

ALASKA STATE LEGISLATURE
SENATE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE

February 18, 2010

3:33 p.m.

MEMBERS PRESENT

Senator Joe Thomas, Vice Chair
Senator Hollis French
Senator Albert Kookesh
Senator Linda Menard

MEMBERS ABSENT

Senator Donald Olson, Chair

COMMITTEE CALENDAR

SENATE BILL NO. 120

"An Act relating to an optional exemption from municipal property taxes for residential property."

- MOVED CSSB 120(CRA) OUT OF COMMITTEE

SENATE BILL NO. 232

"An Act relating to an optional municipal property tax exemption for residential property."

- MOVED SB 232 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SB 120

SHORT TITLE: MUNICIPAL PROPERTY TAX EXEMPTION

SPONSOR(S): SENATOR(S) THOMAS

02/20/09	(S)	READ THE FIRST TIME - REFERRALS
02/20/09	(S)	CRA, FIN
02/04/10	(S)	CRA AT 3:30 PM BELTZ 105 (TSBldg)
02/04/10	(S)	Heard & Held
02/04/10	(S)	MINUTE(CRA)

BILL: SB 232

SHORT TITLE: MUNICIPAL RESIDENTIAL PROPERTY TAXES

SPONSOR(S): SENATOR(S) WIELECHOWSKI

01/19/10	(S)	READ THE FIRST TIME - REFERRALS
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01/19/10 (S) CRA, FIN
02/04/10 (S) CRA AT 3:30 PM BELTZ 105 (TSBldg)
02/04/10 (S) Heard & Held
02/04/10 (S) MINUTE(CRA)

WITNESS REGISTER

GRIER HOPKINS

Aide to Senator Thomas
Alaska State Legislature
Juneau, AK

POSITION STATEMENT: Provided information on SB 120 for the sponsor.

GEORGE ASCOTT

Aide to Senator Wielechowski
Alaska State Legislature
Juneau, AK

POSITION STATEMENT: Provided information on SB 232 for the sponsor.

ACTION NARRATIVE

[3:33:23 PM](#)

VICE-CHAIR THOMAS called the Senate Community and Regional Affairs Standing Committee meeting to order at 3:33 p.m. Present at the call to order were Senators French, Menard, Kookesh and Thomas.

SB 120-MUNICIPAL PROPERTY TAX EXEMPTION

[3:33:59 PM](#)

VICE-CHAIR THOMAS announced the first order of business to come before the committee to be SB 120. Senator Thomas, as sponsor of SB 120, handed the gavel over to Senator French to chair the meeting.

SENATOR MENARD moved to adopt the proposed committee substitute to SB 120, labeled CSSB 120(CRA), Version R, as the working document. There being no objection, the motion carried.

SENATOR THOMAS said CSSB 120(CRA), Version R, increases the maximum optional municipal property tax exemption for a private residence from \$20,000 to \$50,000. SB 120 originally proposed a maximum of \$100,000 and this was lowered to \$50,000 on page 1, line 9. SB 120 does not mandate any action by the municipalities

but allows those which have taxing authority to increase their residential property tax exemptions. Currently, 14 boroughs and 12 cities with a combined population of about 590,000, levy property tax.

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SENATOR THOMAS said SB 120, by allowing local control in setting the exemption at any amount up to \$50,000, would give municipalities with a large enough population the ability to relieve the tax burden borne by homeowners. Local ordinance would then require voter approval before enactment. Legislation in 2004 resulted in the implementation of a \$20,000 optional exemption which has been a valuable tool for municipalities. He urged the timely passage of SB 120 as municipalities attempt to diversify their income base and respond to the needs of private citizens struggling with today's rising costs.

SENATOR MENARD asked if SB 120 was being brought forward because of rising energy costs.

SENATOR THOMAS answered yes and referred to Table 1 which showed which municipalities have property tax, sales tax or special taxes. Currently, only some municipalities have taken advantage of the allowable exemption of up to \$20,000 and SB 120 does not mean that all municipalities will implement the exemption up to \$50,000. He mentioned that an initiative had also been started to put an increased exemption before the voters.

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SENATOR FRENCH asked if any table showed which municipalities had taken advantage of the municipal property tax exemption and how much they had exempted.

SENATOR THOMAS referred him to a table called "Municipal Residential Property Tax Exemptions Authorized."

GRIER HOPKINS, staff to Senator Thomas, explained that 30 municipalities assess property tax but do not use any exemption and 6 municipalities enacted some portion of the \$20,000 exemption: Anchorage, Valdez, Bristol Bay, Fairbanks Northstar Borough, Kenai Peninsula and the North Slope Borough.

SENATOR FRENCH stated that some municipalities were taking advantage of the law that was put on the books in 2004 and SB 120 would give them the opportunity to continue doing so.

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SENATOR FRENCH closed public testimony.

SENATOR MENARD said she thought SB 120 was an excellent way to allow the different municipalities and cities to do what they want. She remembered the past governor doing away with property taxes in Wasilla because they were so high and it worked well. She appreciated that they were "stepping this up a little bit" so it wouldn't have to go out as an initiative.

SENATOR MENARD moved to report CSSB 120(CRA) from committee with individual recommendations and attached fiscal note(s). There being no objection, the motion carried.

SENATOR FRENCH noted that the fiscal note for the CS might be different than for SB 120.

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SENATOR FRENCH announced an at ease from 3:43 p.m. to 3:44 p.m.

SB 232-MUNICIPAL RESIDENTIAL PROPERTY TAXES

[3:44:15 PM](#)

VICE-CHAIR THOMAS announced the next order of business to come before the committee was SB 232.

GEORGE ASCOTT, staff to Senator Wielechowski, said SB 232 and SB 120, now both with a \$50,000 exemption limit, are essentially identical. He explained the only different is that SB 232 allows the municipalities to extend the property tax exemption on to rental properties if they chose to do so; the intention being that the tax burden would not be passed on to renters.

SENATOR FRENCH moved to report SB 232 from committee with individual recommendations and attached fiscal note(s). There being no objection, the motion carried.

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VICE-CHAIR THOMAS, seeing nothing else to come before the committee, adjourned the meeting at 3:47 p.m.