

HB

86

A M E N D M E N T

OFFERED IN THE HOUSE

BY REPRESENTATIVE HANLEY

TO: HB 86

1 Page 1, lines 5 - 7:

2 Delete all material after "(1)" and insert:

3 "[CLASSIFY BOATS AND VESSELS FOR THE PURPOSES OF TAXATION AND
4 MAY ESTABLISH THE ASSESSED VALUATION OF BOATS AND VESSELS ON THE
5 BASIS OF THEIR REGISTERED OR CERTIFICATED NET TONNAGE;]"

6 Page 1, line 8:

7 Delete "(2)"

8 Insert "[(2)]"

9 Page 2, line 10:

10 Delete "(3) classify as to type and"11 Insert "(2) classify as to type and [(3)]"

12 Page 3, line 16:

13 Delete "property owned and"

14 After "property values"

15 Insert "of property subject to an ad valorem tax"

Revision Date: _____ Dept. Affected: Community & Regional Affairs
 Title: "An Act relating to municipal property taxes." BRU: _____
 Component: _____
 Sponsor: Representative Hanley, Bunde
 Requestor: _____ COMPONENT SERIAL NO. _____

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE FUND SOURCE:						
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
State Impact Aid Fund						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY						

Estimate of current (FY94) Impact \$ none

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Remond Henderson, Director *Remond Henderson* Phone: 465-4708
 Division: Administrative Services Date: *1/19/95*
 Approved by Commissioner: Mike Irwin *Mike Irwin* Date: *1/19/95*
 Agency: Community & Regional Affairs

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Representative Mark Hanley Alaska State Legislature

MEMORANDUM

DATE: January 19, 1995

TO: Representative Ivan Ivan
Representative Alan Austerman
Co-Chairmen, Community & Regional Affairs

FROM: Representative Mark Hanley *MH*

RE: HB 86: "An Act relating to municipal property taxes"

This memo is to respectfully request that you schedule HB 86 for a hearing at your earliest convenience.

HB 86 amends AS 29.45.050 to allow municipalities to classify as to type and exempt or partially exempt some or all types of personal property from ad valorem taxes. It also creates a new section, 29.45.055, to allow municipalities to levy a flat tax on personal property that has been exempted.

HB 86 was introduced to give municipalities flexibility in taxing private property. It does not mandate change in any municipalities' tax structure; it simply allows them by ordinance to exempt items from ad valorem taxing, and to set a flat rate. HB 86 has *no fiscal impact* on the State of Alaska.

The 18th Alaska State Legislature passed HB 263, which allowed the exemption of certain types of personal property from taxation. It did not allow for a flat rate tax to be levied, as was intended. HB 86 is "clean-up" legislation. In addition to allowing flat rate taxing, wording has been changed to allow exemption of any type of personal property, as defined in AS 29.71.800 (16), rather than listing each item.



217 Second Street, Suite 2(X) • Juneau, Alaska 99801 • Tel (907) 586-1325. Fax (907) 463-5480

To: Representative Mark Hanley

From: *Kevin Kitchin*, Executive Director

Date: January 27, 1995

Re: HB 86 - An Act relating to municipal property taxes

The AML supports the passage of HB 86 which allows municipalities the option of implementing a categorical "flat" tax on a new, broader definition of personal property. For example, this bill would clearly allow municipalities to tax airplanes based on wing span, snowmobiles based on number of seats, motor vehicles based on age, etc. instead of traditional value methods. This bill offers municipalities an alternative that may reduce the administrative costs of property valuation and provide municipalities with a revenue policy tool that may work better for their community.

As a local option, this bill simply provides a tool that each municipality may or may not choose to use. In general, the AML strongly supports legislation that appropriately broadens local discretion in local policy issues.

cc. AML Board and Legislative Committee



Matanuska-Susitna Borough

BOROUGH MANAGER

January 23, 1995

JAN 26 1995

The Honorable Mark Hanley
Alaska State Legislature
State Capitol, Rm. 507
Juneau, Alaska 99801-1182

Dear Representative Hanley:

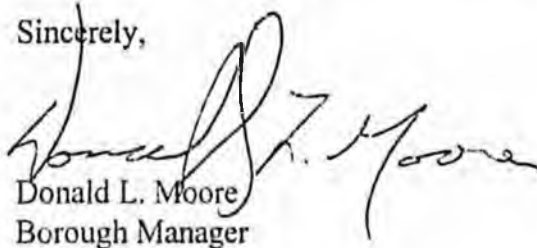
Thank you for sponsoring House Bill 86, "An Act Relating to Municipal Property Taxes."

The Matanuska-Susitna Borough feels this legislation would assist local governments to better control their taxation programs in a way that best meets the needs of the people that live in a region. The existing state law often constrains local options in ways that lead to great inequities in taxation levels. The most pronounced example of this is, of course, the large inequity between airplane taxation and motor vehicles. The legislature, through your efforts last year, has addressed this one. We feel HB86 completes the job, and we thank you for introducing it.

I would like to recommend one change. In my opinion, the language of AS 29.45.050(b)(3) should reflect the same language as in AS 29.45.055(a).

(3) classify as to type based upon any characteristic and exempt or partially exempt any or all types of personal property from ad valorem taxes [taxation];

Sincerely,



Donald L. Moore
Borough Manager

er

CLERK'S OFFICE

APPROVED

Date: 2-23-93

Submitted by: Mayor
Prepared by: Department of Law
For Reading: February 23, 1993 *ALA*

ANCHORAGE, ALASKA
RESOLUTION NO. AR 93-46(S)

A RESOLUTION OF THE MUNICIPALITY OF ANCHORAGE ENDORSING OPTIONAL EXEMPTION OF DESIGNATED ITEMS FROM PERSONAL PROPERTY TAX

THE ANCHORAGE ASSEMBLY FINDS:

WHEREAS, Alaska Statutes 29.45.050 permits municipalities to exempt certain items from property taxation; and

WHEREAS, AS 29.45.050 does not permit a partial or total exemption for aircraft and some other personal property items but does allow such exemptions for boats, vessels or motor vehicles; and

WHEREAS, the Municipality of Anchorage wishes to adopt a partial exemption for certain personal property.

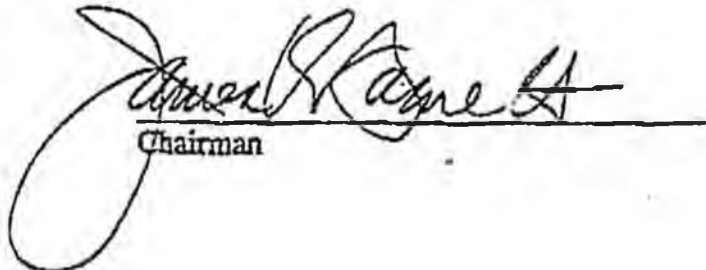
NOW, THEREFORE, the Anchorage Assembly resolves that:

Section 1. The Municipality endorse an amendment to AS 29.45.050 to allow partial or total exemption of aircraft, pick-up campers, shells and canopies, all-terrain vehicles, snow vehicles, undocumented boats and motors, and unlicensed trail bikes from property taxation as part of its legislative program.

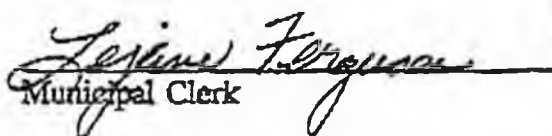
Section 2. An ordinance providing a partial exemption (i.e. flat fee tax) for exempt items taxation will be introduced within 30 days of passage of an amendment to AS 29.45.050 which authorizes use of such an approach.

Section 3. Passage of this resolution indicates a firm statement of intent of those Assembly members voting for this resolution to vote in favor of the ordinance referenced in Section 2.

PASSED AND APPROVED this 23rd day of February, 1993.


Chairman

ATTEST:


Municipal Clerk

MUNICIPALITY OF ANCHORAGE
ASSEMBLY MEMORANDUM

NO. AM 127-93

Meeting Date: February 2, 1993

From: Assemblymember Campbell

Subject: AN ORDINANCE PROPOSING AN AMENDMENT TO CHAPTER 12, SECTION 12.10.020 OF THE ANCHORAGE MUNICIPAL CODE PERTAINING TO EXEMPTIONS FOR CERTAIN AIRCRAFT NOT SUBJECT TO THE TAX PROVISIONS OF SECTION 12.10.060, FROM THE "FULL AND TRUE VALUE" PROVISIONS OF 12.10.60.

There is a lack of equity and consistency in the municipal tax code in the taxation applied to various classes of personal property. For example, motor homes, some of considerable value, are not subject to a municipal personal property tax; but instead pay a relatively flat fee to the State of Alaska, with a tax remuneration from the State being transferred to the municipality. The maximum fee received by the municipality from the State is \$60 for a brand new vehicle or motor home, regardless of book value.

However, privately owned, non-commercial aircraft are taxed by the municipality based upon their full book value. Thus while Anchorage resident owning a \$50,000 book value motor home is paying a fee of \$60 to the municipality, a private aircraft assessed at \$50,000 owned by an Anchorage resident is costing that resident about \$1,000 in personal property taxes.

Unfortunately the Assembly cannot change the State statute regarding the taxes on motor vehicles. However the Assembly can address inequities the statute creates in the municipal personal property tax system by modifying the method of property taxation to come more closely in line with the State's approach. This ordinance represents a first step toward addressing the inequity issues in the personal property tax system. It proposes changing the method of taxing private aircraft from an ad valorem system to a flat fee, based on the number of engines the aircraft possesses. Single engine aircraft would pay a fee of \$75, and multi-engine aircraft would pay a fee of \$125.

The municipality obtains roughly \$800,000 annually from the taxes on about 2,100 private airplanes, for an average tax of \$381/aircraft. Between 100-200 of the 2,100 fees are appealed annually: however most protests are resolved at staff level, with only 3 or 4 proceeding to the Board of Equalization for a more formal review.

The new tax structure would generate about \$160,000 in annual revenue, and would likely eliminate the need for about 1-1.5 municipal positions, for an approximate personnel savings of \$60,000 to \$90,000. Net loss of municipal tax revenue would thus be about \$520,000-550,000 annually. However, the change would place more equity in the personal property tax system.