the bill until that municipality takes action to create an ordinance to remove or change the exemption.

Section 6 (page 4, line 8) – Provides an effective date of January 1, 2017.