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Alaska House of Representatives
Community & Regional Affairs Committee
State Capitol
Juneau, Alaska 99801-1182

21 March, 2016

Re: H.B. 338 Municipal Property Tax Exemption
Testimony for Hearing Record, 24 March 2016

Please include these comments in your hearing record on 24 March, 2016

I am very much dismayed by this bill and the actions of hopefully short tenured Rep Paul Seaton for his introduction of this bill. The City Council of Homer very silently slid their underlying resolution through, despite previous public testimony at earlier budget workshops that seniors exemptions should not be targeted. That being said, please consider the following.

True, seniors make up a significant percentage of Alaska residents, most of whom have worked a full career here, and have (and continue to) paid/pay substantial taxes and other expenses in support of their communities (in my case about 40 years). Like it or not, you all will be senior citizens in a period of time that will rapidly fly past, and you will soon feel the negative effects of your actions if HB 338 passes.

Seniors, per current budget analyses, are major contributors top the state economy. The allegation that they are drawn to Alaska to benefit from the medical care is ludicrous, as medical care here is substantially greater than outside medical costs. In fact, the medical community and major hospitals benefit greatly from the senior citizen customer base, which can be adversely impacted if municipalities are give the option to opt out of the baseline property exemption to the detriment of seniors financial ability to maintain their residences here.

Seniors rely on fixed incomes, pensions, social security, and personal savings. They additionally have reached a stage in life where they are incurring significant (in some cases major) medical expenses, fortunately, I am not included in that situation, as my retirement provides medical coverage - but most do not have that benefit.

Personal savings are important, although many do not have them, but when they have to be expended on critical needs (home repair, auto replacement, medical, etc.) there is no way to replace those savings on their fixed incomes.

The current state mandated exemption of $ 150,000 is both reasonable, and appropriate and it should not be within the discretion or authority of local governments to abdicate therefrom. I have no problem with municipalities or other taxing authorities having jurisdiction over taxation above this threshold, but we (most seniors) do not trust local government to maintain this baseline exemption if this bill passes.

In the case of Homer, whose council snuck this resolution through, the estimated loss in tax revenue is $ 275,000, which is minuscule in the entire City's budget process. That amount could is probably equivalent to about 2.5 city employees (when benefits are included) - which can easily be offset by cutting the fat.

I would also point out that the State needs to look at real property tax collected from property outside incorporated boroughs. There are many expensive properties, lodges, etc worth hundreds of thousands to millions, that pay absolutely no property tax, despite the fact that those areas benefit from state expenditures for schools, roads, airports, law enforcement, and other basic services. Maintenance of the $ 150,000 state exemption, and taxation on unincorporated areas could protect many of the lower income property owners, while generating significant revenues from the more expensive properties.

Please kill HB 338, and do not put the financial security of your seniors at risk. Those with affluent properties will continue to pay substantial taxes, but those under the state mandated threshold will be protected, and may continue to enjoy the few years they have left.

Thank You

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xc: Rep Paul Seaton