

S B

250

Original sponsor: P.Fischer by Request

1 IN THE SENATE

BY THE COMMUNITY AND
REGIONAL AFFAIRS COMMITTEE

2 CS FOR SENATE BILL NO. 250 (C&RA)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to a tax exemption for real property
7 that is improved in a way that enhances its
8 appearance; and providing for an effective date."

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

10 * Section 1. AS 29.53.025(b) is amended to read:

11 (b) A municipality [MUNICIPALITIES] may by ordinance

12 (1) classify boats and vessels for purposes of taxation and
13 may establish the assessed valuation of boats and vessels on the basis
14 of their registered or certificated net tonnage; a tax based upon a
15 tonnage valuation shall not exceed \$5 a year for a boat or vessel of
16 less than five net tons and shall not exceed \$15 a year for a boat or
17 vessel of more than five net tons;

18 (2) classify and exempt from taxation

19 (A) the household furniture over \$500 in value and the
20 effects of the head of a family or a householder;

21 (B) the property of an organization not organized for
22 business or profit-making purposes and used exclusively for
23 community purposes, provided that income derived from rental of
24 such property does not exceed the actual cost to the owner of the
25 use by the renter;

26 (C) historic sites, buildings and monuments; and

27 (D) land of a nonprofit organization used for agricul-
28 tural purposes if rights to subdivide the land are conveyed to
29 the state and the conveyance includes a covenant restricting use

1 of the land to agricultural purposes only; rights conveyed to the
2 state under this subparagraph may be conveyed by the state only
3 in accordance with AS 38.05.069(c);

4 (3) exempt business inventories from taxation;

5 (4) classify as to type and exempt or partially exempt any
6 or all types of motor vehicles from taxation;

7 (5) exempt up to \$20,000 of the assessed value of real
8 property from taxation if the property has been cleaned up, repaired,
9 or altered during the tax year in a way that enhances its exterior
10 appearance.

11 * Sec. 2. This Act takes effect January 1, 1986.
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STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

MUNICIPAL & REGIONAL ASSISTANCE DIVISION

April 9, 1985

POSITION PAPER

RE: SB 250

SPONSOR: Senator Paul Fischer

Program Effects of Bill

We believe it would be cost prohibitive and unworkable to attempt the partial exemption as described in the bill. If municipalities were to adopt that concept it would certainly result in staff increases and undesirable shifts in the property tax burden.

Comments

Problems with the bill:

1. Discriminates against low income property owners.

Commercial businesses, industrial properties, condominium associations, and wealthy single family property owners would be in a financial position to take advantage of the exemption. Low income persons who could not afford repairs and expensive upkeep would take on the additional tax burden for each exemption granted.

2. Not workable logistically.

The Municipal assessor declares values and exemptions as of January 1. If, for example, it takes six months to view every property in a municipality, it would not be possible to determine when the cleanup or improvement occurred or whether, in fact, there actually was an improvement.

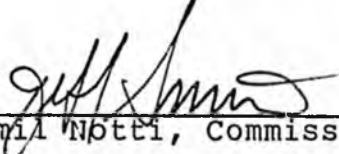
BILL SHEFFIELD, GOVERNOR

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Position Paper
RE: SB 250
April 8, 1985
Page 2

3. Inconsistent with intent of property tax.

Implementation of this concept would result in higher property taxes for some and lower property taxes for others. The basic concept of property taxation attempts to provide equal protection and services to property for equal taxes paid. The language in HB 250 is inconsistent with that concept. We believe a system providing for fines or penalties at the municipal level and incorporated in a beautification ordinance would be more effective and less costly to administer.



Emil Notti, Commissioner

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: SB 250
 Title: An act ... tax exemption...
 real property
 Sponsor: Fischer
 Requestor:
 Date of Request: April 5, 1985

FISCAL DETAIL

Agency Affected: Community & Regional Affairs
 Program Category Affected: Community Development
 BRU, Program or Subprogram(s) Affected:
 BRU: Local Government Assistance
 Training & Development

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		-0-	-0-	-0-		

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL		-0-	-0-	-0-		

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

Prepared By: Michael W. Worley, State Assessor
 Division: Municipal & Regional Assistance

Phone: 465-4750

Date: April 5, 1985

Approved by Commissioner: [Signature]
 Agency: Community & Regional Affairs

Date: 4/8/85

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

7/1/84

Introduced: 3/22/85
Referred: Community & Regional Affairs
and Finance

1 IN THE SENATE

BY P.FISCHER BY REQUEST

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SENATE BILL NO. 250

3

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FOURTEENTH LEGISLATURE - FIRST SESSION

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8 property from taxation if the property has been cleaned up, repaired,
9 or altered during the tax year in a way that enhances its exterior
10 appearance.

11 * Sec. 2. AS 29.53.025(f) is repealed.

12 * Sec. 3. This Act takes effect January 1, 1986.

COMMITTEE REPORT
SENATE

FURTHER: FINANCE

3/22/85

Date April 9 1985

Mr. President

The Committee on C&RA considered SB 250

tax exemption for real property that is improved in a way that enhances its appearance; etc.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for SB 250 (CIRA)
- new title
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS

Adrian Sturgulowski rec

[Signature]
Chairman
Do Pass
Chairman recommendation

April 9. 1985

Paul Fischer - Assembly is still boss of Assessor
Coghill - It is local option -

V.c.F - This does not relate enhancement
value to amt of tax exemption

Sturg - You are not going to get there w/ this bill

Fish - Fairbks - is doing this now -

Sturg, Will you be killing the Fairbks program

Fisher - Would like Sec 2 out

Delouis. What would (5) do in addition to (F)

Fischer - "F" up to 5 yrs add. appraisal would be
waived
this gives another option on local level

Sturg, Philosophically opposed to shifting tax burden
somebody pays the cost of operation of gov.

Coghill - moved to delete Sec 2 and
remember
passed unanimously

Mike Worley - State Assessor

Ask Assoc of Assessing Officers strongly
opposed - have problems w/it conceptually

Get Juneau ordinance for Corrd. —

If clean-up, repair entitled to exemption
how can this be controlled unless you
hire another assessor

Coghill - Could exchange assessors ---

Knowles - Have discussed w/Coghill - great deal of
interest — 1st identifying 1986 funding —
requested freeze on 1985 funding

Yes - qualified by checking w/other Mayors
Mayor Will be back in Juneau - end of month

Sturgis to Knowles -

What would you like to see heard in
the interim —

do not want to revise any of the
formula's for rev sharing or muni assist
Want to see some changes in Sch
foundation funding

Edna = Mayors should consider what they want us
to do —

SB 244 - HB 215 -
look at Rds maintenance

Worley - Muni should adopt a beautification
ordinance - and handle it that way --
rather than this bill

29.53.025

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§ 29.53.025

MUNICIPAL GOVERNMENT

§ 29.53.025

(3) a home rule or general law city within an organized borough may, by ordinance, adjust its property tax structure in whole or in part to the property tax structure of the borough, including but not limited to exempting or partially exempting property from taxation.

(d) Exemptions or exclusions from property tax which have been granted by home rule municipalities in addition to exemptions authorized or required by law, and which are in effect on September 10, 1972 and not later withdrawn, are not affected by this section.

(e) Municipalities may by ordinance classify and exempt or partially exempt from taxation privately owned land, wet land and water areas for which a scenic, conservation, or public recreation use easement is granted to a governmental body. To be eligible for a tax exemption, or partial exemption, the easement must be in perpetuity. However, the easement is automatically terminated before an eminent domain taking of fee simple title or less than fee simple title to the property so that the property owner is compensated at a rate which does not reflect the easement grant.

(f) A municipality may by ordinance exempt from taxation all or any part of the increase in assessed value of improvements to real property if an increase in assessed value is directly attributable to alteration of the natural features of the land or new maintenance, repair or renovation of an existing structure and if the alteration, maintenance, repair or renovation, when completed, enhances the exterior appearance or aesthetic quality of the land or structure. No exemption may be allowed under this subsection for the construction of an improvement to a structure if the principal purpose of the improvement is to increase the amount of space for occupancy or nonresidential use within the structure or for the alteration of land as a consequence of construction activity. An exemption provided in this subsection may continue for up to four years from the date the improvement is completed or from the date of approval for the exemption by the local assessor, whichever is later.

(g) A municipality may by ordinance exempt from taxation all or any part of the increase in assessed value of improvements to a single family dwelling if the principal purpose of the improvement is to increase the amount of space for occupancy. An exemption provided in this subsection may continue for up to two years from the date the improvement is completed or from the date of approval of an application for the exemption by the local assessor, whichever is later. (§ 2 ch 118 SLA 1972; am § 2 ch 1 FSSLA 1973; am § 1 ch 33 SLA 1975; am § 1 ch 111 SLA 1976; am § 1 ch 262 SLA 1976; am § 1 ch 95 SLA 1977; am § 31 ch 94 SLA 1980; am § 1 ch 44 SLA 1983; am § 1 ch 27 SLA 1984)

Effect of amendments. — The 1980 "weighted voting" near the beginning of amendment deleted "adopted without paragraph (1) of subsection (c).



Official Business

Alaska State Legislature

Senator
Vic Fischer

Community & Regional Affairs Committee

Pouch V
State Capitol
Juneau, Alaska 99811

April 9, 1985

Committee will hear -- SB 250

An Act relating to a tax exemption for real property that is improved in a way that enhances its appearance; and providing for an effective date

The bill amends 29.53.025(b) -- adding another provision allowing exemption from taxation from real property tax:

\$20,000 of the assessed value of real property may be exempted from taxation if said property is cleaned-up, repaired, or altered during the tax year in a way that enhances its exterior appearance

The exemption is at the option of the municipality

The bill appeals AS 29.53.025(f) which is attached

The Department of C&RA does not support the bill and attaches a zero fiscal note

No meeting on Thursday -- April 11

on Tuesday, April 16 will hear SB 270 -- An Act relating to the durational residency requirement for a candidate for a home rule charter commission

and will consider a committee substitute for

SB 204 --Architectural, engineering, survey, contract requirements

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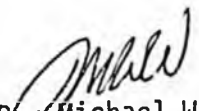
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Prepared By:  Michael W. Worley, State Assessor
 Division: Municipal & Regional Assistance

Phone: 465-4750
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