

# FISCAL NOTE

**STATE OF ALASKA**  
**2007 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: CSHB 199(CRA)  
 (H) Publish Date: 5/11/07

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
 Title Muni Property Tax Exemption RDU Tax and Treasury  
 Component Tax and Treasury  
 Sponsor Kawasaki  
 Requester House Community and Regional Affairs Component No. 2476

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	*	*	*	*	*	*
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>

Estimate of any current year (FY2007) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

See page two

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 Division Department of Revenue Date/Time 5/2/07 12:00 AM  
 Approved by: Jerry Burnett Date 5/2/2007  
 Agency Department of Revenue

## FISCAL NOTE #1

STATE OF ALASKA  
2007 LEGISLATIVE SESSION

BILL NO. CSHB 199(CRA)

### ANALYSIS CONTINUATION

Increasing an exemption for one part of a tax base simply redistributes the burden to other parts, assuming the budget remains constant. In this case if you increase the exemption for residential properties yet budgetary needs remain the same, the burden is simply redistributed to other parts of the tax base, like commercial and oil and gas property.

In the case of oil and gas property, local jurisdictions that do not tax at the full 2% rate for oil and gas property might need to raise their mill rate to capture more oil and gas property tax revenue to offset the increased exemption for residential property. Because the state takes the difference between the 2% rate oil and gas property is taxed at and a local jurisdictions mill rate, this could cost the State revenue.

To look at this more closely one would need an understanding of:

- 1) The mill rates for all of the jurisdictions that have oil and gas property
- 2) The current state take from oil and gas property tax in the organized areas (2% - mill rate)
- 3) The value of commercial and oil and gas property in relation to residential property for each jurisdiction
- 3) Assume whether or not this law would be just for owner occupied or else for any residential property owner
- 4) The amount of people in each jurisdiction that would benefit from the exemption currently
- 5) The budgets for each jurisdiction
- 5) The dollar impact this would have on the budget
- 6) The shift that would take place from residential to commercial and oil and gas property

### **FY 2006**

#### **Distribution of the Petroleum Property Tax**

**\$ million**

Municipalities	Gross Tax	Local Share	State Share
North Slope	209,117,565	199,184,481	9,933,084
Unorganized	37,488,458	0	37,488,458
Valdez	18,307,095	18,307,095	0
Kenai	11,141,400	7,049,578	4,091,822
Fairbanks	7,556,342	5,795,097	1,761,245
Anchorage	4,033,072	3,082,698	950,375
Other Munis (1)	154,032	93,654	60,378
<b>Total</b>	<b>287,797,964</b>	<b>233,512,603</b>	<b>54,285,362</b>

(1) Other Munis include Matanuska-Susitna Borough, Cordova and Whittier