

HB

60

ALASKA STATE LEGISLATURE

Interim:

600 East Railroad Avenue
Wasilla, Alaska 99654
Phone (907) 373-1842
Fax: (907) 373-4729



Session:

State Capitol Building
Juneau, Alaska 99801-1182
Phone: (907) 465-2186
Fax: (907) 465-3818

**REPRESENTATIVE VIC KOHRING
DISTRICT 14
Chair- House Special Committee on Oil and Gas**

**Sponsor Statement
HB 060**

House Bill 060 has been introduced to correct existing legislative language and intent passed in 1985 that will continue to assist seniors and disabled veterans. When it was first passed, it offered a property tax exemption on the first \$150,000 value of their homes. For most, that meant an annual break from property taxes.

Twenty-two years later, the value of a residence is seldom in the \$150,000 range, and our seniors and disabled veterans are paying the price. While property values have risen dramatically, compensation to these two groups has not. Dollars spent on property taxes often mean fewer dollars for food and medicine.

HB 060 will correct language that simply has not keep up with inflation. It raises the exemption from \$150,000 to \$250,000, a much more realistic amount in 2007. Passage of HB 060 will show both our seniors and disabled veterans that we continue to support them as they have supported all of Alaska and this country in the past.

###

E-Mail: Representative_Vic_Kohring@legis.state.ak.us
Call Juneau Toll free: (800) 468-2186
Website: www.akrepublicans.org/kohring/

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REPRESENTATIVE VIC KOHRING

DISTRICT 14

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Sectional for HB 060

Section 1.

Changes existing statutory language to specify that the exemption is only available to a resident living in the residence and reflects the increase in housing prices. It changes the amount of the exemption from \$150,000 to \$250,000. In the case of hardship the municipality may increase the exemption amount. Existing language remains establishing who is eligible, those 65 or over, disabled veterans, or surviving spouse at least 60 years old of a qualified person, and that only one exemption per residence is allowed.

Section 2.

Municipal voters are permitted to approve an exemption that is larger than \$250,000 for qualified individuals, those 65 or over, disabled veterans, or surviving spouse at least 60 years old of a qualified person.

Section 3.

The language will take effect on January 1, 2008.

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Call Juneau Toll free: (800) 468-2186

Website: www.akRepublicans.org/kohring/

What would \$100 in 1980 equal today?

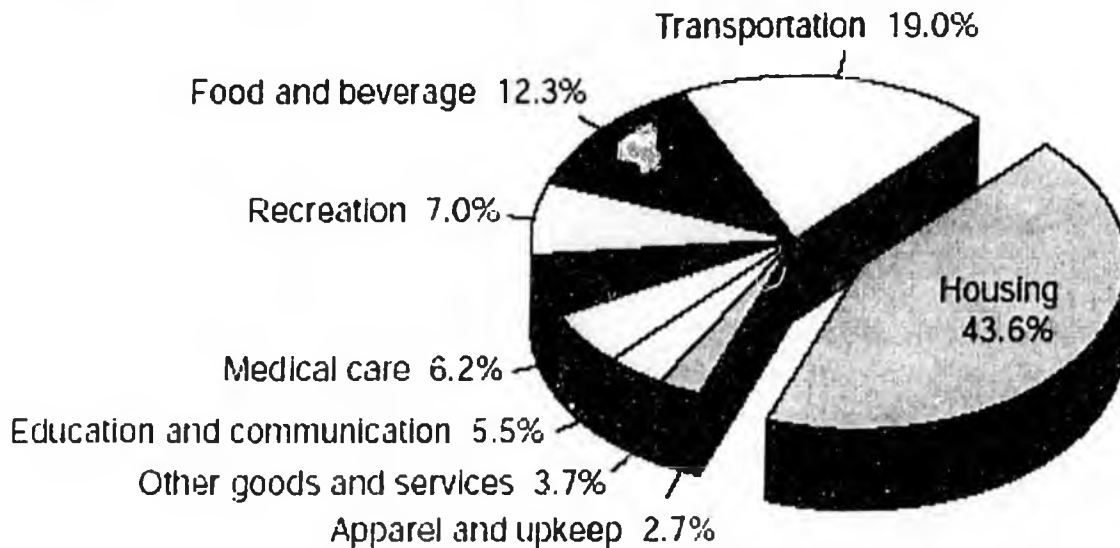
The Anchorage Consumer Price Index can help determine how much money it would take today to equal a dollar amount from some earlier year. To illustrate, this equation shows how \$100 in 1980 would be equal to \$201 in 2005.

$$\begin{array}{l} \text{2005 Anchorage CPI (see Exhibit 2)} \\ \text{Divided by 1980 Anchorage CPI} \end{array} \quad \frac{171.8}{85.5} = 2.01$$

The 2.01 is then multiplied by the number of 1980 dollars in order to find the 2005 equivalent (\$100 x 2.01 = \$201). Another way to describe this is to say that \$100 in 1985 had the same purchasing power as \$201 had in 2005.

The formula can also be reversed to deflate current dollars to some earlier year (for example, \$100 in 2005 would equal about \$50 in 1980). Inflation calculators that require only the years and a dollar amount are available at several Web sites, including ours: almis.labor.state.ak.us. (Click on "Cost of Living" in the left margin; then click on "Inflation Calculator," which is based on the U.S. Consumer Price Index.)

4 Consumers Spend Most on Housing Consumer Price Index weighting¹



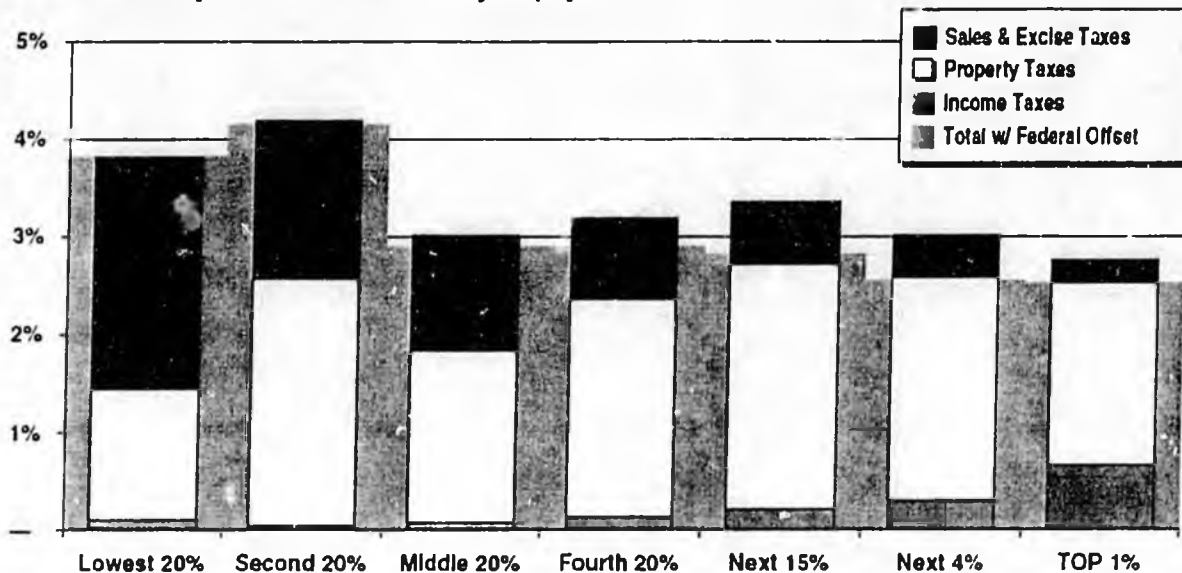
¹ As of December 2005

Source: U.S. Department of Labor, Bureau of Labor Statistics

Alaska

State & Local Taxes in 2002

Shares of family income for non-elderly taxpayers



Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$15,000	\$15,000 - \$31,000	\$31,000 - \$50,000	\$51,000 - \$80,000	\$80,000 - \$142,000	\$142,000 - \$273,000	\$273,000 or more
Average Income In Group	\$9,900	\$22,600	\$38,500	\$62,300	\$101,000	\$181,000	\$590,000
Sales & Excise Taxes	2.4%	1.6%	1.2%	0.8%	0.6%	0.4%	0.2%
General Sales—Individuals	0.7%	0.6%	0.5%	0.4%	0.3%	0.2%	0.1%
Other Sales & Excise—Ind.	1.3%	0.7%	0.4%	0.3%	0.2%	0.1%	0.0%
Sales & Excise on Business	0.3%	0.3%	0.2%	0.2%	0.1%	0.1%	0.1%
Property Taxes	1.3%	2.5%	1.8%	2.2%	2.5%	2.3%	1.9%
Property Taxes on Families	1.1%	2.4%	1.6%	2.0%	2.1%	1.8%	0.7%
Other Property Taxes	0.2%	0.1%	0.1%	0.2%	0.4%	0.5%	1.2%
Income Taxes	0.1%	0.1%	0.1%	0.1%	0.2%	0.3%	0.7%
Personal Income Tax	—	—	—	—	—	—	—
Corporate Income Tax	0.1%	0.1%	0.1%	0.1%	0.2%	0.3%	0.7%
TOTAL TAXES	3.8%	4.2%	3.0%	3.2%	3.4%	3.0%	2.8%
Federal Deduction Offset	—	-0.0%	-0.1%	-0.3%	-0.5%	-0.5%	-0.2%
TOTAL AFTER OFFSET	3.8%	4.1%	2.9%	2.9%	2.8%	2.5%	2.5%

Note: Table shows 2002 tax law at 2000 income levels.

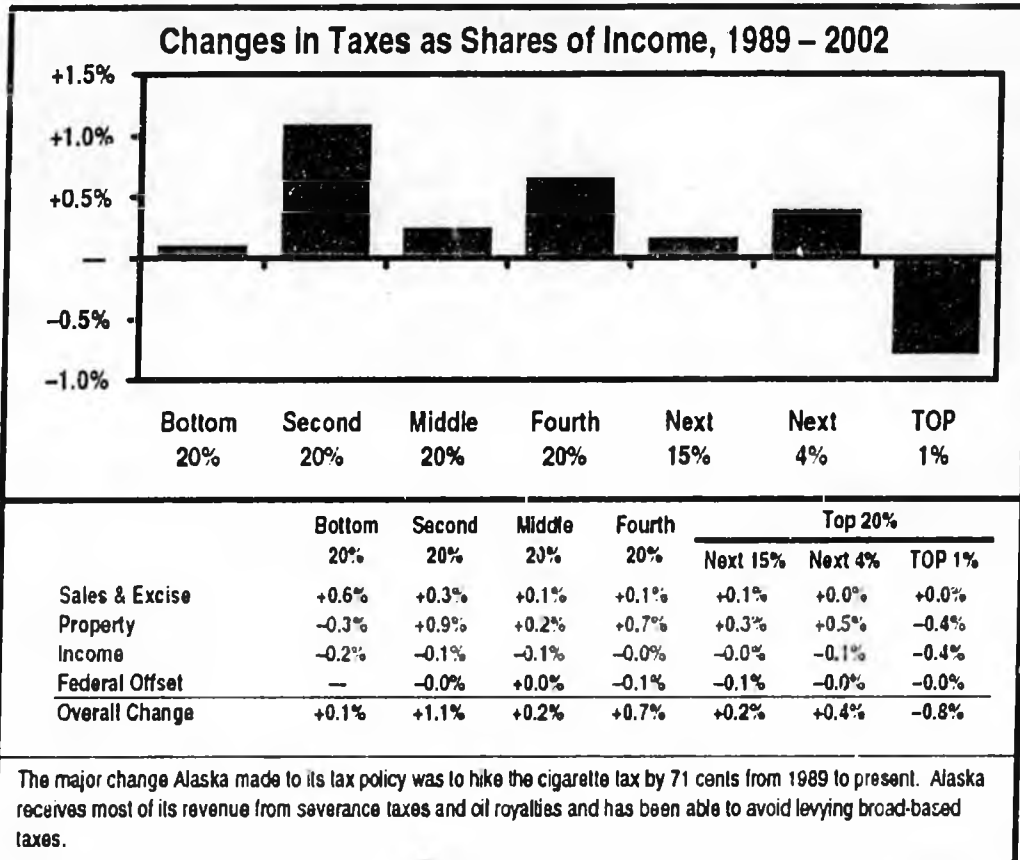
Alaska Tax Trends

Progressive Features

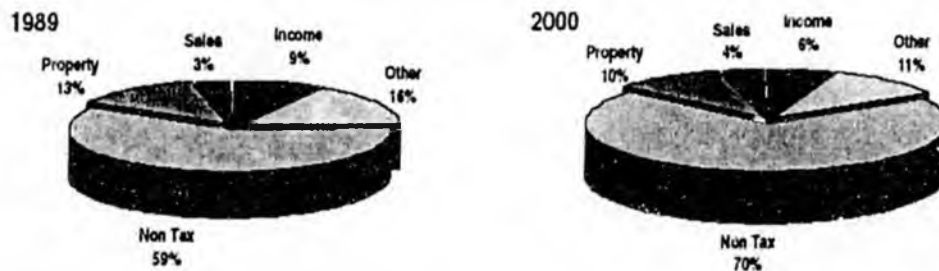
- ✓ No statewide sales tax though many localities apply a local sales tax

Regressive Features

- ✗ No personal income tax



Composition of Revenues



Source: Government Finances, US Department of Census

TABLE 3
2005 Local Property and Oil & Gas Property Tax Revenues

Municipality	Property Tax Revenues	Oil & Gas Property Tax Revenues	Total Property Tax Revenues	Chg. From Previous Year	Population	Municipal Per Capita Revenue	**Per Capita Revenue City & Boro
Municipality of Anchorage	\$338,815,503	\$764,324	\$340,579,827	5.65%	277,498	\$1,227	
Bristol Bay Borough	\$1,763,700	\$0	\$1,763,700	0.93%	1,096	\$1,809	
Cordova	\$1,471,987	\$36,600	\$1,508,587	2.31%	2,288	\$656	
Craig	\$434,534	\$0	\$434,534	-1.21%	1,127	\$386	
Dillingham	\$1,551,955	\$0	\$1,551,955	15.83%	2,422	\$641	
Fairbanks, City*	\$10,457,533	\$0	\$10,457,533	20.41%	29,954	\$349	\$1,247
Fairbanks North Star Borough	\$71,987,722	\$4,286,797	\$78,274,519	6.85%	84,979	\$898	
Haines Borough	\$1,838,182	\$0	\$1,838,182	1.52%	2,245	\$819	
Homer*	\$1,797,165	\$0	\$1,797,165	3.14%	5,332	\$337	\$1,530
Houston*	\$178,379	\$0	\$178,379	-5.58%	1,368	\$130	
City & Borough of Juneau	\$32,806,333	\$0	\$32,806,333	8.90%	30,966	\$1,059	
Kachemak City*	\$68,258	\$0	\$68,258	117.93%	475	\$139	\$1,332
Kenai, City*	\$1,872,776	\$39,600	\$1,912,376	-3.23%	6,809	\$281	\$1,473
Kenai Peninsula Borough	\$53,290,034	\$7,510,354	\$60,800,388	33.05%	50,980	\$1,193	
Ketchikan, City*	\$3,432,361	\$0	\$3,432,361	-4.42%	7,691	\$446	\$1,056
Ketchikan Gateway Borough	\$7,941,125	\$0	\$7,941,125	23.00%	13,030	\$609	
Kodiak, City*	\$618,751	\$0	\$618,751	-3.03%	6,199	\$100	\$758
Kodiak Island Borough	\$8,860,125	\$0	\$8,860,125	3.28%	13,466	\$658	
Matanuska-Susitna Borough	\$64,042,524	\$42,917	\$64,085,441	15.32%	70,148	\$914	
Nenana	\$218,527	\$0	\$218,527	-5.81%	394	\$555	
Nome	\$2,109,534	\$0	\$2,109,534	-12.49%	3,473	\$607	
North Pole*	\$796,808	\$0	\$796,808	2.28%	1,532	\$520	\$1,418
North Slope Borough	\$2,317,232	\$188,969,166	\$191,286,398	-4.26%	7,104	\$26,927	
Palmer*	\$768,988	\$0	\$768,988	23.46%	5,197	\$148	\$1,062
Pelican	\$58,148	\$0	\$58,148	7.28%	118	\$493	
Petersburg	\$2,147,532	\$0	\$2,147,532	13.16%	3,123	\$688	
Sedovia*	\$141,866	\$0	\$141,866	-3.13%	426	\$333	\$1,526
Seward*	\$745,901	\$0	\$745,901	11.28%	2,540	\$294	
City & Borough of Sitka	\$4,401,399	\$0	\$4,401,399	9.09%	8,605	\$500	
Skagway	\$1,338,097	\$0	\$1,338,097	16.54%	870	\$1,538	
Soldotna*	\$546,326	\$0	\$546,326	4.32%	3,767	\$145	\$1,338
Talaska	\$4,024,654	\$0	\$4,024,654	-4.69%	4,366	\$922	
Valdez	\$17,890,361	\$13,049,409	\$30,939,709	47.04%	3,749	\$8,253	
Wasilla*	\$330,766	\$0	\$330,766	20.89%	6,109	\$54	\$968
Whittier	\$188,183	\$2,402	\$190,586	-25.32%	172	\$1,108	
Wrangell	\$1,201,688	\$0	\$1,201,688	2.82%	2,023	\$524	
City & Borough of Yakutat	\$296,942	\$0	\$296,942	-1.56%	680	\$437	
Total Property Taxes	\$643,749,839	\$214,701,569	\$858,451,409	6.85%	Overall *	\$1,467	per capita
Overall Chg from Prior Year	10.44%	-2.84%	6.85%		Average **	\$1,108	property taxes

Total Local Tax Revenues Generated		
Sales Tax Revenues	\$157,246,911	18.37%
Special Tax Revenues	\$52,839,551	20.80%
Local Property Tax Revenues	\$643,749,839	14.78%
Oil & Gas Property Tax Revenues	\$214,701,569	-2.79%
Total Local Tax Revenues	\$1,068,537,871	11.50%

*Includes North Slope & Valdez
 **Excludes North Slope & Valdez
 The average per capita values are based upon populations only in municipalities that levy a property tax.

* indicates that city is located within a borough that also levies a property tax
 **This column adds the borough and city per capita revenues to more accurately reflect the actual per capita tax that a property owner would pay on property located within a city and a borough, both of which levy a property tax.

10 The Cost of Single-Family Homes

Prices in Anchorage surpass Juneau

Average sales prices for July to December 2005



Sources: Alaska Department of Labor & Workforce Development, Research and Analysis Section; and the Alaska Housing Finance Corporation's 2005 Survey of Lender's Activity

11 Housing Affordability

Wage earners needed to buy average house

For July to December 2005



Sources: Alaska Department of Labor & Workforce Development, Research and Analysis Section; and the Alaska Housing Finance Corporation's 2005 Alaska Affordability Index

The Consumer Price Index in Anchorage and the U.S.

Annual averages for selected components, 1983 to 2005

3

Year	ALL ITEMS EXCEPT SHELTER				HOUSING				TRANSPORTATION			
	U.S. Average	Percent Change from Prev. Year	Anchor-age Average	Percent Change from Prev. Year	U.S. Average	Percent Change from Prev. Year	Anchor-age Average	Percent Change from Prev. Year	U.S. Average	Percent Change from Prev. Year	Anchor-age Average	Percent Change from Prev. Year
1983	99.8	3.7%	99.9	3.7%	99.5	2.7%	99.0	0.8%	99.3	2.4%	99.5	1.8%
1984	103.9	4.1%	103.8	3.9%	103.6	4.1%	102.7	3.7%	103.7	4.4%	104.6	6.2%
1985	107.0	3.0%	107.5	3.6%	107.7	4.0%	103.0	0.3%	106.4	2.6%	108.2	3.4%
1986	108.0	0.9%	111.2	3.4%	110.9	3.0%	102.6	-0.4%	102.3	-3.9%	107.8	-0.4%
1987	111.6	3.3%	115.1	3.5%	114.2	3.0%	97.5	-5.0%	105.4	3.0%	111.3	3.2%
1988	115.8	3.9%	117.8	2.3%	118.5	3.8%	95.4	-2.2%	108.7	3.1%	113.0	1.5%
1989	121.6	4.9%	122.3	3.8%	123.0	3.8%	96.3	0.9%	114.1	5.0%	118.7	3.3%
1990	128.2	5.4%	128.0	4.7%	128.5	4.5%	103.9	7.9%	120.5	5.6%	120.7	3.4%
1991	133.5	4.1%	131.9	3.0%	133.8	4.0%	111.2	7.0%	123.8	2.7%	121.7	0.8%
1992	137.3	2.8%	134.6	2.0%	137.5	2.9%	116.6	4.9%	126.5	2.2%	123.1	1.3%
1993	141.4	3.0%	137.9	2.5%	141.2	2.7%	121.1	3.9%	130.4	3.1%	128.8	4.5%
1994	144.8	2.4%	140.3	1.7%	144.8	2.5%	122.9	1.5%	134.3	3.0%	136.9	6.3%
1995	148.6	2.6%	144.6	3.1%	148.5	2.6%	124.9	1.6%	139.1	3.6%	143.8	5.0%
1996	152.8	2.8%	148.4	2.6%	152.8	2.9%	127.9	2.4%	143.0	2.8%	147.2	2.4%
1997	155.9	2.0%	150.6	1.5%	156.8	2.6%	129.4	1.2%	144.3	0.9%	147.0	-0.1%
1998	157.2	0.8%	152.6	1.3%	160.4	2.3%	131.0	1.2%	141.6	-1.9%	144.9	-1.4%
1999	160.2	1.9%	163.5	0.6%	163.9	2.2%	132.7	1.3%	144.4	2.0%	143.7	-0.6%
2000	165.7	3.4%	158.1	1.7%	169.6	3.5%	134.2	1.1%	153.3	6.2%	150.5	4.7%
2001	169.7	2.4%	160.6	2.9%	176.4	4.0%	139.0	3.6%	154.3	0.7%	153.0	1.7%
2002	170.8	0.6%	162.2	1.0%	180.3	2.2%	143.5	3.2%	152.9	-1.0%	151.5	-1.0%
2003	174.6	2.2%	168.5	2.7%	184.8	2.5%	146.8	2.3%	157.6	3.1%	158.3	4.5%
2004	179.3	2.7%	171.7	3.1%	189.5	2.5%	149.1	1.6%	163.1	3.5%	162.7	2.8%
2005	186.1	3.8%	177.5	3.4%	195.7	3.3%	153.1	2.7%	173.9	6.6%	171.7	5.5%

Year	FOOD and BEVERAGES				MEDICAL CARE ¹				APPAREL and UPKEEP			
	U.S. Average	Percent Change from Prev. Year	Anchor-age Average	Percent Change from Prev. Year	U.S. Average	Percent Change from Prev. Year	Anchor-age Average	Percent Change from Prev. Year	U.S. Average	Percent Change from Prev. Year	Anchor-age Average	Percent Change from Prev. Year
1983	99.5	2.3%	99.7	2.6%	100.6	8.8%	99.7	5.2%	100.2	2.5%	101.6	5.2%
1984	103.2	3.7%	103.2	3.5%	106.8	6.2%	105.5	5.8%	102.1	1.9%	101.7	0.1%
1985	105.6	2.3%	106.2	2.9%	113.5	6.3%	110.9	5.1%	105.0	2.8%	105.8	4.0%
1986	109.1	3.3%	110.8	4.3%	122.0	7.5%	127.8	15.2%	105.9	0.9%	109.0	3.0%
1987	113.5	4.0%	113.1	2.1%	130.1	6.6%	137.0	7.2%	110.6	4.4%	116.6	7.0%
1988	118.2	4.1%	113.8	0.6%	138.6	6.5%	145.8	6.4%	115.4	4.3%	119.1	2.1%
1989	124.9	5.7%	117.2	3.0%	149.3	7.7%	154.4	5.9%	118.6	2.8%	125.0	5.0%
1990	132.1	5.8%	123.7	5.5%	162.8	9.0%	161.2	4.4%	124.1	4.6%	127.7	2.2%
1991	136.8	3.6%	127.7	3.2%	177.0	8.7%	173.5	7.6%	128.7	3.7%	126.6	-0.9%
1992	138.7	1.4%	130.3	2.0%	190.1	7.4%	183.0	5.5%	131.9	2.5%	130.2	2.8%
1993	141.6	2.1%	131.2	0.7%	201.4	5.9%	189.6	3.8%	133.7	1.4%	131.2	0.6%
1994	144.9	2.3%	131.9	0.5%	211.0	4.8%	197.8	4.3%	133.4	-0.2%	128.9	-1.8%
1995	148.9	2.8%	138.5	5.0%	220.5	4.5%	211.5	7.0%	132.0	-1.0%	130.0	0.9%
1996	153.7	3.2%	143.4	3.5%	228.2	3.5%	231.1	9.2%	131.7	-0.2%	128.7	-1.0%
1997	157.7	2.6%	145.8	1.7%	234.6	2.8%	248.9	7.7%	132.9	0.9%	127.0	-1.3%
1998	151.1	2.2%	147.3	1.0%	242.1	3.2%	255.7	2.7%	133.0	0.1%	125.6	-1.1%
1999	164.6	2.2%	148.4	0.7%	250.6	3.5%	260.8	2.0%	131.3	-1.3%	125.8	0.2%
2000	168.4	2.3%	151.7	2.2%	260.8	4.1%	272.1	4.3%	129.6	-1.3%	124.5	-1.0%
2001	173.6	3.1%	156.4	3.1%	272.8	4.6%	282.9	4.0%	127.3	-1.8%	131.1	5.3%
2002	176.8	1.8%	157.9	1.0%	285.6	4.7%	-----	-----	124.0	-2.6%	126.7	-3.4%
2003	180.5	2.1%	161.8	2.5%	297.1	4.0%	-----	-----	120.9	-2.5%	123.2	-2.8%
2004	188.6	3.4%	168.9	4.4%	310.1	4.4%	-----	-----	120.4	-0.4%	123.9	0.6%
2005	191.2	2.5%	173.1	2.5%	323.2	4.2%	344.2	-----	119.5	-0.1%	121.3	-2.1%

¹ No index was created for medical care for Anchorage for the years 2002 to 2004.

Source: U. S. Department of Labor, Bureau of Labor Statistics

Income Growth Versus Property Tax Growth 1990-2004

Fiscal Year	Percent Change In Personal Income	Percent Change in Property Tax Collections
1990	6.78%	9.28%
1991	4.94	7.96
1992	4.61	7.34
1993	5.32	5.22
1994	4.16	3.90
1995	5.86%	3.20%
1996	4.99	2.94
1997	6.18	4.48
1998	6.81	5.17
1999	6.27	4.14
2000	6.61%	3.97%
2001	6.22	5.82
2002	2.02	5.88
2003	2.19	6.27
2004	4.66	7.27

Note: Tax payments are actual collections as reported to the Census Bureau by state and local governments. Business and other property taxes included along with residential real estate taxes.

Sources: *Survey of Government Finances*, U.S. Census Bureau; Bureau of Economic Analysis; and Tax Foundation calculations.

Build-a-Benchmark

When he could not find a long-running index of house prices for the United States, Robert J. Shiller built one. He combined government surveys that stretch back decades with for-sale listings that his students found in old newspapers. The index is adjusted for inflation.



Source: *National Endurance*; Robert J. Shiller

Source: <http://www.nytimes.com/imagepages/2005/08/21/business/21real.graphic.html>

Average selling price for houses highest in Anchorage

Prices for single-family homes have skyrocketed in recent years. Another survey conducted for AHFC shows that the average sale price rose 9 percent from the second half of 2004 to the second half of 2005. For the first time, Anchorage had the highest average sales price at \$294,000, bumping

Juneau down to second at \$281,000. (See Exhibit 10.) Strong economic growth and a shrinking inventory of undeveloped land help explain the 11 percent increase in Anchorage's numbers.

It is important to recognize, however, that average sales price data do not necessarily represent the average prices for an area's total single-family housing stock, but merely the portion that was sold in the given time period. Average sales prices were lowest among the specific areas surveyed in the Kenai Peninsula Borough (\$195,000) and Fairbanks (\$200,000).

Housing is among the most affordable in Fairbanks

Housing affordability indexes combine the sales price data above with average wages in the same area to determine how many wage earners are necessary to afford the average home. In Fairbanks, for example, it takes 1.3 wage earners to buy an average-priced single-family Fairbanks home. (See Exhibit 11.) Higher index numbers represent less affordable housing.

Although housing in the Matanuska-Susitna Borough is relatively inexpensive, lower than average wages make housing less affordable for those who live and work there than it is in many other areas of the state. At the other end of the spectrum, Anchorage's high housing costs are partially offset by higher than average wages, making housing slightly more affordable for those who live and work there.

Not surprisingly, many Mat-Su residents commute to Anchorage to get the best of both worlds – inexpensive housing and high wages. This group shares honors with Fairbanks for the most affordable housing in the state. Housing in Bethel is the least affordable among the areas studied due to a combination of high average housing costs and relatively low average wages.

Statewide, the affordability index rose to 1.5 in the second half of 2005, up from 1.4 a year earlier. The last time the index was as high as 1.5 was in 2000. With the exception of Kodiak, all areas surveyed saw increases in their index numbers. Kodiak enjoyed an improvement in housing affordability due to a higher than average increase in wages – 7 percent compared to the statewide average of 4 percent.

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 60
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Commerce
 Title Municipal Property Tax Exemption RDU Community Assist & Ec Dev (405)
 Component Community Advocacy
 Sponsor Kohring, Neuman, Gruenberg, Kawasaki
 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 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
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 (FY2007) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation would increase the mandatory exemption under AS 29.45.030(e) for senior citizens and disabled veterans from the current \$150,000 to \$250,000. The state is required to reimburse the revenues lost to municipalities for this program under AS 29.45.030(g) but has not done so since 1996. For 2005 this program cost municipalities \$39.8 million. Passage of this legislation would add an estimated \$14 million tax obligation to local governments. If the state were to fund the reimbursement program to the municipalities, the cost from general funds would be approximately \$54 million for the 2006 tax year.

This legislation will not create a fiscal impact on the operations of the department, unless the funding appropriation is made under AS 29.45.030(g).

Prepared by: Mike Black, Director Phone (907) 269-4535
 Division Community Advocacy Date/Time 2/5/07 10:57 AM
 Approved by: Emil Notti, Commissioner Date 2/5/2007
 Agency Commerce, Community, and Economic Development

ALASKA STATE LEGISLATURE

Interim:

600 East Railroad Avenue
Wasilla, Alaska 99654
Phone (907) 373-1842
Fax: (907) 373-4729*



Session:

State Capitol Building
Juneau, Alaska 99801-1182
Phone: (907) 465-2186
Fax: (907) 465-3818

REPRESENTATIVE VIC KOHRING DISTRICT 14

MEMO

To: Members, House Community & Regional Affairs Committee

Fm: Representative Vic Kohring

Date: May 2, 2007

Re: Support for House Bill 60

Attached, please find letters and e-mails from Alaska's Senior's and Disabled Veterans supporting the property tax exemption increase proposed in House Bill 60. The language before you is very simple; it increases the property tax exemption from \$150,000 to \$250,000. In 1985 when this body determined that we needed to help our seniors and disabled veterans we had in place, a longevity bonus program, the average price for a home was under \$150,000, most doctors accepted Medicare for medical costs, and the VA worked hard to help the men and women who served our country and state. Much of that is gone.

House Bill 60 will help our seniors and disabled veterans. It will have little or no effect on municipalities which are enjoying the increased revenues from a booming housing market. Today's housing prices along with the increase in the number of units built since 1985 means the funds from property taxes more than balances out the quote "loss" end-quote, the municipalities will see from this exemption. Seniors and disabled veterans are not reaping benefits as they are on a fixed income surrounded by ever rising costs.

I ask that you please take a moment and read the small sample of support letters we have provided and then tomorrow vote to move House Bill 60 out of Committee.

Thank you

E-Mail: Representative_Vic_Kohring@legis.state.ak.us
Call Juneau Toll free: (800) 468-2186
Website: www.akRepublicans.org/kohring/

From: Roy Daw [mailto:roydawak@yahoo.com]
Sent: Monday, February 05, 2007 3:00 PM
To: Jim Pound
Subject: HB 60

Thank you for supporting HB 60.

I support HB 60 since it will give something back to veterans instead of take more from them. The government has broken so many promises made to the veterans, and even benefits received continue to be decreased. Many veterans feel unappreciated by our government. HB 60 would be a real shot in the arm for veterans.

Thanks again and God bless,

Roy Daw
U. S. Army, Retired

From: Sherman [mailto:gensherm@aginet.com]

Sent: Monday, February 05, 2007 11:55 AM

To: Jim Pound

Subject: HB 60

Sir I hope you will strongly support HB 60. As an U.S. Army veteran this bill will afford me the ability to retire in the great state of Alaska on Army retirement pay.

Respectfully,

Sherman H. Williford

From: Summers, Patrick S [mailto:Patrick.Summers@va.gov]
Sent: Monday, February 05, 2007 12:07 PM
To: Jim Pound
Subject: HB

Dear Mr. Pound,

I am a disabled veteran who spent 30 years serving our country. Yes, that was my choice and I was proud to do it. I survived Vietnam because God decided I didn't need to be one of the ones sent. I enlisted while Vietnam was on-going, but three different times my orders were cancelled with no help from me. During my duty I supported Miami during one of the most devastating hurricanes at that time. No comparison of course to the more recent New Orleans. I was sent to the Gulf to support our country in 1990. I served proudly and was part of the 1st Tactical Fighter Wing. Without question I put my life on the line because I believed I was there to serve our country.

I decided upon retirement to stay in Alaska not only that I love this great state, but I believe that our legislation really cares about their veterans. I have seen this from the programs that are there for us. I fully support HB 60 because I feel it is the right thing to do. I have watched my property taxes increasing over the years to where this new proposal would once again realign with the intention of the original proposition. I pray that the rest of the legislature stands behind the HB 60 this time. It is the right thing to do and today we don't seem to get the chance to do that as much as we need to. Thank you for your support!

Patrick Summers
Retired Chief Master Sergeant

From: lablover [mailto:lablover@ptialaska.net]
Sent: Monday, February 05, 2007 4:45 PM
To: Jim Pound
Subject: Hb60

Jim, I fully support Hb60. 10 years ago I retired from Federal Civil Service. My payment per month was \$4,000 net. Increased in health benefits through the Feds over the years have reduced my monthly check to \$3200(+). The increase in exemption to 250,000 would be large help in meeting my monthly expensive. My wife is getting heart surgery this coming Friday. Those medical expenses with the deductible I pay on my health insurance (20-25%) is forcing me to re-mortgage the house when I was due to pay off the old mortgage in 16 months. I am a 50% disabled military combat vet. The savings from the 250,000 adjustment could mean the difference in selling the home I have lived in for 20 years and may make the difference in staying in Alaska or moving out side to a small apartment. We are too old to restart.

William E Fisher & Carol T Fisher,
9502 Puffin Circle,
Eagle River AK 99577.
20 year Eagle River residents and want to stay that way

From: bernard schuyler [mailto:radioman@mtaonline.net]
Sent: Monday, February 05, 2007 8:04 PM
To: Jim Pound
Subject: HB60

Mr. Pound, I want to voice my support for HB60. I am retired and need all the help I can get in order to stay in Alaska. The taxes and the cost of living I have to pay are stretching our budget so much we have considered leaving our home and moving to somewhere that is less expensive. Please do all you can to get this bill passed.

Thank You

Bernie Schuyler

-----Original Message-----

From: Hendrix, Robert, LEANCH [mailto:robert.hendrix1@va.gov]

Sent: Monday, February 05, 2007 5:32 PM

To: Jim Pound

Subject: HB 60

I support HB 60 because of the rise in house property taxes I can not afford the raising cost. This bill would help with that expense and as a 20 year veteran this is a good incentive to stay in this state because they take care of their veterans.

Robert "Bob" P. Hendrix, Sr.
Service Officer
The American Legion
Department of Alaska Service Office
Phone: 276-8211 Fax: 258-0756

From: Harold I. Rodgers [mailto:hroddgers@gci.net]

Sent: Monday, February 05, 2007 2:07 PM

To: Jim Pound

Subject: HB 60

I support HB 60 because I am a 73 year old retired 60% disabled vet. As you may know retired military pay, disability pay and SS do not keep up with inflation. A part time job is out of the question. Increasing the property tax exemption would make life more manageable. I know many, many other people that are in my same situation. Property assessment in the Anchorage Borough has increased so much in the past few years that I pay more property taxes now than I did before I was eligible for the current \$150,000 exemption. We need the additional help..

Sincerely,
Harold L. Rodgers

From: John & Lynn Mattison [mailto:mattison@ak.net]

Sent: Tuesday, February 06, 2007 11:42 PM

To: Jim Pound

Subject: FW: URGENT!!!~~~~~HB 60 increases the property tax exemption from \$150,000 to \$250,000

Jim,

You've got my vote

John

From: John Wilkins [mailto:anpetu@ak.net]

Sent: Tuesday, February 06, 2007 3:00 PM

To: Alan Walker; 'Bill and Deanna Walton'; Boyde Fagan; Bruce Hale; Bruce Schneider; Cheryle Cary; Clayton Love; Cliff Dean; Connie Wilkins; Damien Lawrence; Dick hand; Doak Walker; Eileen Nally; Eugene Dau; Evelyn Russell; George Hausermann; 'George Messerschmidt'; Howard Colbert; Jana Hendershot; Jim Pisa; Lamberto Sazon; 'Larry Corbin'; Larry Zendle; Marcie Mulloy; Mike Dobson; Mike Lopez; Mike Walsh; Orval & Brenda Wieber; Robert A. Clauder; Robert Barton; Robert Clauder; Robert L. Francis ; 'Robert Sherwood '; Ron Barnett; Ron Hilbert; Russ Dalton; Ryan C Murphy; Seong S. Kim ; Susan Macaulay; Tim Armstrong; Tim Stoll; Tony Mauk; VETBOAT; Vic Perez; Bill Farling; Brian Wilson; Earl Valentine; Francis Boisseau; George Hausermann; Jimmey Mayo; Maurice Bailey; Michael Schwemley; Robert Boles; Thomas Snell; James Smith; Noel H Gast; timothy moore; Tom Schanrock; William Bartlett

Subject: FW: HB 60

After getting some clarification on this new bill I am in favor of the increase. I am now under the understanding that we, Disabled veterans and Seniors, will not lose the present exemption whether this bill passes or not. Let's support Jim and Rep. Kohring for thinking of us veterans.

John E Wilkins Jr

From: Zona Gregg [mailto:rzgregg@aptalaska.net]
Sent: Tuesday, February 06, 2007 11:56 AM
To: Jim Pound
Subject: HB 60

I support HB 60 because Alaska needs to show support for the veterans living in our state. Hopefully this bill also includes not only the retiring veterans but our active duty Alaskan military personal. If it doesn't, then please amend so it does.

Every year the property tax in my community goes up so this is a major concern and can be the item that decides if a veteran & family remain in Alaska or leave for a state who will support veteran on this issue.

Thanks for listening.

Roger Gregg
569 Evergreen Ave.
Wrangell, AK 99929

From: Fred N [mailto:luknbear@yahoo.com]

Sent: Tuesday, February 06, 2007 7:06 PM

To: Jim Pound

Subject: HB 60 Testimony

Dear State Legislators,

My name is Fred Nolan, I am a retired Viet Nam era veteran and spent 34 years of active military service. I support HB60 because I am 80% disabled now and always hoped to live out my life in Alaska, the State I love and have been a resident in for over 22 years. My wife and I are living on my fixed income and our annual costs to live have skyrocketed in the past few years. Our property taxes, natural gas, gasoline, heating oil and electricity costs are cumulatively reaching the breaking point for us, and many other Alaskan veterans and seniors we have spoken to. Hb60 would allow us to continue to live in this Great State.

Sincerely,

Fred

From: Tim-Jerri [mailto:tim-jerri@gci.net]
Sent: Tuesday, February 06, 2007 8:05 PM
To: Jim Pound
Subject: Re: HB60

Jim -

What's the scoop on HB60? It's my understanding that the Legislature has been trying to get this unfunded monkey off its back for six years now, and turn the property tax exemption issue over to the municipalities. We (American Legion, Veterans of Foreign Wars & Disabled American Veterans) have lobbied to keep it at the state level for many years, knowing the municipalities would cease to honor it if it were up to them. I'm a bit surprised to hear the Legislature is actually considering increasing it, instead of dumping it. Thanks for any info you can provide.

Tim Armstrong
8169 Thunder Street
Juneau, Alaska 99801

From: Shirley Reifel [mailto:reifel@hotmail.com]
Sent: Wednesday, February 07, 2007 8:53 AM
To: Jim Pound
Subject: HB 60

As a 37 yr resident of Alaska, with a combat veteran husband, it would greatly affect our ability to remain in Alaska now that we have reached retirement age if the tax credit was increased. In this economy, on a fixed income, every penny counts. We want to die in Alaska ... support for this bill will help us stay home!

From: russell reifel [mailto:yitrium@pci.net]
Sent: Wednesday, February 07, 2007 9:57 AM
To: Jim Pound
Subject: HB 60

I support HB 60. The cost of living in Alaska is high enough and any bill that would help keep money in veterans pockets would be greatly appreciated.

Russ Reifel

EUGENE & SHIRLEY GOSNELL
TALKEETNA, AK. 99676

2/12/07

Rep. VIC KOHRING :

Our property values have increased tremendously the last few years due to inflation and other economic factors.

We are on a fixed income and the current \$150,000 property tax exemption no longer gives us enough relief. We urge you to sign into law the \$250,000 property tax exemption.

This is our home, & we don't plan to sell it. We wish to stay here the rest of our lives, but the taxes and the stove oil costs make it more difficult than ever.

We are 68 years old and 72 years old and would sincerely appreciate your assistance, please pass HB60.

Respectfully,
Eugene Gosnell
Shirley J. Louise-Gosnell

From: gene hansen [mailto:mr.mebbl@gci.net]
Sent: Monday, February 19, 2007 10:26 PM
To: Jim Pound
Subject: HB60

Jim.
Please forward to the legislators involved!!

I SUPPORT HB60 BECAUSE WITHOUT IT PASSING, I VERY LIKELY WILL HAVE TO LEAVE ALASKA. AS A NAVY VETERAN, (1955-1599) AND NOW A RETIREE ON A FIXED INCOME ATTEMPTING TO DEAL WITH THE INCREASED TAX LOAD IN THE FAIRBANKS NORTHSTAR BOROUGH, THIS BILL WILL HELP ME CONTINUE TO LIVE A DECENT LIFE IN ALASKA. MY TAXES HAVE GONE UP THIS YEAR THREE TIMES GREATER THAN THE COST OF LIVING INCREASE IN MY SS PAYMENT AND I DON'T QUALIFY FOR THE NON-EXISTANT LONGEVITY BONUS.

D.E."GENE" HANSEN, USN
SERVICE # 471-27-23
1YR VR-2
3Yrs USSFRANKLIN D. ROOSEVELT, CVA-42



February 21, 2007

To: Rep. Vic Kohring

From: Anchorage Chapter 7, Disabled American Veterans

Re: House Bill 60

"An Act relating to and increasing the municipal property tax exemption on residences of certain seniors and others; and providing for an effective date."

Dear Representative Kohring:

We would like to go on the record as supporting House Bill 60 ~~and~~ to thank you and the bills co-sponsors for your efforts on behalf of disabled veterans in the state of Alaska.

The past few years have seen housing prices in Anchorage rise over 40%. It is time to bring the intent of the initial legislation into to the current market place. The Elderly and Disabled Veterans both need and deserve your help.

Chapter 7, Disabled American Veterans voted unanimously at our last meeting to support this legislation to bring needed relief to our elderly and disabled veterans.

Sincerely,

Chuck Achberger, Legislative Chair

Anchorage Daily News letters

Published: January 23, 2007

Raise vets' property tax exemption

Alaska Statute 29.45.030 (e) brought about the senior and disabled veterans property tax exemption for the first \$150,000 of assessed property value. I believe this was first approved in 1973. It is a great break for those people, but doesn't anyone think it is time to increase that number, as the average price for a single-family home in Anchorage is around \$300,000? With increasing energy costs and the loss of the longevity bonus, I believe this is an appropriate measure; and it's time to think about an increase of the exemption to at least \$200,000 or perhaps even \$250,000.

---- Eddie Thomas

Eagle River

There is no justification for values municipality places on real estate

Regarding the article on the city sending out property tax assessment notices, I went to the municipal Web site to see what my home was valued at ("For first time, appraisal notices to include tax estimate," Jan. 13). I just bought it last summer and the city has it valued at a lot more than what I paid for it. The article reports that the average value of a single-family home went up 11 percent from last year. Well, they raised the value of the lot my house sits on 36 percent. There simply is no rhyme or reason to how the municipality comes up with these values.

It used to be that you could sell a home for as much as 10 percent more than the municipal assessment. Not anymore. Here is an example: A house is for sale at 9170 Parkview Terrace Loop and is listed for \$295,000. The municipality has it assessed on its Web site at \$337,100.

Then there is the part about the city's chief fiscal officer stating our taxes will probably go down 3 percent from last year if the state chips in for relief at the same rate as last year. This is pure trickery on the part of the municipality. Having your estimated tax on the cards is just a smoke screen.

---- Kevin R. Boyce

Eagle River

adn.com

Anchorage Daily News

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Tax man beckons for Kenai seniors**PROPERTY: Cap would replace unlimited exemption on Peninsula.**

By BRANDON LOOMIS

Anchorage Daily News

(Published: February 17, 2007)

SOLDOTNA -- The Kenai Peninsula's land-rich seniors may soon find something unfamiliar in their mailbox: a tax bill.

Kenai Peninsula Borough Mayor John Williams has introduced a measure that would end the 20-year-old unlimited property tax exemption for seniors. In its place would be a \$300,000 cap on exempted property value, still generous by state standards, which mandate a \$150,000 exemption for Alaskans age 65 and older.

The long-discussed change carries particular significance in a borough that bucks Alaska's trend of out-migration among retirees. A recent study by the Institute of Social and Economic Research at the University of Alaska Anchorage found that 379 seniors moved to the Peninsula between 1995 and 2000, while 329 left. Since 1999 the number of exempt property owners has grown by 59 percent, to about 2,800, according to the borough administration.

Some of the newcomers build homes valued between \$500,000 and \$1 million, Williams said, and locals may start to resent paying for their services.

"If we continue to see million-dollar homes built all over the Peninsula with 100 percent exemptions, the local citizenry is going to revolt," Williams said.

A \$300,000 cap would impose a tax on 214 current property owners who are exempt from taxes, including 11 disabled veterans who also are covered by the exemption. They would pay roughly \$250,000 a year among them, Williams said. In all, the exemption last year cost the borough \$4.4 million.

The plan goes before the Borough Assembly on Tuesday and will get a public hearing in the spring. The Assembly rejected a call for a \$250,000 cap on the exemption last year, though some members say that was a matter of timing -- the borough also was grappling with contentious sales-tax issues last year.

"I think it's reasonable," said Assemblywoman Grace Merkes, of Sterling. "A \$300,000 home is a pretty nice home, and seniors generally have some kind of retirement funds (and) they can afford to pay some tax."

Merkes said she expects the Assembly will impose a cap, though it may also put the question to voters. If there is a cap, she said, she hopes to find a way to help homesteaders who have modest homes on large land holdings that have escalated in value.

Others have seen small properties rise in value because of their recreational potential or views. Retired college professor Byron Bondurant moved to the Funny River area east of Soldotna in 1987. He bought his riverfront home for \$120,000, and now figures it's worth \$700,000.

At 82, he's thinking about leaving Alaska's winters behind anyway. If he starts receiving a tax bill, he said, he may be eager to get out sooner.

"I could afford it better than some people, but I know some people who would have a real serious problem," Bondurant said.

The seniors who suffer most are those on fixed incomes but with properties that have soared in value, he said. The value increase is of little help to them unless they sell out, he said, and once they do, they take with them year-round spending power that often is replaced by part-time residents.

"I admit I have a nice advantage, a nice home on the river," he said. "But I would think about leaving sooner for a more moderate climate to get away from the cost."

Others whose homes are valued just over \$300,000 have mixed feelings.

"As someone who is not quite 65 and not quite eligible, it's a shame that just as I get there they're taking it away," said Jim Fassler, a retired telephone company employee. "But I'm certainly willing to pay my share. I have no problem with them capping it there. We have folks who are sitting on million-dollar properties who are paying nothing."

Williams said the cap shouldn't price anyone off of the Peninsula because Alaska law allows residents who demonstrate a hardship to limit their tax payments to 2 percent of income.

Daily News reporter Brandon Loomis can be reached in the newspaper's Soldotna bureau at bloomis@adn.com or 907-260-5215, ext. 24.

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oice of the Times

A CONSERVATIVE VOICE FOR ALASKANS

WILLIAM J. TOBIN
Senior editor

Funding tax break makes better sense

By PAUL JENKINS

Have you heard all the buzz about a legislative proposal in Juneau that would increase to \$250,000 the property tax exemption for our older citizens and disabled vets? Me neither.

The measure in question, House Bill 60, was sponsored by Reps. Vic Kobring, Mark Neuman and Max Gruenberg, and has been shuffled off to various committees. It would grant the increased exclusion to disabled veterans, and residents 65 and older and their widows or widowers. Remarkably, there has been little public discussion, although it could cost the state a bundle if passed. Cities and boroughs appear lined up against the measure, but there has been little from the folks it would most affect.

In the early 1970s, the Legislature exempted from property taxes those making \$10,000 a year or less. Lawmakers in 1985 shielded from property taxes \$150,000 of the value of a qualified home, and they made up the difference to local governments. That did not last long. The reimbursement amount

started to decline the next year and lawmakers stopped paying altogether in 1997, leaving cities and boroughs holding the bag for the state's largesse. It since has been a bone of contention and frustration across the state, with the Haines Borough in 1999 sending the Department of Revenue a bill for \$869,000 for taxes the borough claimed it had lost since 1985. Unsurprisingly, the state balked.



Jenkins

With Alaska's aging population, the exemption is turning into an expensive proposition. The tab in Anchorage last year was \$19.8 million, with the exempted amount being spread among other taxpayers in the city. Across the state, the exemption nowadays totals \$40.3 million, says Steven Van Sant, the state's tax assessor. If the Legislature were to approve the new exemption, it could cost a little more than \$56 million.

Recognizing that property values have skyrocketed in recent years and that a \$150,000 exemption does not go as far as it used to, maybe it is well beyond time to have a discussion about the size of the exemption.



Mayor Mark Begich says the \$150,000 exclusion is a way of life by now and he could support bumping the amount to \$200,000, with inflation-proofing or periodic increases tied to the cost of living or the housing cost index. Or the system, he says, could be changed to a local-option program where voters would decide when to increase the \$150,000 base amount. The Legislature, he says, should fund the program or give cities the option.

If the idea is to keep our older population here, and it's a good idea, then, as Begich suggests, the \$150,000 base must remain intact. There should be no nonsense about need or anything else. If you meet the current criteria, you should get the exemption. The Legislature, facing the worrisome prospect of likely being in the red sometime next year if oil prices do not rebound, should at least talk about funding the obligation it dumped on taxpayers in cities and boroughs. It should also strongly consider making any increase in the exemption — and it should be increased — a local option because other taxpayers eventually have to foot the bill.

As the state, at Gov. Sarah Palin's behest, takes a look at reinstating the longevity bonus at a cost of \$30 million or \$40 million, depending on the approach and figures used, perhaps it instead should think it through. The inherent problems, the anticipated lawsuits and general nastiness involved might make it less attractive.

The longevity program, when it ended, was above all else unfair. It was socialism at its finest, a subjective government giveaway that targeted Alaska's pioneers and then quickly got out of hand because of the courts. About half the seniors in the state never were allowed to be a part of the program. It was modified and then rightly killed as Alaska slipped into a sea of red ink a few years back.

Instead of buying into certain trouble with a new longevity bonus sure to set off fireworks, the governor and lawmakers could fund the property tax exclusion at the \$150,000 level, the \$250,000 level, or someplace in between for slightly more money than reinstating the longevity program. That would right a wrong, put the state's money where its mouth is and help cities and boroughs, and their taxpayers. It also would help many older folks and disabled veterans — unable to participate in the old longevity bonus travesty — to keep their primary residences.

No matter how you cut it, the question is complex, but ignoring the burden — to cities, to boroughs, to the elderly, to other taxpayers — is short-sighted.

Instead of just doing nothing, it's time to do something, and do it right.

Paul Jenkins is an editor of The Anchorage Times.

The Anchorage Times

Editors: TOM BRENNAN 264-8191 PAUL JENKINS 264-8192 WILLIAM J. TOBIN 264-8193

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