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February 28, 2012

House C&RA
State Capitol Building
Juneau, Alaska 99811

Dear House C&RA members,

The Alaska Municipal League is opposed to HB 40. While we realize that this bill leaves the municipality a choice as to whether to make this exemption a reality, more and more "optional" exemption bills continue to be introduced. While the optional bills can be dealt with, when you add them to the mandated tax exemption laws currently in place, it exacerbates an already large financial problem. While we understand the desire to lower tax burdens on those who are less able to pay, we are also concerned about those who must shoulder this burden.

Simply put, we feel as property taxing authority under Title 29 belongs to the local governments in this state, that the state should refrain from attempting to "suggest" any more exemptions. Current law exempts senior citizens and disabled veterans for the value of the first \$150,000 value of their primary home. The state is instructed to reimburse municipalities for that exemption. However, the state has made the decision not to do so.

Total Tax Amount Exempt Statewide on the Senior Citizen and Disabled Veteran
Mandatory Property Tax Exemption **\$53,315,762**
Total State Revenue Sharing to Municipalities **\$60,000,000**
The increase in exemptions is increasing at approximately 7% per year.

The breakdown for the largest municipalities is as follows:

	Tax Amount Exempt	Revenue Sharing
Anchorage	\$26,044,862	\$15,053,452
Mat-Su Borough	\$ 8,480,927	\$ 4,332,643
Fairbanks North Star Borough	\$ 8,465,515	\$ 3,813,595
City & Borough of Juneau	\$ 2,103,014	\$ 2,017,698
Kenai Peninsula Borough	\$ 4,174,276	\$ 2,554,445
Ketchikan Gateway Borough	\$ 1,048,826	\$ 637,115
Kodiak Island Borough	\$ 770,509	\$ 732,242

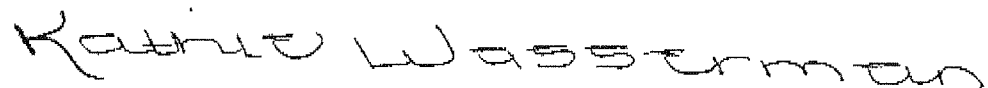
As you can see, the larger municipalities in this state receive less from Revenue Sharing than they are mandated to exempt under AS. 29.45.030(g). We would encourage the Legislature to have a discussion concerning the mandated Senior

Member of the National League of Cities and the National Association of Counties

Citizens' Property Tax exemption with regards to the State reimbursing municipalities under AS 29.45.030 (g).

We would be happy to discuss this matter with you at any time.

Sincerely,

A handwritten signature in black ink that reads "Kathie Wasserman". The signature is written in a cursive, flowing style.

Kathie Wasserman
Executive Director