

HB

241

SITE: ANCHORAGE LIO

COMMITTEE: HCRA

DATE: 5-8-03

SUBJECT OF MEETING:

HB 241

UPDATE #:

**DO YOU WANT
TO TESTIFY?
Y or N**

P R I N T YOUR NAME

ADDRESS (MAILING & ZIP)

REPRESENTING

P R I N T YOUR NAME	ADDRESS (MAILING & ZIP)	REPRESENTING	DO YOU WANT TO TESTIFY? Y or N
Steve Van Sant		State Assessor	Ans ?s
Email address:			HB 241
Randy Hoffbeck		St Petroleum Assessor	Ans ?s
Email address:			HB 241
Email address:			
Email address:			
Email address:			
Email address:			
Email address:			

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: SB 136
 (S) Publish Date: 4/4/03

Revision Date/Time (Note if correction): March 31, 2003 Dept. Affected: Revenue
 Title Residential Property Tax Exemption BRU Revenue Operations
 Component Tax Division
 Sponsor Sen. Community & Regional Affairs
 Requester Sen. Community & Regional Affairs Component No. 2476

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
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 EXPENDITURES						
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CHANGE IN REVENUES ()	***	***	***	***	***	***
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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)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

*** See Page 2 for discussion of possible revenue effect on the state.

Prepared by: Dan Dickinson, Director
 Division: Tax Division
 Approved by: Larry Persily, Deputy Commissioner
 Agency: Department of Revenue

Phone 269-1033
 Date/Time 3/31/03 1:14 PM
 Date 3/31/2003

**Department of Revenue
Fiscal Note Explanation for SB 136 FN #1**

March 31, 2003 - Page 2 of 2

This legislation would allow municipalities to exempt -- by a vote of the public -- up to \$50,000 in assessed annual valuation of each parcel of residential property.

This could have an indirect effect on state revenues if municipalities increase their residential property assessment exemption and then increase their overall mill rate to make up for the lost revenue. That subsequent effect on state oil and gas property tax revenue is hard to calculate, which is why the fiscal note shows an indeterminate amount.

The Department of Revenue cannot predict how municipalities might implement the residential property tax exemption, or whether cities and boroughs would raise their mill rates or reduce their budget to accommodate the reduced residential property tax revenues. Therefore, we cannot accurately project what effect this legislation would have on state property tax revenues.

HB 241 Witness List

Gary Superman, Vice-President
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Email: gsuperman@gci.net

Kenai Peninsula Borough Assembly

~~**Jeff Sinz, Finance Director**~~
~~**907-262-4441 ext. 311**~~

~~**Kenai Peninsula Borough**~~



Alaska State Legislature

House Committee on Community and Regional Affairs

Representative Carl Morgan, Chair
State Capitol Building, Room 408
Juneau, AK 99801
907-465-3882

AGENDA

State Capitol 124
9:00 am – 10:00 am

- **Call to Order**
 - Today's date is May 8, 2003
 - The time is 9:___ am
 - Roll Call

- **On today's agenda**
 - **HB 241 MUNICIPAL PROPERTY TAX EXEMPTION**
 - Sponsor: Representative Chenault

- **Public Testimony**

- **Questions and Comments from committee members**

- **Other Business**
 - If there is no other business, announce next meeting announce next meeting.

- **Next Meeting – To be announced under the 24 hour rule.**

- **Adjourn**

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 241
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
 Title Municipal Property Tax Exemption BRU Comm. Assist. & Econ. Dev. (405)
 Component Community & Business Development
 Sponsor Representative Chenault Component No. 2486
 Requester House Community & Regional Affairs

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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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)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: _____
 Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Current law provides that a municipality may exclude, exempt or partially exempt residential property from taxation by ordinance ratified by the voters at an election. This legislation introduces a restriction on this optional exemption such that an exclusion or exemption authorized by this subsection may not be applied with respect to taxes levied in a service area to fund the special services. This change would have no fiscal impact on the department.

Prepared by: Gene Kane, Director Phone 907-269-4580
 Division Community and Business Development Date/Time 5/5/03 12:00 PM
 Approved by: Edgar Blatchford, Commissioner Date 5/5/2003
 Agency Department of Community and Economic Development

STATE OF ALASKA

**REPRESENTATIVE
MIKE CHENAULT**

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HOUSE OF REPRESENTATIVES

SPONSOR STATEMENT HB 241 - MUNICIPAL PROPERTY TAX EXEMPTION

This bill has two provisions. One is to give municipalities an option to provide an exemption up to \$50,000 on residential property taxes. This can only be done by ordinance with a vote of the people. It does not affect taxes levied in a service area.

Under current law, municipalities may exempt up to \$10,000 of the assessed value of any single residential property. Five municipalities offer this exemption, Bristol Bay Borough, Kenai Peninsula Borough, Fairbanks North Star Borough, North Slope Borough, and the City of Valdez.

The second provision is to increase the tax exemption on real property from \$10,000 to \$20,000 for a volunteer fire fighter or Emergency medical services worker.