

HB

67

Sonya Hymer

From: Rep. Gabrielle LeDoux
Sent: Thursday, February 08, 2007 8:16 AM
To: sonya_hymer@legis.state.ak.us
Subject: FW: HB67 Additional Information Request

Suzanne Hancock, Chief of Staff
Representative Gabrielle LeDoux
State Capitol
District 36
Juneau, AK 99801-1121
phone: (907) 465-2487 (office)
(907) 465-4230 (direct)
fax: (907) 465-4956

From: Rep. Anna Fairclough
Sent: Wednesday, February 07, 2007 7:17 PM
To: Rep. Max Gruenberg; Rep. Gabrielle LeDoux
Cc: Renee Limoge
Subject: HB67 Additional Information Request

Representative Gruenberg,

Below is the list of questions that I passed by committee members to make sure I had captured everyone's questions.

My schedule today has been extremely busy, I apologize for the delay.

It is my intent to schedule your bill again under "previous bills heard" on Tuesday, February 20th at 8:00 a.m. Since I failed to close the public hearing we will allow testimony (brief), it is my expectation that your bill will move on that day pending others asking question. It will not be necessary (we did have members absent that may want you to speak-your call) for you to present an overview, but it would be helpful if you were available for any questions that might arise. I will discuss any further informational needs or request directly with you if possible (schedules) prior to Monday, February 19th at 5:00 p.m.

HB67

What is the states definition of "law enforcement officer"?
How is the exemption spread geographically? (How are the boundaries drawn?)
Does the committee agree with two exemptions per household?
What is the fiscal note to local communities?

Enjoy your day!

Representative Anna Fairclough

2/13/2007

State Capitol: 907.465.3777

Eagle River: 907.694.8944

Representative Anna Fairclough@legis.state.ak.us



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 67 – 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 a municipality to pass an ordinance giving an exemption up to \$150,000 of assessed valuation for a permanent residence owned and occupied by a law enforcement officer 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. A municipality may, by ordinance, designate certain areas in which permanent residences owned and occupied by law officers are exempt 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 by ordinance 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.

House Bill 67

Potential witnesses and interested parties

1. John Cyr – Executive Director, Public Safety Employees Association
2. Everett Robbins – President, Anchorage Police Department Employees Association
3. Rob Heun – Police Chief, Municipality of Anchorage
4. Steve Van Sant – State Assessor, DCCED

ALASKA STATE LEGISLATURE

REPRESENTATIVE KURT OLSON

- Chair, Labor and Commerce
- Vice-Chair, Oil and Gas
- Member, Community and Regional Affairs

Session: January – May
State Capitol
Juneau, AK 99801-1182
Phone: 907-465-2693
Fax: 907-465-3835



Interim: May – December
145 Main Street Loop, Ste 221
Kenai, AK 99611
Phone: 907-283-2690
Fax: 907-283-2763

Official Business

Draft CSHB 67 (CRA)

This CS would make it optional for municipalities and boroughs to exempt certain organizations from property taxes. Assuming they are exempt from federal taxes under 26 U.S.C. 501(c) (8) or (10) (Internal Revenue Code).

Fraternal organizations around our state are responsible for donating many hundreds of thousands of dollars to worthy causes. From students of the month, to college scholarships, to aid for families in need, to handicapped individuals needing specialized equipment, to school groups needing travel money. Buildings are made available for local fundraisers run by volunteers. Groups like the Cub Scouts and Boy Scouts meet on a regular basis. The list of beneficiaries from these organizations is long.

For example, over the course of the year ending March 31, 2006, the Benevolent and Protective Order of Elks (Elks) in Alaska contributed \$566,561.00 in cash and \$84,424 in non-cash items. In addition, 20,839 miles were driven and 695,099 hours were worked in the course of raising these monies.

When calculated, using the Federal Government's determination that work done by charitable organizations costs an average of \$18.04 per hour, and mileage charged at \$ 0.45 per mile, the total contributions by Alaska Elks Lodges amount to \$ 1,366,924.19.

This is no small sum. The value of fraternal organizations to communities is very obvious. A break on property taxes seems small in comparison.



Municipality of Anchorage

P.O. Box 196850 • Anchorage, Alaska 99519-6850 • Telephone: (907) 343-4431 • Fax: (907) 343-4409 <http://www.nunat.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

**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.

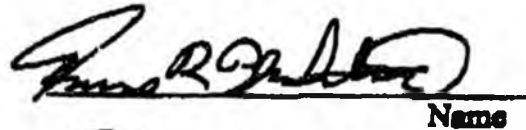
NOW THEREFORE BE IT RESOLVED by the Mountain View Community Council:

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

President
Title



Municipality of Anchorage

P.O. Box 196650 • Anchorage, Alaska 99519-6650 • Telephone: (907) 343-4431 • Fax: (907) 343-4499 <http://www.muni.org>

Mayor Mark Begich

Office of the Mayor

February 2, 2007

The Honorable Max Gruenberg
Alaska State House
State Capitol, Room 110
Juneau, AK 99801-1182

Dear Max,

Thank you for your introduction of House Bill 67, which seeks to improve public safety in Alaska communities where high rates of crime may occur. I understand this bill duplicates a similar measure you introduced two years ago.

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 expands the potential tax credit to \$150,000 and makes it subject to local approval.

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

Sincerely,

Mark Begich
Mayor

Community, Security, Prosperity

Sonya
cc RA**Sonya Hymer**

From: jeffcurrier [jeff@lakeandpen.com]
Sent: Monday, February 05, 2007 9:04 AM
To: Sonya Hymer
Subject: RE: Property tax bills up for hearing next week

Hi Sonya – although Lake and Peninsula Borough has no property tax, real or personal, I still want to weigh in on these two bills. Senior citizen exemptions are a wonderful idea but these exemptions mean lost revenues for taxing authorities and either a reduction in services or budget cuts IF they are mandated by the State and not funded in some manner. Most communities allow some form of SC property tax rebate or exemption but at a far lesser amount.

Tax exemptions for public safety officers in certain neighborhoods– good idea, but again must be funded to offset costs to municipalities.
Thanks for the opportunity to input. Jeff

responded 2/5

Norman Cohen

From: Everett Robbins [president@apdea.org]
Sent: Monday, February 05, 2007 1:54 PM
To: Norman Cohen
Subject: RE: HB 67 - Municipal Property Tax Exemption for Law Enforcement Officers

Rep. Max Gruenberg
State Capitol, Room 110
Juneau, AK 99801

Dear Representative Gruenberg:

I am writing in support of the municipal tax exemption for law enforcement officers (House Bill 67). This legislation would allow a municipality to enact an ordinance designating eligible parcels of property exempt from taxation up to \$150,000 of the assessed value of the property. Eligible parcels of property are those (1) that are owned by and constitute the primary residence of a law enforcement officer; (2) that meet the eligibility requirements under a federal program of special assistance; and (3) that have a statistically higher occurrence of crime than the municipality as a whole.

We believe this bill would be instrumental in helping to reduce crime throughout Anchorage while also recognizing the contributions that law enforcement officers make in our communities. This bill would help to foster the concept of community policing by providing an incentive for law enforcement officers to work and live in neighborhoods most in need of police interaction and intervention. This bill may well help to relieve the economic costs to the municipalities, as well as private employers and individuals, that are generally associated with high-crime neighborhoods by encouraging law enforcement officers to insert themselves into their communities and assume a personal stake in the future of the neighborhood. The bill is also an important recognition of the services provided by individual law enforcement officers. In short, we believe this bill would be beneficial from both the public's perspective and any individual law enforcement officer who participates in the program.

Thank you for introducing this bill into the Alaska legislature. If it passes, Alaska will lead the way in recognizing the contributions that law enforcement officers make in our communities and the benefit that can be derived from permitting a property exemption for those officers who demonstrate their commitment to community policing. Please convey my wholehearted support for its passage to the relevant legislative committees and leaders of each chamber.

Sincerely,

Everett Robbins
President
Anchorage Police Department Employee's Association

2/5/2007

Suzanne Hancock

From: Rep. Anna Fairclough
Date: Tuesday, February 06, 2007 10:26 AM
To: Rep. Gabrielle LeDoux
Cc: Rep. Kurt Olson; Rep. Woodie Salmon; Rep. Mark Neuman
Subject: C&RA Committee Meeting, February 6, 2007

Representative LeDoux, Representative Neuman, Representative Olson, and Representative Salmon,

Thank you for attending today's Community and Regional Affairs meeting. I appreciate your support, it was my first opportunity to Chair a meeting in this legislative session and already I have learned a lot. Thank you for your patience. Your questions were thought provoking and insightful. I am inspired to work with each of you and appreciate any feedback you might have for me after today's committee meeting.

I heard several questions that I would like to refine prior to speaking with HB60 and HB67 bill sponsors.

HB60

What is the statute site for the hardship exemption? (I will provide the committee a copy of the statute) Steve VanSant

What is the states statutory responsibility in 29.45 "shall reimburse communities"? Talus Colberg

What is the local impact to this legislation? (Fiscal note)

How are mill rates effected by those who would receive the exemption and those who do?

HB67
 What is the states definition of "law enforcement officer"?

How is the exemption spread geographically? (How are the boundaries drawn?)

Does the committee agree with two exemptions per household?

What is the fiscal note to local communities?

Do committee members have any questions that I have not covered? Please advise me as soon as possible, the sponsors of these bills would like to see the committee pass forward these bills.

Representative Anna Fairclough

State Capitol: 907.465.3777

Eagle River: 907.694.8944

[Representative Anna Fairclough@legis.state.ak.us](mailto:Representative_Anna_Fairclough@legis.state.ak.us)



Suzanne Hancock

From: Rep. Anna Fairclough
Sent: Tuesday, February 06, 2007 10:30 AM
To: Rep. Gabrielle LeDoux
Subject: FW: HB67

Forgot to cc you on this Representative LeDoux.

Representative Anna Fairclough

State Capitol: 907.465.3777
Eagle River: 907.694.8944
Representative_Anna_Fairclough@legis.state.ak.us

From: Rep. Anna Fairclough
Sent: Tuesday, February 06, 2007 10:30 AM
To: Rep. Max Gruenberg
Cc: Rep. Mike Chenault
Subject: HB67

Rep. Gruenberg,

I have sent my questions to committee members for further refinement and should have those to you later today or tomorrow. Representative LeDoux and I have agreed to acquire the additional information, pass on the answers to the committee members and review your bill again in short order.

Thank you for personally appearing before the committee today to advocate for your community.

Representative Anna Fairclough

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Eagle River: 907.694.8944
Representative_Anna_Fairclough@legis.state.ak.us

Sonya Hymer

From: Rep. Gabrielle LeDoux
Sent: Thursday, February 08, 2007 8:16 AM
To: sonya_hymer@legis.state.ak.us
Subject: FW: HB67 Additional Information Request

Suzanne Hancock, Chief of Staff
Representative Gabrielle LeDoux
State Capitol
District 36
Juneau, AK 99801-1121
phone: (907) 465-2487 (office)
(907) 465-4230 (direct)
fax: (907) 465-4956

From: Rep. Anna Fairclough
Sent: Wednesday, February 07, 2007 7:17 PM
To: Rep. Max Gruenberg; Rep. Gabrielle LeDoux
Cc: Renee Limoge
Subject: HB67 Additional Information Request

Representative Gruenberg,

Below is the list of questions that I passed by committee members to make sure I had captured everyone's questions.

My schedule today has been extremely busy, I apologize for the delay.

It is my intent to schedule your bill again under "previous bills heard" on Tuesday, February 20th at 8:00 a.m. Since I failed to close the public hearing we will allow testimony (brief), it is my expectation that your bill will move on that day pending others asking question. It will not be necessary (we did have members absent that may want you to speak-your call) for you to present an overview, but it would be helpful if you were available for any questions that might arise. I will discuss any further informational needs or request directly with you if possible (schedules) prior to Monday, February 19th at 5:00 p.m.

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Enjoy your day!

Representative Anna Fairclough

2/8/2007

State Capitol: 907.465.3777

Eagle River: 907.694.8944

Representative Anna Fairclough@legis.state.ak.us

print out for her

Suzanne Hancock, Chief of Staff
Representative Gabrielle LeDoux
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Juneau, AK 99801-1121
phone: (907) 465-2487 (office)
(907) 465-4230 (direct)
fax: (907) 465-4956

From: Renee Limoge **On Behalf Of** Rep. Anna Fairclough
Sent: Tuesday, February 13, 2007 5:08 PM
To: Rep. Max Gruenberg
Cc: Rep. Gabrielle LeDoux; Rep. Kurt Olson; Rep. Mark Neuman; Rep. Nancy Dahlstrom; Rep. Sharon Cissna; Rep. Woodie Salmon
Subject: FW: HB 67

Representative Gruenberg,

Thank you for response. I have reviewed your answers and will recommend that we move the bill out of committee.

I appreciate the extra effort of you and your staff.

Representative Fairclough

From: Rep. Max Gruenberg
Sent: Tuesday, February 13, 2007 3:01 PM
To: Rep. Anna Fairclough; Rep. Gabrielle LeDoux; House Community and Regional Affairs
Subject: HB 67

Please find attached a letter.

Max F. Gruenberg, Jr
State Representative
House District 20
(907) 465-4940 Phone
(907) 465-3766 Fax
1-866-465-4940 Toll Free
Rep.Max.Gruenberg@legis.state.ak.us
www.akdemocrats.org

**Alaska State Legislature
House of Representatives**



**Representative Max F. Gruenberg, Jr.
House District 20**

**Anchorage (Mountain View, Russian Jack, East Anchorage)
House Minority Assistant Floor Leader**

Member

Standing Committees:
Judiciary
State Affairs

House Special Committee:
Ways & Means

Finance Subcommittees:
Administration
Courts

Interim:
716 W 4th Avenue, Rm 350
Anchorage, Alaska 99501-2133
Phone: (907) 269-0123
Fax: (907) 269-0124

Session:
Alaska State Capitol, Rm 110
Juneau, Alaska 99801-1182
Phone: (907) 465-4940
Toll Free: (866) 465-4940
Fax: (907) 465-3766

Email:
rep.max.gruenberg@legis.state.ak.us

February 13, 2007

To: Representative Anna Fairclough, Co-Chair
Representative Gabrielle LeDoux, Co-Chair
House Community and Regional Affairs Committee

From: Representative Max Gruenberg

Subject: HB 67

Thank you for hearing HB 67 in the House Community and Regional Affairs Committee. I am providing to you answers to your questions concerning four aspects of the bill. My responses are found below:

1. What is the state's definition of "law enforcement officer"?

My intention is to include the definitions of "peace officer" in AS 01.10.060(7) and "police officer" in AS 18.65.290(7) within the definition of "law enforcement officer." I will draft an amendment for the committee to consider that will include this new definition. The amendment will give the municipality the authority to include any or all of those categories. (The definitions are attached on page 3 of this memorandum.)

2. How is the exemption spread geographically? (How are the boundaries drawn?)

Either 1) it is an area that fits within a federal program for special assistance for urban development, neighborhood revitalization, or law enforcement, whether or not it is receiving federal funding for this reason, or 2) an area with a statistically higher level of crime than the municipality as a whole. Either or both would be sufficient.

3. Does the committee agree with two exemptions per household?

The sponsors suggest that two exemptions per residence is appropriate, because 1) it provides more of an incentive for married officers or others sharing a residence to participate in the programs, 2) it does not penalize two eligible law enforcement officers who are married from losing an exemption for a residence that they own together, and 3) it limits the financial impact to the municipality and the potential for abuse.

4. What is the fiscal note to local communities?

The Alaska Municipal League placed a zero fiscal on the bill, because the program is discretionary with each municipality. If a municipality implements the program, the number of officers taking advantage of it would probably be less than 10. Multiplying this by the cost, approximately \$2,200 per exemption in Anchorage, for example, the impact would probably be less than \$25,000. This pales in comparison to the benefits that could result from lower crime in high crime areas.

AS 01.10.060. Definitions.

(7) "peace officer" means

- (A) an officer of the state troopers;
- (B) a member of the police force of a municipality;
- (C) a village public safety officer;
- (D) a regional public safety officer;
- (E) a United States marshal or deputy marshal; and
- (F) an officer whose duty it is to enforce and preserve the public peace;

AS 18.65.290(7) "police officer" means

(A) a full-time employee of the state or a municipal police department with the authority to arrest and issue citations; detain a person taken into custody until that person can be arraigned before a judge or magistrate; conduct investigations of violations of and enforce criminal laws, regulations, and traffic laws; search with or without a warrant persons, dwellings, and other forms of property for evidence of a crime; and take other action consistent with exercise of these enumerated powers when necessary to maintain the public peace;

(B) an officer or employee of the Department of Transportation and Public Facilities who is stationed at an international airport and has been designated to have the general police powers authorized under AS 02.15.230(a);

(C) a University of Alaska public safety officer with general police powers authorized under AS 14.40.043 ;

print out for her

Suzanne Hancock, Chief of Staff
Representative Gabrielle LeDoux
State Capitol
District 36
Juneau, AK 99801-1121
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From: Renee Limoge **On Behalf Of** Rep. Anna Fairclough
Sent: Tuesday, February 13, 2007 5:08 PM
To: Rep. Max Gruenberg
Cc: Rep. Gabrielle LeDoux; Rep. Kurt Olson; Rep. Mark Neuman; Rep. Nancy Dahlstrom; Rep. Sharon Cissna; Rep. Woodie Salmon
Subject: FW: HB 67

Representative Gruenberg,

Thank you for response. I have reviewed your answers and will recommend that we move the bill out of committee.

I appreciate the extra effort of you and your staff.

Representative Fairclough

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Sent: Tuesday, February 13, 2007 3:01 PM
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Subject: HB 67

Please find attached a letter.

Max F. Gruenberg, Jr
State Representative
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www.akdemocrats.org

AMENDMENT

OFFERED IN THE HOUSE
TO: HB 67

BY REPRESENTATIVE GRUENBERG

- 1 Page 1, line 14:
- 2 Delete all material.
- 3 Insert "ordinance must contain a definition of "law enforcement officer" that includes
- 4 only some or all positions identified in the definition of "peace officer" set out in
- 5 AS 01.10.060 or in the definition of "police officer" set out in AS 18.65.290. The ordinance
- 6 must"

Amend AS29.45.050 by adding a new subsection to read:

(t)A municipality may by ordinance exempt from taxation the property of a fraternal society, order or association that is exempt from federal taxes under 26 U.S.C. 501(c) (8) or (10) (Internal Revenue Code) if the property is used predominantly for one or more of the following purposes:

- (1) religious;**
- (2) charitable;**
- (3) scientific;**
- (4) literary;**
- (5) educational; or**
- (6) fraternal.**

Renee Limoge

From: Steve VanSant [steve_vansant@commerce.state.ak.us]
Sent: Tuesday, February 20, 2007 1:58 PM
To: Renee Limoge
Cc: sally_saddler@commerce.state.ak.us
Subject: Re: Questions from the Co-Chairs
Attachments: 2006 SC-DAV Totals.xls; steve_vansant.vcf

Renee,

In *theory*, if the SC/DAV exemption was funded, municipalities could lower mill rates to reflect that revenue. I have attached a spreadsheet that shows you how much revenue the exemption costs municipalities across the state, by municipality. The spreadsheet also answers your second question regarding the number of applicants by city/borough.

You will note that this program costs the Municipality of Anchorage about 5.4% of total property tax revenue. So, in *theory* the municipality could lower its mill rate to reflect this increase in state revenue. Whether or not they will actually do that, I can not answer.

I hope this helps you out, if you need more information let me know and I will get it for you. Sorry I didn't get this to you earlier, but my phone has been ringing non-stop, and my boss believes I should take those calls and answer them! Can you imagine that? (Ha)

Anyway, let me know if you need something else.
Steve

Renee Limoge wrote:

Steve,

During a recent meeting of the co-chairs of C&RA, a number of questions came up that we were hoping that you might be able to help us with.

1. If the Senior Tax Exemption were actually funded (as is, not with the increase proposed by HB 60), would property taxes across the board actually go down for all property tax payers?
2. How many families across Alaska are actually receiving the senior citizen/disabled veteran tax exemption? Is it possible to break out the numbers for the following areas: Anchorage, Mat-Su, Kenai?

Any information you can provide to us would be appreciated. And thank you for being available so often during committee and to us for help with these issues. Your expertise is valued.

Best,
Renee Limoge
Ext. 3768

2006 Senior Citizen /Disabled Veteran Homeowner Exemption Program

Municipality	2006 Senior Citizen /Disabled Veteran Homeowner Exemption Program									% of
	Senior Citizens # Applicants	Senior Citizens Exempt Value	Senior Citizens Taxes Exempt	DAV # Applicants	Disabled Veterans Exempt Value	Disabled Veterans Taxes Exempt	SC/DAV Total App.	SC/DAV Total Value	SC/DAV Total Taxes	Total Property Tax Revenue
Municipality of Anchorage	7,943	\$1,091,763,811	\$16,727,467	1,407	\$203,873,885	\$3,054,791	9,350	\$1,295,637,696	\$19,782,258	5.36%
Bristol Bay Borough	23	\$2,117,178	\$27,523	1	\$43,900	\$571	24	\$2,161,078	\$28,094	1.51%
Fairbanks North Star Borough	2,737	\$310,991,236	\$5,608,462	486	\$65,410,754	\$1,121,785	3,223	\$376,401,990	\$6,730,117	8.27%
Haines Borough	153	\$17,552,343	\$210,346	7	\$972,215	\$12,177	150	\$19,524,558	\$231,524	11.35%
City & Borough of Juneau	1,096	\$152,764,275	\$1,553,056	46	\$6,270,200	\$63,768	1,142	\$159,034,475	\$1,616,824	4.50%
Kenai Peninsula Borough	2,605	\$302,088,300	\$3,472,540	171	\$19,349,600	\$222,022	2,776	\$321,437,900	\$3,694,562	7.40%
Ketchikan Gateway Borough	618	\$73,460,700	\$893,183	16	\$2,097,100	\$25,075	634	\$75,557,800	\$918,258	11.72%
Kodiak Island Borough	293	\$33,766,350	\$428,455	30	\$3,988,200	\$52,411	323	\$37,754,550	\$480,866	4.91%
Matanuska-Susitna Borough	2,873	\$350,370,340	\$4,532,703	514	\$65,634,200	\$851,074	3,387	\$416,004,540	\$5,383,777	7.00%
North Slope Borough	74	\$5,603,800	\$106,752	0	\$0	\$0	74	\$5,603,800	\$106,752	0.05%
City & Borough of Sitka	425	\$56,161,810	\$336,971	10	\$1,033,700	\$6,202	435	\$57,195,510	\$343,173	7.73%
City & Borough of Yakutat	24	\$1,625,550	\$16,181	0	\$0	\$0	24	\$1,625,550	\$16,181	4.65%
Cordova	81	\$10,263,937	\$135,262	1	\$136,100	\$1,817	82	\$10,400,037	\$137,079	8.64%
Craig	33	\$2,995,500	\$17,973	1	\$129,000	\$774	34	\$3,124,500	\$18,747	4.25%
Dillingham	37	\$4,312,300	\$56,059	2	\$500,000	\$3,900	39	\$4,612,300	\$59,959	3.49%
Eagle - No taxes in 2006	0	\$0	\$0	0	\$0	\$0	0	\$0	\$0	0.00%
Nenana	23	\$1,059,699	\$12,716	1	\$27,700	\$332	24	\$1,087,399	\$13,048	7.72%
Nome	90	\$9,787,794	\$107,666	0	\$0	\$0	90	\$9,787,794	\$107,666	5.02%
Pelican	5	\$387,500	\$2,325	0	\$0	\$0	5	\$387,500	\$2,325	3.62%
Petersburg	143	\$18,780,000	\$210,524	2	\$196,000	\$2,197	145	\$18,976,000	\$212,721	9.95%
Skagway	51	\$7,206,275	\$49,417	0	\$0	\$0	51	\$7,206,275	\$49,417	3.00%
Unalaska	8	\$744,496	\$8,770	0	\$0	\$0	8	\$744,496	\$8,770	0.22%
Valdez	64	\$6,850,933	\$137,019	7	\$612,175	\$12,244	71	\$7,463,108	\$149,262	0.51%
Whittier	14	\$444,950	\$2,240	0	\$0	\$0	14	\$444,950	\$2,240	0.83%
Wrangell	145	\$16,070,294	\$192,844	1	\$83,600	\$1,003	146	\$16,153,894	\$193,847	14.82%
Totals	19,558	2,477,169,371	34,855,454	2,703	370,158,329	5,432,143	22,261	\$2,847,327,700	\$40,287,597	4.57%

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 67
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Commerce
 Title Muni Prop Tax Exemption For Police Homes RDU Community Assist & Ec Dev (405)
 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 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						
-----------------------------	--	--	--	--	--	--

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 permits a municipality by ordinance to offer an optional exemption, not to exceed \$150,000 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: Mike Black, Director
 Division: Community Advocacy
 Approved by: Emil Notti, Commissioner
 Agency: Commerce, Community, and Economic Development

Phone (907) 269-4535
 Date/Time 2/5/07 11:17 AM
 Date 2/5/2007



MUNICIPAL FISCAL NOTES

Title: MUNI PROP TAX EXEMPTION FOR POLICE HOMES

Sponsor: Gruenberg

Bill Version: HB 67

Publish Date: 01/16/2007

Effect on Municipalities:

Operating Expenditures: (0)

Operating Revenues: (0)

Capital Expenditures: (0)

Capital Revenues: (0)

Change in Revenues: (0)

Analysis:

This legislation would allow municipalities to exempt, through ordinance, an area within its boundaries that meets eligibility requirements (is eligible under a federal program of special assistance for urban development, neighborhood revitalization, or law enforcement, or has a statistically higher occurrence of crime than the municipality as a whole) from taxation of up to \$150,000 per residence on a residence owned and occupied as the primary place of residence by a law enforcement officer. Up to two exemptions (\$300,000) may be granted if two law enforcement officers occupy the same residence.

The Alaska Municipal League does not oppose optional property tax exemptions. HB 67 will only affect those municipalities that choose to participate in this optional program.

formed in connection
v Rul 74-187 (1974)

apply where husband
payment in divorce
marital rights, since 26
tax treatment of pay-
ment of marital or family
assets (1975, CA3 Pa) 510
35 AFTR 2d 710.

applicable to install-
ment purchase to another under
agreement. Gammill v
23, afd (1982, CA10)
14, 50 AFTR 2d 5469.
It apply to taxpayer's
solely taxpayer is not
sole interest attributable
to him. McCormick v
10 1987-418, RIA TC
M 242 (criticized in
ND Ga) 70 F Supp 2d
AFTR 2d 1268).

III. Qualified

Parts III, IV.

action
activity-

(7), or

"504. Status after organization ceases to qualify for exemption under section 501(c)(3) because of substantial lobbying."

In 1984, P.L. 98-369, Sec. 513(b), added the item for Code Sec. 505.

In 1976, P.L. 94-455, Sec. 1307(d)(3)(B), added the item for Code Sec. 504.

In 1969, P.L. 91-172, Sec. 101(j)(61), repealed item 504 relating to denial of exemption.

§ 501. Exemption from tax on corporations, certain trusts, etc. [Caution: See prospective amendment note below.]

(a) **Exemption from taxation.** An organization described in subsection (c) or (d) or section 401(a) [26 USCS § 401(a)] shall be exempt from taxation under this subtitle [26 USCS §§ 1 et seq.] unless such exemption is denied under section 502 or 503 [26 USCS § 502 or 503].

(b) **Tax on unrelated business income and certain other activities.** An organization exempt from taxation under subsection (a) shall be subject to tax to the extent provided in parts II, III, and VI of this subchapter [26 USCS §§ 507 et seq., 511 et seq., and 527], but (notwithstanding parts II, III, and VI of this subchapter [26 USCS §§ 507 et seq., 511 et seq., and 527]) shall be considered an organization exempt from income taxes for the purpose of any law which refers to organizations exempt from income taxes.

(c) **List of exempt organizations.** The following organizations are referred to in subsection (a):

(1) Any corporation organized under the Act of Congress which is an instrumentality of the United States but only if such corporation—

(A) is exempt from Federal income taxes—

(i) under such Act as amended and supplemented before July 18, 1984, or

(ii) under this title without regard to any provision of law which is not contained in this title and which is not contained in a revenue Act, or

(B) is described in subsection (1).

(2) Corporations organized for the exclusive purpose of holding title to property, collecting income therefrom, and turning over the entire amount thereof, less expenses, to an organization which itself is exempt under this section. Rules similar to the rules of subparagraph (G) of paragraph (25) shall apply for purposes of this paragraph.

(3) Corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation (except as otherwise provided in subsection (h)), and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.

(4)(A) Civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare, or local associations of employees, the membership of which is limited to the employees of a designated person or persons in a particular municipality, and the net earnings of which are devoted exclusively to charitable, educational, or recreational purposes.

(B) Subparagraph (A) shall not apply to an entity unless no part of the net earnings of such entity inures to the benefit of any private shareholder or individual.

(5) Labor, agricultural, or horticultural organizations

(6) Business leagues, chambers of commerce, real-estate boards, boards of trade, or professional football leagues (whether or not administering a pension fund for football players), not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual.

(7) Clubs organized for pleasure, recreation, and other nonprofitable purposes, substantially all of the activities of which are for such purposes and no part of the net earnings of which inures to the benefit of any private shareholder.

(8) Fraternal beneficiary societies, orders, or associations—

(A) operating under the lodge system or for the exclusive benefit of the members of a fraternity itself operating under the lodge system, and

(B) providing for the payment of life, sick, accident, or other benefits to the members of such society, order, or association or their dependents.

(9) Voluntary employees' beneficiary associations providing for the payment of life, sick, accident, or other benefits to the members of such association or their dependents or designated beneficiaries, if no part of the net earnings of such association inures (other than through such payments) to the benefit of any private shareholder or individual.

- (10) Domestic fraternal societies, orders, or associations, operating under the lodge system—
 (A) the net earnings of which are devoted exclusively to religious, charitable, scientific, literary, educational, and fraternal purposes, and
 (B) which do not provide for the payment of life, sick, accident, or other benefits.
- (11) Teachers' retirement fund associations of a purely local character, if—
 (A) no part of their net earnings inures (other than through payment of retirement benefits) to the benefit of any private shareholder or individual, and
 (B) the income consists solely of amounts received from public taxation, amounts received from assessments on the teaching salaries of members, and income in respect of investments.
- (12)(A) Benevolent life insurance associations of a purely local character, mutual ditch or irrigation companies, mutual or cooperative telephone companies, or like organizations; but only if 85 percent or more of the income consists of amounts collected from members for the sole purpose of meeting losses and expenses.
 (B) In the case of a mutual or cooperative telephone company, subparagraph (A) shall be applied without taking into account any income received or accrued—
 (i) from a nonmember telephone company for the performance of communication services which involve members of the mutual or cooperative telephone company,
 (ii) from qualified pole rentals,
 (iii) from the sale of display listings in a directory furnished to the members of the mutual or cooperative telephone company, or
 (iv) from the prepayment of a loan under section 306A, 306B, or 311 of the Rural Electrification Act of 1936 (7 USCS § 936a, 936b, or 940a) (as in effect on January 1, 1987).
 (C) In the case of a mutual or cooperative electric company, subparagraph (A) shall be applied without taking into account any income received or accrued—
 (i) from qualified pole rentals, or
 (ii) from any provision or sale of electric energy transmission services or ancillary services if such services are provided on a nondiscriminatory open access basis under an open access transmission tariff approved or accepted by FERC or under an independent transmission provider agreement approved or accepted by FERC (other than income received or accrued directly or indirectly from a member),
 (iii) from the provision or sale of electric energy distribution services or ancillary services if such services are provided on a nondiscriminatory open access basis to distribute electric energy not owned by the mutual or electric cooperative company—
 (I) to end-users who are served by distribution facilities not owned by such company or any of its members (other than income received or accrued directly or indirectly from a member), or
 (II) generated by a generation facility not owned or leased by such company or any of its members and which is directly connected to distribution facilities owned by such company or any of its members (other than income received or accrued directly or indirectly from a member),
 (iv) from any nuclear decommissioning transaction, or
 (v) from any asset exchange or conversion transaction.
- (D) For purposes of this paragraph, the term "qualified pole rental" means any rental of a pole (or other structure used to support wires) if such pole (or other structure)—
 (i) is used by the telephone or electric company to support one or more wires which are used by such company in providing telephone or electric services to its members, and
 (ii) is used pursuant to the rental to support one or more wires (in addition to the wires described in clause (i)) for use in connection with the transmission by wire of electricity or of telephone or other communications.
- For purposes of the preceding sentence, the term "rental" includes any sale of the right to use the pole (or other structure).
- (E) For purposes of subparagraph (C)(iii), the term "FERC" means the Federal Energy Regulatory Commission and references to such term shall be treated as including the Public Utility Commission of Texas with respect to any ERCOT utility (as defined in section 212(k)(2)(B) of the Federal Power Act (16 U.S.C. 824k(k)(2)(B))).
- (F) For purposes of subparagraph (C)(iii), the term "nuclear decommissioning transaction" means—
 (i) any transfer into a trust, fund, or instrument established to pay any nuclear decommissioning costs if the transfer is in connection with the transfer of the mutual or cooperative electric company's interest in a nuclear power plant or nuclear power plant unit,

Member

Standing Committees:
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Ways & Means

Finance Subcommittees:
Administration
Courts

Alaska State Legislature

House of Representatives



Representative Max F. Gruenberg, Jr.
House District 20

Anchorage (Mountain View, Russian Jack, East Anchorage)
House Minority Assistant Floor Leader

Interim:
710 W 4th Avenue, Rm 350
Anchorage, Alaska 99501-2133
Phone: (907) 269-0123
Fax: (907) 269-0124

Session:
Alaska State Capitol, Rm 110
Juneau, Alaska 99801-1192
Phone: (907) 465-4940
Toll Free: (866) 465-4940
Fax: (907) 465-3766

Email:
rep.max.gruenberg@legis.state.ak.us

February 13, 2007

To: Representative Anna Fairclough, Co-Chair
Representative Gabrielle LeDoux, Co-Chair
House Community and Regional Affairs Committee

From: Representative Max Gruenberg

Subject: HB 67

Thank you for hearing HB 67 in the House Community and Regional Affairs Committee. I am providing to you answers to your questions concerning four aspects of the bill. My responses are found below:

1. What is the state's definition of "law enforcement officer"?

My intention is to include the definitions of "peace officer" in AS 01.10.060(7) and "police officer" in AS 18.65.290(7) within the definition of "law enforcement officer." I will draft an amendment for the committee to consider that will include this new definition. The amendment will give the municipality the authority to include any or all of those categories. (The definitions are attached on page 3 of this memorandum.)

2. How is the exemption spread geographically? (How are the boundaries drawn?)

Either 1) it is an area that fits within a federal program for special assistance for urban development, neighborhood revitalization, or law enforcement, whether or not it is receiving federal funding for this reason, or 2) an area with a statistically higher level of crime than the municipality as a whole. Either or both would be sufficient.

3. Does the committee agree with two exemptions per household?

The sponsors suggest that two exemptions per residence is appropriate, because 1) it provides more of an incentive for married officers or others sharing a residence to participate in the programs, 2) it does not penalize two eligible law enforcement officers who are married from losing an exemption for a residence that they own together, and 3) it limits the financial impact to the municipality and the potential for abuse.

4. What is the fiscal note to local communities?

The Alaska Municipal League placed a zero fiscal on the bill, because the program is discretionary with each municipality. If a municipality implements the program, the number of officers taking advantage of it would probably be less than 10. Multiplying this by the cost, approximately \$2,200 per exemption in Anchorage, for example, the impact would probably be less than \$25,000. This pales in comparison to the benefits that could result from lower crime in high crime areas.

AS 01.10.060. Definitions.

(7) "peace officer" means

- (A) an officer of the state troopers;
- (B) a member of the police force of a municipality;
- (C) a village public safety officer;
- (D) a regional public safety officer;
- (E) a United States marshal or deputy marshal; and
- (F) an officer whose duty it is to enforce and preserve the public peace;

AS 18.65.290(7) "police officer" means

(A) a full-time employee of the state or a municipal police department with the authority to arrest and issue citations; detain a person taken into custody until that person can be arraigned before a judge or magistrate; conduct investigations of violations of and enforce criminal laws, regulations, and traffic laws; search with or without a warrant persons, dwellings, and other forms of property for evidence of a crime; and take other action consistent with exercise of these enumerated powers when necessary to maintain the public peace;

(B) an officer or employee of the Department of Transportation and Public Facilities who is stationed at an international airport and has been designated to have the general police powers authorized under AS 02.15.230(a);

(C) a University of Alaska public safety officer with general police powers authorized under AS 14.40.043;