

HOUSE BILL NO. 185

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE IVAN

Introduced: 2/20/95

Referred: Community and Regional Affairs, Finance

A BILL

FOR AN ACT ENTITLED

**1 "An Act relating to an exemption from municipal property taxes for certain
2 primary residences; and providing for an effective date."**

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

4 * Section 1. FINDINGS. (a) The senior citizen disabled veteran property tax exemption
5 was enacted by the legislature in 1973. It exempted people over the age of 65 from paying
6 municipal property tax. In 1985, the program was extended to include disabled veterans with
7 a disability of 50 percent or more. The state was to reimburse municipalities for tax revenue
8 lost because of the exemption. The original cost of the program was \$197,050. The cost of
9 the program in fiscal year 1995 was \$16,800,000. The state reimbursed municipalities only
10 \$1,500,000 for fiscal year 1995, an underfunding of \$15,700,000. Since inception, there has
11 been a steady increase in the number of applicants. The last year the program was fully
12 funded, 1985, there were 5,418 taxpayers eligible. For fiscal year 1995, the number increased
13 to 12,197 applicants. The legislature finds that this program has become an unfunded mandate
14 passed on to the municipalities who have taken on the fiscal responsibility for this policy.

1 (b) Municipalities have identified the senior citizen disabled veterans property tax
2 exemption as the most problematic unfunded mandate placed on municipalities by the state.
3 The municipalities believe that municipal taxpayers should have the right to address their
4 needs in each community that currently pays the cost of the mandate and the senior citizens
5 and disabled veterans of each community will have ample opportunity to address their needs
6 before their respective local governments. The legislature finds that it is appropriate to permit
7 this issue to be resolved on the local level.

8 * **Sec. 2.** AS 29.45.030(h) is amended to read:

9 (h) **Nothing** [EXCEPT AS PROVIDED IN (g) OF THIS SECTION,
10 NOTHING] in **(j)** [(e) - (j)] of this section affects similar exemptions from property
11 taxes granted by a municipality on September 10, 1972, or prevents a municipality
12 from granting similar exemptions by ordinance as provided in AS 29.45.050.

13 * **Sec. 3.** AS 29.45.030(k) is amended to read:

14 (k) The department shall adopt regulations to implement the provisions of [(g)
15 AND] (j) of this section.

16 * **Sec. 4.** AS 29.45 is amended by adding a new section to read:

17 Sec. 29.45.052. OPTIONAL EXEMPTION FOR CERTAIN PRIMARY
18 RESIDENCES. (a) The real property owned and occupied as the primary residence
19 and permanent place of abode by a resident of the state who is (1) 65 years of age or
20 older, (2) a disabled veteran, or (3) at least 60 years old and who is the widow or
21 widower of a person who qualified for an exemption under (1) or (2) of this
22 subsection, may by ordinance be exempted from taxation on all or part of the assessed
23 value of the real property. The exemption may be based on financial need as provided
24 in the ordinance. Only one exemption may be granted for the same property. If two
25 or more persons are eligible for an exemption for the same property, the exemption
26 may not be granted unless the parties decide between or among themselves who is to
27 receive the benefit of the exemption. Real property may not be exempted under this
28 subsection if the local assessor determines, after notice and hearing to the parties, that
29 the property was conveyed to the applicant primarily for the purpose of obtaining the
30 exemption. The determination of the assessor may be appealed to the superior court
31 under procedures set out in AS 44.62.560 - 44.62.570.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17

(b) In this section,
 (1) "disabled veteran" means a disabled person
 (A) separated from the military service of the United States
under a condition that is not dishonorable who is a resident of the state, whose
disability was incurred or aggravated in the line of duty in the military service
of the United States, and whose disability has been rated as 50 percent or more
by the branch of service in which that person served or by the Veterans'
Administration; or
 (B) who served in the Alaska Territorial Guard, who is a
resident of the state, whose disability was incurred or aggravated in the line of
duty while serving in the Alaska Territorial Guard, and whose disability has
been rated as 50 percent or more;
 (2) "real property" includes mobile homes, whether classified as real
or personal property for municipal tax purposes.

* **Sec. 5.** AS 29.45.030(a)(6), 29.45.030(e), 29.45.030(f), 29.45.030(g), 29.45.030(i), and
29.45.050(i) are repealed.

* **Sec. 6.** This Act takes effect January 1, 1996.