

HB

27

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: March 22, 2005

FURTHER REFERRALS:

Date of Committee Action: 4/14/05

The FINANCE Committee considered:

HB 27

HOUSE BILL NO. 27

MUNI PROP TAX EXEMPTION FOR POLICE HOMES

"An Act relating to an optional exemption from municipal property taxes on certain residences of law enforcement officers."

Recommends it be replaced with HCS or CS for HB 27 (710)
 For Senate Bills with new title: Technical Title New Title: HCR _____ Same Title New Title

- attach amendments
- add new referral to _____ Committee
- Letter of Intent _____ Committee

List of Abbrev for Depts.:
 ADM
 CED
 COR
 CRT
 EED
 DEC
 DFG
 GOV
 HSS
 LEG
 LAW
 LWF
 MVA
 DNR
 DPS
 REV
 DOT
 UA

NEW FISCAL NOTES				
*Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero

PREVIOUS FISCAL NOTES				
List by Dept(s):	FN#	Fiscal	Indet.	Zero
DCED	#1			✓

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
	Hawker				
	CROFT	✓			
	STEIN				X
	FOSTER		X		
	Kelly				X
Chair:	Meyer				
Chair:	Chensault				

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 27(CRA)
(H) Publish Date: 3/22/05

Revision Date/Time (Note if correction): _____ Dept. Affected: Commerce
Title: Municipal Property Tax Exemption RDU: Comm Assist & Ec Dev (405)
For Police Homes Component: Community Advocacy
Sponsor: Chenault, Gruenberg, Lynn
Requester: House Community & Regional Affairs Component No.: 2703

Expenditures/Revenues (Thousands of Dollars)

Note: _____ amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
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 (FY2005) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation permits a municipality by ordinance to offer an optional exemption, not to exceed \$10,000 of the assessed value of real property, from municipal property taxes on certain residences of law enforcement officers. This legislation has no impact on the operations of the division.

Prepared by: Athena Logan, Local Government Specialist
Division: Community Advocacy
Approved by: Edgar Blatchford, Commissioner
Agency: Commerce, Community & Economic Development

Phone: 907 269 4540
Date/Time: 2/14/05 11:40 AM
Date: 2/14/2005

CS FOR HOUSE BILL NO. 27(CRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - FIRST SESSION

BY THE HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered: 3/22/05

Referred: Finance

Sponsor(s): REPRESENTATIVES CHENAULT AND GRUENBERG, Lynn, Kertula

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to an optional exemption from municipal property taxes on certain
2 residences of law enforcement officers."

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

4 * Section 1. AS 29.45.050 is amended by adding a new subsection to read:

5 (s) A municipality may by ordinance designate an area within its boundaries
6 that is an eligible area and exempt from taxation an amount not to exceed \$150,000 of
7 the assessed value of real property within the area that is owned and occupied as the
8 primary permanent place of abode by a law enforcement officer. If two or more
9 individuals are eligible for an exemption for the same property under this subsection,
10 not more than two exemptions may be granted. A municipality that adopts an
11 ordinance under this subsection may not request state funds to cover any loss of
12 revenue to the municipality caused by the ordinance. The ordinance must include a
13 definition of "law enforcement officer." The ordinance must also define "eligible
14 area" to mean an area

Conceptual Amend. #1

*residential and
"if the property is primarily
"for the entire parcel"*

1 (1) that meets the eligibility requirements under a federal program of
2 special assistance for urban development, neighborhood revitalization, or law
3 enforcement, without regard to whether an application for the federal assistance on
4 behalf of the area has been made or whether the area has actually received or is
5 receiving the federal assistance;

6 (2) with a statistically higher occurrence of crime than the municipality
7 as a whole; or

8 (3) that meets the requirements of (1) and (2) of this subsection.

HB 27

*Conceptual Amend. 1
adopted*

Amendment 1

Subsection (s) on page 1, line 8 is amended to read:

(s) A municipality may by ordinance designate an area within its boundaries that is an eligible area and exempt from taxation an amount not to exceed \$150,000 of the assessed value of real property within the area [that is] if the property is primarily residential and owned and occupied as the primary permanent place of abode by a law enforcement officer for the entire parcel.

put in paragraph wherever

HB 27

Adopted

Amendment 1

Subsection (s) on page 1, line 8 is amended to read:

(s) A municipality may by ordinance designate an area within its boundaries that is an eligible area and exempt from taxation an amount not to exceed \$150,000 of the assessed value of real property within the area [that is] if the property is primarily residential and owned and occupied as the primary permanent place of abode by a law enforcement officer for the entire parcel.

conceptual -

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ANALYSIS: (Attach a separate page if necessary)

This legislation permits a municipality by ordinance to offer an optional exemption, not to exceed \$10,000 of the assessed value of real property, from municipal property taxes on certain residences of law enforcement officers. This legislation has no impact on the operations of the division.

Prepared by: Athens Logan, Local Government Specialist Phone: 907 269 4540
Division: Community Advocacy Date/Time: 2/14/05 11:40 AM
Approved by: Edgar Blatchford, Commissioner Date: 2/14/2005
Agency: Commerce, Community & Economic Development

Sarah Hook

From: Steve VanSant [steve_vansant@commerce.state.ak.us]
Sent: Thursday, April 14, 2005 7:49 AM
To: Rep. Max Gruenberg
Cc: Sally A Saudler; Athena J Logan
Subject: Question on HB 27

Rep. Gruenberg,

After our short discussion yesterday regarding HB 27, I realized I do have a couple questions that I hope you can discuss in committee today. Unfortunately, I will be unable to be on line, or I would ask at the hearing.

First, the exemption does not refer to "residential" property being exempt, but simply states "real property." Is this intended to extend to commercial property that may also have a residence on it, and if so, does the exemption extend to the commercial property?

Second, the exemption extends to no more than 2 eligible individuals. I know I will be asked later on by municipalities wishing to implement this, does this extend to two different police officers who purchase a duplex, triplex or condominium units and live there? I understand that it certainly would apply to a home in which a husband and wife both qualify, and would be eligible for an exemption of up to \$300,000. However, if my assumption is correct that if two eligible individuals purchase a duplex and can obtain the exemption, is the intent to allow only the maximum of a \$300,000 exemption for the entire property or is it intended to apply to each residential unit?

I appreciate a response on this, but we have these issues arise with the senior citizen/disabled veteran exemption and addressing it now will make it easier for municipalities and us down the line when these questions do come up.

Thank you for your response,
Steve Van Sant
State Assessor

CS FOR HOUSE BILL NO. 27(CRA)

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TWENTY-FOURTH LEGISLATURE - FIRST SESSION

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Alaska State Legislature

HOUSE OF REPRESENTATIVES

Official Business

State Capitol
Juneau, AK 99801-1182

Representative Mike Chenault

Representative Max Gruenberg

Sponsor Statement and Sectional Analysis

HB 27(CRA)- Municipal Property Tax Exemption

Sponsor Statement

The purpose of the bill is to encourage law enforcement officers to purchase homes and live in high crime areas. It allows municipalities to pass an ordinance giving an exemption up to \$150,000 of assessed valuation for a permanent residence of a law enforcement officer who lives in a high crime area.

Sectional Analysis

A municipality is a political subdivision incorporated under the laws of the state that is a home rule or general law city, a home rule or general law borough or as a unified municipality. The municipality may, by ordinance, designate certain areas in which permanent residences owned and occupied by law enforcement officers are exempted from taxation up to \$150,000 of assessed value.

The areas so designated must be areas prescribed under a federal program in need of special assistance for urban development, neighborhood revitalization or law enforcement. There is no requirement that such a program actually be utilized in order to meet this requirement. In the alternative, the areas may be delineated on the basis of crime statistics maintained by the municipality.

The municipality may not request state funds to cover any shortfall created by this ordinance.

The municipality is given the latitude to define the term "law enforcement officer" by ordinance.



Municipality of Anchorage

P.O. Box 196650 • Anchorage, Alaska 99519-6650 • Telephone: (907) 343-4481 • Fax: (907) 343-4499 <http://www.muni.org>

Mayor Mark Begich

Office of the Mayor

March 22, 2005

The Honorable Max Gruenberg
Alaska State House
State Capitol, Room 112
Juneau, AK 99801-1182
VIA fax: 465-3766

Dear Max,

Thank you for your introduction of House Bill 27, which seeks to improve public safety in Alaska communities where high rates of crime may occur. My administration and the Municipality applaud the intent behind this legislation and will continue to work with you and your colleagues in the Legislature to make Anchorage and other communities safer. As you know, Anchorage already encourages police officers to drive their police cruisers home to increase the physical presence of police officers on our neighborhood streets.

We were pleased the bill was amended by the House Community and Regional Affairs Committee to expand the potential tax credit to \$150,000 and make the exemption subject to local approval. We also are pleased by the strong support the bill has received by the Mountain View Community Council, potentially one of the parts of our city which may benefit most from it.

Again, thank you for working to make our neighborhoods safer.

Sincerely,

Mark Begich
Mayor

Community, Security, Prosperity

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES

Mountain View Community Council
Resolution _____

A RESOLUTION SUPPORTING THE PASSAGE OF HB 27

- WHEREAS, neighborhoods are safer when law enforcement officers live, as well as work, within them, because crime rates decrease,
- WHEREAS, for these reasons, Mountain View would benefit if more law enforcement officers lived in Mountain View,
- WHEREAS, HB 27 would encourage law enforcement officers to live in Mountain View by changing state law to allow municipalities to adopt ordinances giving law enforcement officers a tax exemption on part of the property value of their primary permanent residence, if their residence is in a designated area in need of special assistance for urban development, neighborhood revitalization or law enforcement,
- WHEREAS, HB 27 currently would exempt \$10,000 in assessed valuation, a tax savings of only about \$150 annually per residence, hardly enough to attract law enforcement officers to move into designated neighborhoods, but the Community Council understands an amendment will be offered to increase the exemption to \$150,000 annually, a tax savings of about \$2250 per residence, which will provide much more encouragement for police officers to live in such neighborhoods,
- WHEREAS, the Community Council believes a few police officers may well take advantage of such a program, particularly in conjunction with federal programs that provide low cost loans to law enforcement officers who live in areas that need additional protection,
- WHEREAS, the annual cost to the Anchorage Municipality should be no more than \$22,500, if ten officers take advantage of the program, but the cost savings to Anchorage residents will far outweigh that, if even a few major crimes are deterred and lives and property are saved,
- WHEREAS, the presence of law enforcement officers' homes will also increase property values in such neighborhoods and encourage economic and residential growth, both of which will increase the municipal tax base,
- WHEREAS, the Community Council understands that the mayor, the chief of police, and the Anchorage Police Department Employees Association support this legislation, but that the Anchorage Municipal Assembly has not yet taken a position on it.

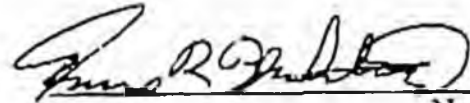
NOW THEREFORE BE IT RESOLVED by the Mountain View Community Council:

That the Council supports the passage of HB 27 and any similar legislation that would encourage law enforcement officers to live in areas needing additional police protection,

That the Council supports an amendment increasing the tax exemption in the bill from \$10,000 to \$150,000 of assessed valuation per residence, and

That the Council urges the Anchorage Municipality to pass an ordinance implementing HB 27 as soon as possible after the bill has passed.

Passed at Anchorage, Alaska this 14th day of March 2005 by the Mountain View Community Council.



Name



Title

Sponsor Statement and Sectional Analysis HB 27 – Municipal Property Tax Exemption

Sponsor Statement

The purpose of the bill is to encourage law enforcement officers to purchase homes and live in high crime areas. It allows municipalities to pass an ordinance giving an exemption up to \$10,000 of assessed valuation for a permanent residence of a law enforcement officer who lives in a high crime area.

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