

ALASKA STATE LEGISLATURE
SENATE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE

February 22, 2006

1:31 p.m.

MEMBERS PRESENT

Senator Bert Stedman, Chair
Senator Gary Stevens, Vice Chair
Senator Thomas Wagoner

MEMBERS ABSENT

Senator Johnny Ellis
Senator Albert Kookesh

COMMITTEE CALENDAR

SENATE BILL NO. 265

"An Act increasing the total amount of bonds and notes that the Alaska Municipal Bond Bank Authority may have outstanding; and providing for an effective date."

MOVED SB 265 OUT OF COMMITTEE

SENATE BILL NO. 193

"An Act relating to an optional deferral of municipal property taxes on certain primary residences owned and occupied by individuals with incomes at or below federal poverty guidelines for the state."

HEARD AND HELD

SENATE BILL NO. 247

"An Act relating to the revenue sharing program; and providing for an effective date."

BILL HEARING POSTPONED

SENATE BILL NO. 246

"An Act making a special appropriation from the Alaska capital income fund to the revenue sharing fund; and providing for an effective date."

BILL HEARING POSTPONED

PREVIOUS COMMITTEE ACTION

BILL: SB 265

SHORT TITLE: BONDS OF BOND BANK AUTHORITY

SPONSOR(S): SENATOR(S) STEDMAN

02/03/06 (S) READ THE FIRST TIME - REFERRALS
02/03/06 (S) CRA, FIN
02/15/06 (S) CRA AT 1:30 PM BELTZ 211
02/15/06 (S) Heard & Held
02/15/06 (S) MINUTE(CRA)
02/22/06 (S) CRA AT 1:30 PM BELTZ 211

BILL: SB 193

SHORT TITLE: DEFERRAL OF MUNICIPAL PROPERTY TAXES

SPONSOR(S): SENATOR(S) BUNDE

05/04/05 (S) READ THE FIRST TIME - REFERRALS
05/04/05 (S) CRA, FIN
01/30/06 (S) CRA AT 1:30 PM BELTZ 211
01/30/06 (S) -- Rescheduled to 02/08/06 --
02/08/06 (S) CRA AT 1:30 PM BELTZ 211
02/08/06 (S) Heard & Held
02/08/06 (S) MINUTE(CRA)
02/15/06 (S) CRA AT 1:30 PM BELTZ 211
02/15/06 (S) Heard & Held
02/15/06 (S) MINUTE(CRA)
02/22/06 (S) CRA AT 1:30 PM BELTZ 211

WITNESS REGISTER

SENATOR CON BUNDE
Alaska State Capitol
Juneau, AK 99801-1182

POSITION STATEMENT: Sponsor SB 193

ANDY HERRINGTON
Fairbanks, AK

POSITION STATEMENT: Supported SB 193

STEVE VAN SANT, State Assessor
Department of Commerce, Community & Economic Development
PO Box 110800
Juneau, AK 99811-0800

POSITION STATEMENT: Commented on SB 193

MARIE DARLIN
Capital City Task Force for AARP
Juneau, AK

POSITION STATEMENT: Stated support for SB 193

ACTION NARRATIVE

CHAIR BERT STEDMAN called the Senate Community and Regional Affairs Standing Committee meeting to order at [1:31:30 PM](#). Present were Senators Thomas Wagoner, Gary Stevens and Chair Bert Stedman.

SB 265-BONDS OF BOND BANK AUTHORITY

[1:32:21 PM](#)

CHAIR BERT STEDMAN announced SB 265 to be up for consideration. He noted that public testimony was taken at the previous hearing then asked if anyone else had questions or comments. Finding none, he asked for a motion.

[1:32:59 PM](#)

SENATOR GARY STEVENS motioned to report SB 265 from committee with individual recommendations and attached fiscal notes. There being no objection, it was so ordered.

SB 193-DEFERRAL OF MUNICIPAL PROPERTY TAXES

[1:33:30 PM](#)

CHAIR BERT STEDMAN announced SB 193 to be up for consideration and asked for a motion to adopt the committee substitute (CS).

SENATOR GARY STEVENS moved \G version CS for SB 193 for discussion purposes.

CHAIR STEDMAN called a brief at ease at [1:35:18 PM](#).

[1:37:44 PM](#)

CHAIR STEDMAN asked Senator Bunde to comment on the CS.

SENATOR CON BUNDE, Sponsor of SB 193, explained he changed the title and removed "owned and occupied by individuals with incomes at or below the federal poverty guidelines for the state". In Section 1 the requirement of 10 years occupancy in the home was changed to eligibility for a permanent fund dividend. That streamlines the requirement with current statute relating to the senior and veteran exemptions. Page 1, line 13, (C) increases the income requirements to three times the federal

poverty guidelines. That allows municipalities more discretion in choosing eligibility guidelines. He noted that the last two changes were made at the Chair's request. Page 2, line 2 deals with partial ownership. It requires that all owners maintain the property as a primary residence; that they are eligible for a permanent fund dividend; and that the combined income is less than three times the federal poverty guideline. Page 2, line 10, (b) requires that all owners apply annually. Page 2, line 18, (c) allows municipalities to record a lien on the property to ensure that they would be reimbursed.

CHAIR STEDMAN asked if he was comfortable with the bill in its current form.

[1:39:41 PM](#)

SENATOR BUNDE replied yes. He then emphasized that the bill is designed as a local option.

CHAIR STEDMAN asked if the reason for the bill is that under current statute communities don't have the flexibility to offer the deferral.

SENATOR BUNDE responded if this were established in statute more communities would probably consider offering residents this option. He reiterated that people in catastrophic circumstances shouldn't have to worry about losing their property due to an inability to pay property taxes.

CHAIR STEDMAN asked about anticipated participation.

SENATOR BUNDE replied anecdotal evidence indicates that there is considerable interest in the option.

CHAIR STEDMAN asked him to clarify that there isn't an age limit. He then reiterated the requirements listed previously.

SENATOR BUNDE said correct. Some people have suggested that the senior deferral [exemption] be increased, but that program is an unfunded mandate.

CHAIR STEDMAN opened public testimony.

[1:43:05 PM](#)

ANDY HERRINGTON, Fairbanks, testified via teleconference to state support for SB 193.

[1:44:50 PM](#)

STEVE VAN SANT, State Assessor, Department of Commerce, Community & Economic Development clarified that the senior program is an exemption rather than a deferment. He advised that most assessors see this as a useful tool, but some municipalities have expressed concern that there is no ability to collect interest on the deferred property tax.

CHAIR STEDMAN asked about anticipated participation.

MR. VAN SANT replied it's hard to say, but in the five years he was an assessor in Anchorage about a dozen or so people came forward who would have benefited from this proposal.

CHAIR STEDMAN asked if this would impact the senior hardship exemption.

MR. VAN SANT explained that very few senior hardship exemptions are applied for or granted. This would offer municipalities an option other than granting an outright exemption.

[1:49:43 PM](#)

SENATOR BUNDE referenced the concern Mr. Van Sant voiced about municipalities not receiving interest on the deferred taxes and said he still views this as a win-win situation. The municipality would eventually get its money.

[1:51:23 PM](#)

MARIE DARLIN, Capital City Task Force for AARP, reported that a supporting letter had been submitted. She expressed the view that the \G version CS improves the bill further.

[1:52:23 PM](#)

CHAIR STEDMAN reiterated there is no tie between SB 193 and the current \$150,000 senior property tax exemption.

There was no further testimony and he closed the public hearing.

CHAIR STEDMAN stated that he didn't have a quorum so he would hold SB 193 in committee.

There being no further business to come before the committee,
Chair Stedman adjourned the meeting at [1:54:24 PM](#).