

HB

67

HFIN

FILE

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 67(CRA)
(H) Publish Date: 2/21/07

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 ()						
------------------------	--	--	--	--	--	--

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 Nottl, Commissioner
Agency: Commerce, Community, and Economic Development

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

**MEMORANDUM OF AGREEMENT
BETWEEN
ALASKA PACIFIC UNIVERSITY
AND
304 ASSOCIATES, LLC**

WHEREAS, pursuant to the space lease ("Space Lease") between Alaska Pacific University, (hereinafter "APU" or "Lessor") and 304 Associates, LLC (hereinafter "Lessee") the use of the lease premises furthers APU's educational mission, and

WHEREAS, the educational mission of APU is centered in the concept of "active learning" and inclusion of students in "real world" projects, both in courses and in the requirements for graduation, and

WHEREAS, the space lease requires that Lessor and Lessee enter into an agreement regarding use of the premises in connection with the Lessor's educational mission, and

WHEREAS, APU is establishing and expanding undergraduate and graduate programs in health services administration (HSA) and hiring faculty members for such programs, and

WHEREAS, such programs require instructional practitioners and sites at which students can carryout the active learning components of their curriculum, and

WHEREAS, APU is planning to offer additional health profession related courses and events in the general curriculum of the university,

APU and Lessee agree:

1. Lessee will use the lease premises to compliment the educational mission of APU.
2. The parties shall from time to time mutually establish a curriculum which may include, among other things, Lessee and its sublessees providing the following educational resources to APU, as long as to do so does not violate any regulation, statute, or agreement Lessee or any of its sublessees must adhere to:
 - a. Adjunct faculty to teach courses at APU, including courses that can be taught through APU's Rural Alaska Native Adult program (RANA).
 - b. "Experts" in health related subjects to lecture APU students. The experts will acquaint students with how issues and policies in HAS are handled in the real world and what are model practices.
 - c. Acquainting students with the administrative processes, architecture, and equipment relevant to a career in HSA.

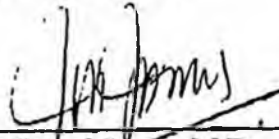
- d. Expert members of student project committees for graduate students and undergraduate students.
 - e. Internships and practicums for APU students, including worksite supervisors for the practicums.
 - f. Use of appropriate areas of the leased premises for APU courses in health related subjects.
 - g. Use of appropriate areas of the leased premises for recruiting sessions for health related programs at the Alaska Spine Institute.
 - h. Use of appropriate areas of the leased premises for receptions and exhibits of student work at the Alaska Spine Institute.
3. APU will provide Lessee proof of general liability insurance, naming Lessee and its sublessees as additionally insured.
 4. Lessee will provide APU proof of general liability insurance, naming APU as additionally insured.
 5. APU will hold Lessee and its sublessees harmless for damages or injuries that may occur through negligent actions.
 6. Lessee will hold APU harmless for damages or injuries that may occur through negligent actions on the part of Lessee.
 7. The parties shall enter into a further agreement further describing and defining the parties' obligations and responsibilities based on each curriculum.
 8. Nothing contained herein shall be construed as amending or modifying the Space Lease and to the extent of any conflict between the terms of the Space Lease and this Agreement, the terms of the Space Lease shall govern.

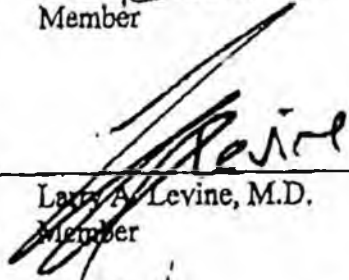
AGREED this 21st day of February, 2007.

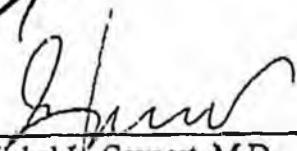
ALASKA PACIFIC UNIVERSITY

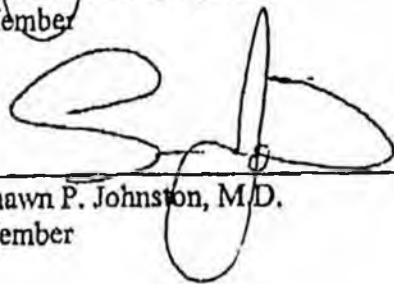
By: Douglas North
 Douglas M. North
 Its: President

304 ASSOCIATES, LLC

By: 
J. Michael James, M.D.
Its: Member

By: 
Larry A. Levine, M.D.
Its: Member

By: 
Michel L. Gevaert, M.D.
Its: Member

By: 
Shawn P. Johnston, M.D.
Its: Member

T388701\AGRmem

Member

Standing Committees:

Judiciary
State Affairs

House Special Committee:

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:
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.



Municipality of Anchorage

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



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.

Public Safety Employees Association, Inc.
"Representing Alaska's Finest"

HB 67 – Optional exemption from municipal property taxes

HB 67 gives municipalities, by ordinance, an option to offer a property tax exemption as one means to attract law enforcement officers to reside in areas of a community where there is a higher occurrence of crime than is found in the municipality as a whole.

The municipality must by ordinance adopt the tax exemption and define law enforcement officer.

If the municipality adopts an ordinance, it exempts from taxation an amount not to exceed \$150,000 of assessed value of real property for an officer who owns in whole or in part and occupies in whole or part a primary permanent residence in a designated area.

HB 67 gives communities a tool for use in attracting law enforcement officers and their families to areas of a community where crime is more prevalent.

The bill offers an incentive for an officer and his or her family to consider living in a designated area where there is a higher incident of crime.

Providing an incentive in the form of tax relief may help attract families of peace officers to neighborhoods where crime is an issue. If the quid pro quo is a neighborhood that is safer, the incentive will have been worth that, and much more.

2/6/07



Alaska State Legislature

Please enter into the record my testimony to the House Finance
committee name

Committee on HB 67, dated 4-10-07
bill # / subject public hearing date

On behalf of the administration of the Kenai Peninsula Borough, we do not support HB 67 despite having an optional exemption available to Peace Officers. It is an additional available exemption that puts political pressure on the municipality to adopt at a time when budgets are hard pressed.

Additionally, we do not support the mandatory exemption amendment allowing University of Alaska leasehold interests to be exempt. Currently, the Kenai Peninsula Borough has \$493,100 in taxable assessed value or approximately \$6,000 in taxes that would escape taxation.

Lastly, we do not support the exemption of fraternal organizations that do require membership or to be present with a member in order to participate in their luncheons, dinners, or social events. The Kenai Peninsula Borough currently has \$2,100,000 in taxable assessed value for the various Moose, Elks and Eagle organizations, which equates to approximately \$25,200 in taxes that would be exempted.

The timing of such a Bill and its amendments do impact the preparation of local budgets as we prepare for FY 2008. The Kenai Peninsula Borough does offer the optional Community Purpose exemption for which one may apply and potentially be granted if found to serve a Community Purpose - one that is open to the public and serves the community at-large. Additionally, this legislation sets the stage for these organizations to potentially purchase property as a result of their exempt status, which comes off the tax rolls, and thus places an unfair burden on all other taxable property owners. There can be broad and far-reaching implications in future years if this legislation takes effect.

Signed: Shane Horan
Testifier
Assessor for the Kenai Peninsula Borough
Representing (optional)
144 N Binkley Soldotna, AK 99669
Address
(907) 262-8614
Phone number

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

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;

There were no other changes to the bill in House Community and Regional Affairs Committee.

Held 3/4/07

AMENDMENT 1

TO: CSHB 67 (CRA)

BY: CHENAULT

Page 1, line 8

Delete: ",in whole or ~~in~~ part,"



Alaska State Legislature

Please enter into the record my testimony to the House Finance
committee name

Committee on HB 67, dated 4-10-07
bill # / subject public hearing date

On behalf of the administration of the Kenai Peninsula Borough, we do not support HB 67 despite having an optional exemption available to Peace Officers. It is an additional available exemption that puts political pressure on the municipality to adopt at a time when budgets are hard pressed.

Additionally, we do not support the mandatory exemption amendment allowing University of Alaska leasehold interests to be exempt. Currently, the Kenai Peninsula Borough has \$493,100 in taxable assessed value or approximately \$6,000 in taxes that would escape taxation.

Signed: Shane Horan
Testifier

Assessor for the Kenai Peninsula Borough
Representing (optional)

144 N Binkley Soldotna, AK 99669
Address

(907) 262-8614
Phone number

*adopted
4-11-07*

25-LS0314F
Cook
4/10/07

CS FOR HOUSE BILL NO. 67()

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - FIRST SESSION

BY

**Offered:
Referred:**

Sponsor(s): REPRESENTATIVES GRUENBERG AND CHIENAJLT, Lynn, Olson, Dahlstrom, Foster, Gara, Crawford, Thomas

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to a mandatory exemption from municipal property taxes for certain**
2 **college property and to optional exemptions from municipal property taxes for property**
3 **of certain fraternal organizations and for certain residences of law enforcement officers;**
4 **and providing for an effective date."**

5 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6 *** Section 1. AS 29.45.030(a) is amended to read:**

7 (a) The following property is exempt from general taxation:

8 (1) municipal property, including property held by a public corporation
9 of a municipality, state property, property of the University of Alaska, property of a
10 private, nonprofit four-year college or university that is accredited by a regional
11 or national accrediting agency recognized by the Council for Higher Education
12 Accreditation or the United States Department of Education, or both, and [OR]
13 land that is in the trust established by the Alaska Mental Health Enabling Act of 1956,
14 P.L. 84-830, 70 Stat. 709, except that

1 (A) a private leasehold, contract, or other interest in the
2 property is taxable to the extent of the interest; however, an interest created by
3 a nonexclusive use agreement between the Alaska Industrial Development and
4 Export Authority and a user of an integrated transportation and port facility
5 owned by the authority and initially placed in service before January 1, 1999,
6 is taxable only to the extent of, and for the value associated with, those specific
7 improvements used for lodging purposes;

8 (B) notwithstanding any other provision of law, property
9 acquired by an agency, corporation, or other entity of the state through
10 foreclosure or deed in lieu of foreclosure and retained as an investment of a
11 state entity is taxable; this subparagraph does not apply to federal land granted
12 to the University of Alaska under AS 14.40.380 or 14.40.390, to other land
13 granted to the university by the state to replace land that had been granted
14 under AS 14.40.380 or 14.40.390, or to land conveyed by the state to the
15 university under AS 14.40.365;

16 (C) an ownership interest of a municipality in real property
17 located outside the municipality acquired after December 31, 1990, is taxable
18 by another municipality; however, a borough may not tax an interest in real
19 property located in the borough and owned by a city in that borough;

20 (2) household furniture and personal effects of members of a
21 household;

22 (3) property used exclusively for nonprofit religious, charitable,
23 cemetery, hospital, or educational purposes;

24 (4) property of a nonbusiness organization composed entirely of
25 persons with 90 days or more of active service in the armed forces of the United States
26 whose conditions of service and separation were other than dishonorable, or the
27 property of an auxiliary of that organization;

28 (5) money on deposit;

29 (6) the real property of certain residents of the state to the extent and
30 subject to the conditions provided in (e) of this section;

31 (7) real property or an interest in real property that is exempt from

1 taxation under 43 U.S.C. 1620(d), as amended;

2 (8) property of a political subdivision, agency, corporation, or other
3 entity of the United States to the extent required by federal law; except that a private
4 leasehold, contract, or other interest in the property is taxable to the extent of that
5 interest unless the property is located on a military base or installation and the
6 property interest is created under 10 U.S.C. 2871 - 2885 (Military Housing
7 Privatization Initiative), provided that the leaseholder enters into an agreement to
8 make a payment in lieu of taxes to the political subdivision that has taxing authority;

9 (9) natural resources in place including coal, ore bodies, mineral
10 deposits, and other proven and unproven deposits of valuable materials laid down by
11 natural processes, unharvested aquatic plants and animals, and timber.

12 * Sec. 2. AS 29.45.050 is amended by adding a new subsection to read:

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

- 17 (1) religious;
18 (2) charitable;
19 (3) scientific;
20 (4) literary;
21 (5) educational; or
22 (6) fraternal.

23 * Sec. 3. AS 29.45 is amended by adding a new section to read:

24 **Sec. 29.45.053. Exemption for certain residences of law enforcement**
25 **officers.** (a) A municipality may, by ordinance, provide for the designation of areas
26 within its boundaries that are eligible for tax exemptions on parcels of residential
27 property. The amount of the tax exemption provided in the ordinance may not exceed
28 \$150,000 of the assessed value of a parcel. The exemption may be granted for a parcel
29 only if it is

- 30 (1) entirely within an eligible area;
31 (2) primarily used for residential purposes; and

1 (3) owned and occupied as the primary place of abode by a law
2 enforcement officer.

3 (b) Only one exemption may be granted for the same parcel under an
4 ordinance adopted under (a) of this section, and, if two or more individuals are eligible
5 for an exemption for the same parcel, the individuals shall decide between or among
6 themselves who is to receive the benefit of the exemption.

7 (c) The municipality that adopts the ordinance under (a) of this section may
8 not request state funds to cover any loss of revenue to the municipality caused by the
9 ordinance.

10 (d) The ordinance adopted under (a) of this section must define "law
11 enforcement officer" to include only some or all positions listed in the definition of
12 "peace officer" in AS 01.10.060 or in the definition of "police officer" in
13 AS 18.65.290. The ordinance may include other eligibility requirements for an area;
14 however, an eligible area must

15 (1) meet the eligibility requirements under a federal program of special
16 assistance for urban development, neighborhood revitalization, or law enforcement,
17 without regard to whether an application for the federal assistance on behalf of the
18 area has been made or whether the area has received or is receiving the federal
19 assistance;

20 (2) have a statistically higher occurrence of crime than the
21 municipality as a whole; the crime rate for an eligible area must be established in the
22 ordinance; or

23 (3) meet the requirements of (1) and (2) of this subsection.

24 (e) The municipality may establish a specific area as an eligible area for
25 purposes of this section only in the ordinance adopted under (a) of this section or by
26 adopting a separate ordinance. The municipality is not required to establish as an
27 eligible area for purposes of this section every area that meets the requirements of the
28 ordinance that is adopted under (a) of this section.

29 * Sec. 4. The uncodified law of the State of Alaska is amended by adding a new section to
30 read:

31 DIRECTION TO REVISOR. The revisor of statutes shall harmonize the amendment

1 to AS 29.45.030(a) made in sec. 1 of this Act with the amendment made in sec. 3, ch. 117,
2 SLA 2000.

3 * Sec. 5. Sections 1 and 4 of this Act take effect January 1, 2008.

Adopted

HB 67

Conceptual Amendment 1

ADD to Section 2.

Incorporate language similar to that found in Sec. 29.45.050. (a) A municipality may exclude or exempt or partially exempt residential property from taxation by ordinance ratified by the voters at an election.

This would incorporate the concept into the exemption taxation of the property of a fraternal society, order, or association that is exempt from federal taxes.