

HB

67

SFIN

FILE

FISCAL NOTE

2008 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SCS CSHB67(CRA)
 () Publish Date: _____

Identifier (file name): HB067SCSCS(CRA)-CED-CRA-02-15-08 Dept. Affected: DCCED
 Title Municipal Property Tax Exemptions RDU Comm Asst & Ec Dev (405)
 Component Community & Regional Affairs
 Sponsor Cruenberg, Chenault, et al
 Requester Senate Finance Component Number 2879

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES								
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	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 Interagency Receipts								
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2008) cost: 0.0

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

This legislation provides for the exemption from taxation up to \$150,000 of the assessed value of real property for the widow or widower of a disabled veteran. It provides for an optional exemption not to exceed \$40,000 of the assessed value for any one residence if adopted by ordinance ratified by the voters at an election. It allows the optional exemption of property of certain private, nonprofit four-year colleges or universities. It allows voters to exclude or partially exempt from taxation the property of a fraternal organization that is used predominately for one or more of the following purposes: religious, charitable, scientific, literary, educational, or fraternal. It permits a municipality by ordinance to offer an 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: Tara Jollie, Director
 Division: Community and Regional Affairs
 Approved by: Emil R. Noll, Commissioner
Commerce, Community, and Economic Development

Phone 907.269.7959
 Date/Time 2/15/08 7:39 PM
 Date 2/15/2008

Adopted
2/21/08

25-LS0314U.2
Cook
2/19/08

AMENDMENT 1

Stedman

OFFERED IN THE SENATE

TO: SCS CSHB 67(CRA)

1 Page 1, line 1, following "Act":

2 Insert "authorizing a borough to charge a city for costs of collecting certain
3 taxes;"

4

5 Page 1, following line 5:

6 Insert a new bill section to read:

7 "* Section 1. AS 29.35.170(b) is amended to read:

8 (b) Except as provided in AS 29.45.700, taxes [TAXES] levied by a city in a
9 borough shall be collected by the [A] borough and returned in full to the levying city.
10 However, a borough may charge a city a fee for costs of collecting a tax that is not
11 also levied by a majority of the cities in the borough or levied by the borough on
12 an areawide basis. This subsection applies to home rule and general law
13 municipalities."

14

15 Page 1, line 6:

16 Delete "Section 1"

17 Insert "Sec. 2"

18

19 Renumber the following bill sections accordingly.

20

21 Page 4, line 30:

22 Delete all material and insert:

23 "* Sec. 7. Section 2 of this Act takes effect January 1, 2009."

Adopted
2/21/08

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Alaska State Legislature

House of Representatives



Official Business

State Capitol
Juneau, AK 99801-1182

Representative Mike Chenault Representative Max Gruenberg

Sponsor Statement and Sectional Analysis

CSHB 67 (CRA) – Municipal Property Tax Exemption

Sponsor Statement

The purpose of the bill is to encourage law enforcement officers to purchase homes and live in high crime areas. It allows 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

The following are the changes that were made from the original filed bill and CSHB 67 (CRA).

Page 1, line 14 through page 2, line 2.

A definition of "law enforcement officer" was added to the bill to include "peace officers" as defined in AS 01.10.060 and "police officer" set out in AS 18.65.290. These two definitions include the following categories of law enforcement officers:

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.



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

April 16, 2007

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

Dear Representative Gruenberg:

I understand your House Bill 67, which seeks to improve public safety in Alaska communities where high rates of crime may occur, has been referred to the House Rules Committee. As you know, the Municipality of Anchorage (MOA) supported the original version of HB67, which sought to improve public safety in Alaska communities. We were pleased the bill expands the potential tax credit to \$150,000 for police officers to locate in high crime neighborhoods, and makes it subject to local approval.

CSHB 67(FIN) also will affect municipal taxation of property owned by Alaska Pacific University. In addition, the new version of the bill grants tax exempt status to certain fraternal organizations, subject to local approval. The MOA has no objection to these provisions.

We appreciate the opportunity to comment on the latest version of HB 67 and are pleased to answer any questions the committee may have. Thank you for working on this legislation.

Sincerely,

Mark Begich
Mayor

Community, Security, Prosperity



Alaska Pacific University

President:
Douglas M. North

Chair:
John Niles Wanamaker

Vice Chair:
Harry McDonald

Secretary:
Trigg Davis

Treasurer:
Jan Sieberts

David Beal
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Christopher Hodel
Karen L. Hunt
Francis T. Hurley
Donald Keil, Jr.
Shane Langland
Bonnie Melner
Teresa Nelson
Liane Pelletier
Edward Rasmuson
Barbara Dadd Shaffer
William Sheffield
Rachel Lieder Simeon
Mark Tabbutt
Charles Totemoff
George Walton
Raf West
Donald G. Wilson
Eric E. Wohlferth

April 12, 2007

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

Dear Representative Gruenberg:

I am writing to express the support of Alaska Pacific University for CSHB67 (FIN). Enactment of this bill will place all of Alaska's accredited post-secondary educational institutions on a level playing field with the University of Alaska in the realm of property taxation and enable these institutions to improve the important educational services they provide to Alaskans. In addition, section one of the bill affords Alaska Pacific University the important benefit of fiscal predictability. Since APU's inception, forty seven years ago, APU campus property has never been taxed. Then, in 2006, the Municipality changed its interpretation of state law and sent tax assessments to APU respecting certain buildings on campus. CSHB67 (FIN) will resolve the interpretation issue, re-establish the status quo, and provide fiscal stability for APU.

It should be noted that the Municipality of Anchorage is in support of the bill as written because it provides the Municipality with the ability to tax the lessee on leasehold improvements. This provision ensures that the tax benefits are experienced only by the accredited educational institution and only for the purpose of enhancing their educational services.

We appreciate the opportunity to comment and strongly recommend passage of the bill.

With good wishes,

Douglas North
Dr. Douglas M. North



Alaska State Legislature

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

Committee on HB 67, dated 4-11-07
Bill # / subject public hearing date

On behalf of the KPB Administration, we are more comfortable with the current version of the bill that came out of the House Finance Committee on April 11th. We are pleased to see the mandatory exemption removed for the leasehold interest of University properties. In addition, we are also pleased to see that the fraternal organization exemptions would have to be approved by an ordinance ratified by the voters of a municipality. Finally, we feel more comfortable having an optional exemption available to peace officers.

While we are more comfortable with House Bill 67 and do not oppose its passage, we will monitor HB 67 as it continues through the legislative process and may provide further comment depending on the changes. We do oppose any amendments to House Bill 67 that would mandate exemptions contained in section two of the bill.

Signed: Shane Horan
Testifier

Assessor for the Kenai Peninsula Borough
Representing (optional)

144 N Binkley Soldotna, AK 99669
Address

(907) 714-2231
Phone number



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

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

The amendment added to HB 67 on the House floor is intended to correct a problem that has been an issue for disabled veterans since they were added to the exemption program many years ago.

The current statutory language in this exemption program recognizes that upon the death of a senior citizen, the widow or widower of the program participant, if aged 60 or older, can retain the exemption without having to attain the age of 65.

When disabled veterans were added to the exemption statute, no changes were made to allow for the exemption to pass to the widow or widower upon the death of the disabled veteran. The same "60 years of age" language was kept. However, most disabled veterans participating in the program are much younger than the seniors in the program and the widow/widowers clause does not fit.

The amendment made on the House floor corrects this oversight and allows a widow or widower of a disabled veteran to retain the exemption upon the death of the veteran.

Steve Van Sant
State Assessor

Norman Cohen

From: Steve VanSant [steve_vansant@commerce.state.ak.us]
Sent: Tuesday, April 10, 2007 3:48 PM
To: Michael L Black
Cc: Sally A Saddler; Kathie Wasserman
Subject: HB 67
Attachments: steve_vansant.vcf

As you know, HB 67 was withdrawn from hearing in House Finance today because the amended version was not ready. (?) I am not sure what they might be doing to it, but I thought that since I will be gone the rest of this week, I should write down my concerns in case it is brought up before I return next Tuesday.

We have worked with Rep. Gruenburg's staff on the exemption of homes for police officers who move into an area with statistical higher degree of crime and feel comfortable with that portion of the bill.

The amendment for any 4 year University including U. of A. and Alaska Pacific University, was amended which removed the total exemption of all that property and allowed a "possessory interest" assessment on any property which might be leased. The only problem, I have with this is that the language does two things. First, it exempts all university lands with the exception of leasehold interests. A.P.U. currently holds title to several pieces of property within the Mat-Su Borough located in Chase, Kroto Creek, Chickaloon and Caswell Lakes areas. Currently that property is on the tax roll as it is not used for "educational purposes." Under the proposed amendment that property would become exempt, simply because it belongs to the A.P.U. regardless of its use. Any property that someone chose to donate to the APU would also become exempt, if it wasn't leased to a third party.

Second, under current law, the assessor does not exempt leased property (such as the Alaska Spine Institute) located on APU property). The property is assessed and the assessment and tax bill go to the owner of the property, APU. If the taxes are not paid, the municipality may foreclose on the property. Under the amendment, any property leased by the APU could only have a possessory interest assessment made and the enforcement of the tax collection can only be made by taking personal action against the delinquent taxpayer as outlined in AS 29.45.320. While this may seem trivial, the fact is that the enforcement proceedings under this scenario could cost the more revenue.

The second amendment made to the bill would offer an optional exemption to municipalities for "fraternal organizations." The bill lists several uses that the property may be out to in order to receive the exemption and the last use is that of "fraternal." This exemption would apply to lodge organizations such as the Moose and Elks. These organizations are private

membership only organizations and the lodges are not open for use by the general public. In most, cases, these lodges compete with private enterprise by having a bar and restaurant, which are not open to the public-*members only*- and yet want to enjoy a tax exemption at the expense of the general public. I am not talking about all the public service these organizations donate to the community. These lodges are for a private use and should not gain an exemption at our cost. Some people mistaking believe that taxes are some sort of penalty for owning property when, in fact, taxes are simply payment by all property owners to share the cost of services provided, even to those who have been exempted.

There are many taxpayers who voice their opposition to paying more taxes and each exemption simply increases every other property owners share of the tax burden.

Steve

Sec. 29.45.046. River habitat protection tax credit. (a) Unless prohibited by a municipal charter, a municipality may by ordinance provide for a river habitat protection credit to be applied to offset a portion of the property taxes due on land, or an interest in land taxable under this chapter, upon which an improvement has been constructed and which aids in

- (1) protecting a river from degradation of fish habitat due to public or private use;
- (2) restoring riparian fish habitat along or in a river that has been damaged by agricultural or other use practices.

(b) The amount of a river habitat protection credit shall be based upon a percentage of the verifiable costs of the improvement and may not exceed 50 percent of the total amount of taxes levied upon the land or upon the taxable interest in the land during a single year, but the credit may be granted for more than one year. If the credit is granted for more than one year and the land or taxable interest in the land is conveyed, the portion of the credit remaining is extinguished. The ordinance may limit the availability of the credit to some, but not all types of improvements for which a credit may be granted under this section and to some, but not all areas of the municipality. A credit may only be granted for an improvement that has been constructed in compliance with state or federal laws. A credit may not be granted for an improvement

- (1) required under state or federal law; or
- (2) located more than 150 feet from the mean high tide line or ordinary high water line. In this paragraph, "ordinary high water line" means that line on the shore of the non-tidal portion of a river or stream that reflects the highest level of water during an ordinary year and is established by fluctuations of water and indicated by physical characteristics such as a clear, natural line impressed on the bank, shelving, changes in the character of soil, destruction of terrestrial vegetation, the presence of litter and debris, or other appropriate means that consider the characteristics of the surrounding area.

(c) *[Repealed, § 3 ch 41 SLA 1995.]*

(d) Before an ordinance is adopted under (a) of this section, it must be approved by the commissioner of fish and game. The commissioner of fish and game shall approve a proposed ordinance if the improvements for which a credit is authorized aid in protecting or restoring habitat as required under this section without regard to the percentage of the total protection or restoration that could be achieved by ideal improvement measures. Within 60 days after receipt of a proposed ordinance, the commissioner of fish and game shall notify the municipality in writing as to whether the proposed ordinance is approved or disapproved and, if the proposed ordinance is disapproved, shall state the basis for the determination. (§ 1 ch 40 SLA 1994; am §§ 1 — 3 ch 41 SLA 1995; am § 1 ch 34 SLA 2000)

Effect of amendments. — The 1995 amendment, effective August 23, 1996, deleted "and certified by the Department of Fish and Game under (c) of this section" from the end of the next-to-last sentence in subsection (b); repealed former subsection (c), relating to criteria by the department in determining whether an improvement is effective in accomplishing the

purposes listed in (a)(1) or (a)(2); and added subsection (d).

The 2000 amendment, effective August 9, 2000, substituted "a river" for "the Kenai River or a tributary of the Kenai River" in paragraphs (a)(1) and (a)(2).

Sec. 29.45.060. Optional exemptions and exclusions. (a) A municipality may exclude or exempt or partially exempt residential property from taxation by ordinance ratified by the voters at an election. An exclusion or exemption authorized by this subsection may be applied with respect to taxes levied in a service area to fund the special services. An exclusion or exemption authorized by this subsection may not exceed the assessed value of \$20,000 for any one residence.

- (b) A municipality may by ordinance
 - (1) classify and exempt from taxation

- (A) the property purposes and used of that property does
- (B) historic sites,
- (C) land of a non-subdivide the land and restricting use of the under this subparagraph 38.05.069(c);
- (D) all or any part written agreement with or the University of subparagraph for no 1 by ordinance adopted
 - (2) classify as to type property from ad valorem
 - (c) The provisions of
 - (1) a borough may, in to the property tax schedule excluding personal property redemption period;
 - (2) a home rule or first property from borough
 - (A) the exemptions of
 - (B) the city appropriate borough because of the by the assembly;
 - (3) a city in a borough in part to the property exempting or partially exempt
 - (d) Exemptions or exclusions municipality in addition effect on September 10, .
 - (e) A municipality may tax on privately owned or public recreation use tax exemption, or partial is automatically terminated than fee simple title to the that does not reflect the that, if the area subject to incompatible with the easement property, the owner must pay exempted, with interest.
 - (f) A municipality may be assessed value of improvements directly attributable to alteration, repair, or renovation of an structure or renovation, when completed the land or structure. An exclusion construction of an improvement is to increase the assessed value of the structure or for the alteration

(A) the property of an organization not organized for business or profit-making purposes and used exclusively for community purposes if the income derived from rental of that property does not exceed the actual cost to the owner of the use by the renter;

(B) historic sites, buildings, and monuments;

(C) land of a nonprofit organization used for agricultural purposes if rights to subdivide the land are conveyed to the state and the conveyance includes a covenant restricting use of the land to agricultural purposes only; rights conveyed to the state under this subparagraph may be conveyed by the state only in accordance with AS 38.05.069(c);

(D) all or any portion of private ownership interests in property that, based upon a written agreement with the University of Alaska, is used exclusively for student housing for the University of Alaska; property may be exempted from taxation under this subparagraph for no longer than 30 years unless the exemption is specifically extended by ordinance adopted within the six months before the expiration of that period;

(2) classify as to type and exempt or partially exempt some or all types of personal property from ad valorem taxes.

(c) The provisions of (a) of this section notwithstanding,

(1) a borough may, by ordinance, adjust its property tax structure in whole or in part to the property tax structure of a city in the borough, including but not limited to, excluding personal property from taxation, establishing exemptions, and extending the redemption period;

(2) a home rule or first class city has the same power to grant exemptions or exclude property from borough taxes that it has as to city taxes if

(A) the exemptions or exclusions have been adopted as to city taxes; and

(B) the city appropriates to the borough sufficient money to equal revenues lost by the borough because of the exemptions or exclusions, the amount to be determined annually by the assembly;

(3) a city in a borough may, by ordinance, adjust its property tax structure in whole or in part to the property tax structure of the borough, including but not limited to exempting or partially exempting property from taxation.

(d) Exemptions or exclusions from property tax that have been granted by a home rule municipality in addition to exemptions authorized or required by law, and that are in effect on September 10, 1972, and not later withdrawn, are not affected by this chapter.

(e) A municipality may by ordinance classify and exempt or partially exempt from taxation privately owned land, wet land and water areas for which a scenic, conservation, or public recreation use easement is granted to a governmental body. To be eligible for a tax exemption, or partial exemption, the easement must be in perpetuity. The easement is automatically terminated before an eminent domain taking of fee simple title or less than fee simple title to the property, so that the property owner is compensated at a rate that does not reflect the easement grant. The municipality may provide by ordinance that, if the area subject to the easement is sold, leased, or otherwise disposed of for uses incompatible with the easement or if the easement is conveyed to the owner of the property, the owner must pay to the municipality all or a portion of the amount of the tax exempted, with interest.

(f) A municipality may by ordinance exempt from taxation all or part of the increase in assessed value of improvements to real property if an increase in assessed value is directly attributable to alteration of the natural features of the land, or new maintenance, repair, or renovation of an existing structure, and if the alteration, maintenance, repair, or renovation, when completed, enhances the exterior appearance or aesthetic quality of the land or structure. An exemption may not be allowed under this subsection for the construction of an improvement to a structure if the principal purpose of the improvement is to increase the amount of space for occupancy or nonresidential use in the structure or for the alteration of land as a consequence of construction activity. An

exemption provided in this subsection may continue for up to four years from the date the improvement is completed, or from the date of approval for the exemption by the assessor, whichever is later.

(g) A municipality may by ordinance exempt from taxation all or part of the increase in assessed value of improvements to a single-family dwelling if the principal purpose of the improvement is to increase the amount of space for occupancy. An exemption provided in this subsection may continue for up to two years from the date the improvement is completed, or from the date of approval of an application for the exemption by the assessor, whichever is later.

(h) A municipality may by ordinance partially or wholly exempt land from a tax for fire protection service and fire protection facilities and may levy the tax only on improvements, including personal property affixed to the improvements.

(i) A municipality may by ordinance approved by the voters exempt from taxation real property assessed value that exceeds \$150,000 of real property owned and occupied as a permanent place of abode by a resident who is

- (1) 65 years of age or older;
- (2) a disabled veteran, including a person who was disabled in the line of duty while serving in the Alaska Territorial Guard; or
- (3) at least 60 years old and a widow or widower of a person who qualified for exemption under (1) or (2) of this subsection.

(j) A municipality may by ordinance approved by the voters exempt real or personal property in a taxing unit used in processing timber after it has been delivered to a processing site from up to 75 percent of the rate of taxes levied on other property in the taxing unit. An ordinance adopted under this subsection may not provide for an exemption that exceeds five years in duration. In this subsection "taxing unit" means a taxing unit of a municipality and includes

- (1) a service area in a unified municipality or borough;
- (2) the entire area outside cities in a borough; and
- (3) a differential tax zone in a city.

(k) A municipality may by ordinance approved by the voters exempt from taxation real property used for air pollution control facilities that meet requirements of the United States Environmental Protection Agency or the Department of Environmental Conservation. An ordinance adopted under this subsection may not provide for an exemption that exceeds five years in duration.

(l) A municipality may by ordinance exempt from taxation an interest, other than a record ownership, in real property of an individual residing in the property if the property has been developed, improved, or acquired with federal funds for low-income housing and is owned or managed as low-income housing by the Alaska Housing Finance Corporation under AS 18.55.100 — 18.55.960 or by a regional housing authority formed under AS 18.55.996. However, the corporation may make payments to the municipality or political subdivision for improvements, services, and facilities furnished by it for the benefit of the housing project, and this subsection does not prohibit a municipality from receiving those payments or any payments in lieu of taxes authorized under federal law.

(m) A municipality may by ordinance partially or totally exempt all or some types of economic development property from taxation for up to five years. The municipality may provide for renewal of the exemption under conditions established in the ordinance. However, under a renewal, a municipality that is a school district may only exempt all or a portion of the amount of taxes that exceeds the amount levied on other property for the school district. A municipality may by ordinance permit deferral of payment of taxes on all or some types of economic development property for up to five years. The municipality may provide for renewal of the deferral under conditions established in the ordinance. A municipality may adopt an ordinance under this subsection only if, before it is adopted, copies of the proposed ordinance made available at a public hearing on it contain written

notice that the ordinance requires that the ordinance adopted under this subsection shall require a written application for economic development property conveyed under that

- (1) has not previously been used;
- (2) is used in a trade or business;
- (A) creates employment opportunities;
- (B) generates sales tax revenue for the municipality; or
- (C) materially reduces the assessed value of the property; and

(3) has not been used for a period of six months before the date the application for exemption is filed; this subsection does not apply if the property was annexed to the municipality before the exemption is filed; this subsection does not apply to property that is exempt from taxation.

(n) A municipality may by ordinance exempt real property outside the state and paid for from taxation. The ordinance shall specify the classification of inventory and specific eligibility requirements for each exemption in the ordinance, for each exemption.

(o) A municipality may by ordinance exempt deteriorated property from taxation if the property has a substantial rehabilitation structure on the property and the owner has made payment of taxes on all or a portion of the property beginning on or any time after the removal or replacement of the structure. The ordinance shall specify the ownership of property on which payments deferred under this subsection are due if ownership of any part of the property is transferred. The amount deferred under this subsection and only one exemption may not be in effect on the date the ordinance adopted under this subsection and require a written application for "deteriorated property" meaning residential purposes or the structure is residential units, and that no

(1) within the last five years has been requiring environmental remediation, vacated, condemned, or demolished; or

- (2) has a structure on it that is undergoing rehabilitation, renovation, or reconstruction as prescribed in the ordinance;
- (3) is located in a deteriorated area as determined by the municipality.

(p) A municipality may by ordinance exempt private leasehold, contract, or

notice that the ordinance, if adopted, may be repealed by the voters through referendum. An ordinance adopted under this subsection must include specific eligibility requirements and require a written application for each exemption or deferral. In this subsection "economic development property" means real or personal property, including developed property conveyed under 43 U.S.C. 1601 — 1629e (Alaska Native Claims Settlement Act), that

- (1) has not previously been taxed as real or personal property by the municipality;
- (2) is used in a trade or business in a way that
 - (A) creates employment in the municipality;
 - (B) generates sales outside of the municipality of goods or services produced in the municipality; or
 - (C) materially reduces the importation of goods or services from outside the municipality; and

(3) has not been used in the same trade or business in another municipality for at least six months before the application for deferral or exemption is filed; this paragraph does not apply if the property was used in the same trade or business in an area that has been annexed to the municipality within six months before the application for deferral or exemption is filed; this paragraph does not apply to inventories.

(n) A municipality may by ordinance classify as to type inventories intended for export outside the state and partially or totally exempt all or some types of those inventories from taxation. The ordinance may provide for different levels of exemption for different classifications of inventories. An ordinance adopted under this subsection must include specific eligibility requirements and require a written application, which shall be a public document, for each exemption.

(o) A municipality may by ordinance partially or totally exempt all or some types of deteriorated property from taxation for up to 10 years beginning on or any time after the day substantial rehabilitation, renovation, demolition, removal, or replacement of any structure on the property begins. A municipality may by ordinance permit deferral of payment of taxes on all or some types of deteriorated property for up to five years beginning on or any time after the day substantial rehabilitation, renovation, demolition, removal or replacement of any structure on the property begins. However, if the ownership of property for which a deferral has been granted is transferred, all tax payments deferred under this subsection are immediately due and the deferral ends, or, if ownership of any part of the property is transferred, all tax payments are immediately due. The amount deferred each year is a lien on that property for that year. Only one exemption and only one deferral may be granted to the same property under this subsection, and, if an exemption and a deferral are granted to the same property, both may not be in effect on the same portion of the property during the same time. An ordinance adopted under this subsection must include specific eligibility requirements and require a written application for each exemption or deferral. In this subsection, "deteriorated property" means real property that is commercial property not used for residential purposes or that is multi-unit residential property with at least eight residential units, and that meets one of the following requirements:

- (1) within the last five years, has been the subject of an order by a government agency requiring environmental remediation of the property or requiring the property to be vacated, condemned, or demolished by reason of noncompliance with laws, ordinances, or regulations;
- (2) has a structure on it not less than 15 years of age that has undergone substantial rehabilitation, renovation, demolition, removal, or replacement, subject to any conditions prescribed in the ordinance; or
- (3) is located in a deteriorating or deteriorated area with boundaries that have been determined by the municipality.

(p) A municipality may by ordinance partially or totally exempt from taxation a private leasehold, contract, or other interest held by or through an applicant or proposed

applicant in any property, assets, project, or development project owned by the Alaska Industrial Development and Export Authority under AS 44.88. Nothing in this subsection prohibits a municipality from entering into an agreement and receiving payments in lieu of taxes authorized under AS 44.88.140(b).

(q) A municipality may by ordinance partially or totally exempt from taxation land from which timber is harvested that is infested by insects or at risk of being infested by insects due to an infestation in the area in which the land is located. A municipality may provide that an exemption for land under this subsection applies only to increases in assessed value that result from the timber harvest. A municipality may by ordinance partially or totally exempt from taxation improvements to real property, including personal property affixed to the improvements, if the improvements are

(1) located on land from which timber is harvested that is infested by insects or at risk of being infested by insects due to an infestation in the area in which the land is located; and

(2) used for or necessary to the harvest of the timber that is infested by insects or in danger of insect infestation.

(r) A municipality may by ordinance exempt from taxation an amount not to exceed \$10,000 of the assessed value of real property owned and occupied as a permanent place of abode by a resident who provides in the municipality volunteer (1) fire fighting services and is certified as a fire fighter by the Department of Public Safety, or (2) emergency medical services and is certified under AS 18.08.082. If two or more individuals are eligible for an exemption for the same property, not more than two exemptions may be granted. (§ 12 ch 74 SLA 1986; am § 1 ch 103 SLA 1985; am § 5 ch 70 SLA 1986; am § 1 ch 151 SLA 1988; am § 2 ch 73 SLA 1989; am § 1 ch 98 SLA 1989; am § 15 ch 93 SLA 1991; am § 107 ch 4 FSSLA 1992; am § 1 ch 66 SLA 1993; am § 1 ch 7 SLA 1994; am § 1 ch 65 SLA 1994; am § 1 ch 40 SLA 1995; am § 1 ch 70 SLA 1998; am §§ 1, 2 ch 8 SLA 1999; am § 4 ch 117 SLA 2000; am § 1 ch 54 SLA 2002; am § 1 ch 64 SLA 2002; am §§ 2, 3 ch 140 SLA 2004)

Delayed repeal of subsection (o). — Under sec. 2, ch. 8, SLA 1999, as amended by sec. 1, ch. 102, SLA 2002, and sec. 4, ch. 140, SLA 2004, subsection (o) is repealed July 1, 2010.

Revisor's notes. — Subsection (h) of this section was enacted as AS 29.63.025(h). Renumbered in 1985. Chapter 103, SLA 1985 also enacted, in § 2, AS 29.63.066, which provides an exemption identical to that set out in (h) of this section from taxes levied under former AS 29.63, repealed by § 88, ch. 74, SLA 1985. The provisions of former AS 29.63 were substantially incorporated in AS 29.45, and the addition of subsection (h) to AS 29.45.050 makes it unnecessary to codify § 2, ch. 103, SLA 1985 to achieve the legislature's purpose.

Subsection (r) was enacted as (q); relettered in 2002.

Cross references. — For authority to make an ordinance adopted under subsection (q) retroactive to January 1, 2001, see § 2, ch. 64, SLA 2002.

Effect of amendments. — The 1992 amendment, effective July 1, 1992, rewrote subsection (l).

The 1993 amendment, effective September 22, 1993, in subsection (n), deleted the former second and third sentences.

The first 1994 amendment, effective July 5, 1994, added paragraphs (b)(6)-(b)(9) and made a related stylistic change.

The second 1994 amendment, effective August 23, 1994, added former subparagraph (b)(2)(D).

The 1995 amendment, effective August 23, 1995, rewrote subsection (h).

The 1998 amendment, effective July 1, 1998, added subsection (o).

The 1999 amendment, effective July 1, 1999, in subsection (o), inserted "or totally" in the first sentence, inserted "beginning on or any time" in the first and second sentences, substituted "any" for "only", deleted "attributable to that part" following "tax payments" near the end of the third sentence, substituted "The amount deferred each year is a lien on that property for that year" for "and the deferral attributable to that part ends", added "and, if an exemption and a deferral are granted to the same property, both may not be in effect on the same portion of the property during the same time" at the end of the fifth sentence, and added the next-to-last sentence.

The 2000 amendment, effective July 1, 2000, added subsection (p).

The first 2002 amendment, effective January 1, 2003, added subsection (r).

The second 2002 amendment, effective June 20, 2002, added subsection (q).

The 2004 amendment, effective September 28, 2004, in subsection (a), inserted the second sentence, and substituted "subsection" for "section" and "\$20,000" for "\$10,000" in the last sentence; and, in subsection (o), substituted "10 years" for "five years" in the first sentence, inserted "demolition, removal" three times, added "meets one of the following requirements:" at the end of the introductory language, and inserted "within the last five years" and "environmental remediation of the property or requiring" in paragraph (1).

Editor's notes. — Section 3, ch. 64, SLA 2002, provides that subsection (q) is retroactive to January 1, 2001.

Legislative history letter of intent in

City may not exercise authority. - corporation to allow from taxation, unless very generally been seen, 38 F.2d 904 former, similar law. Ordinance definit

Sec. 29.45.055. ordinance levy a valorem taxes and property as to type type at a specific appeal the determination municipality may e

(b) Except as provided authority of a municipality personal property or property. (§ 2 ch 40

Sec. 29.45.060. Full unit and not dedicated of full and true value some other nonfarm both full and true value disposed of for uses in farm use by the owner at the current mill levy as though the land had shall be made to the state of this section for the portion to the municipality.

(b) An owner of farm to the assessor before application shall be made local assessor, and must determine the entitlement; the applicant shall furnish the applicant shall furnish both lessee and lessor also the assessor a copy of the This subsection does not a state for agricultural use (c) In the event of a crop may submit an affidavit if was from farming.

(d) Subject to legislative borough or city, as appropriate of this section.

ALASKA
STATE



ELKS ASSOCIATION

2007 - 2008 ALASKA STATE ASSOCIATION OFFICERS

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09 May 2007

Representative Kurt Olson
Representative Paul Seaton
Senator Gary Stevens

RE: HB 67: Municipal Property Tax Exemptions

Dear Representatives Olson and Seaton & Senator Stevens,

As President of the Alaska State Elks Association I am transmitting this letter on behalf of the 7,000+ members of the Alaska State Elks Association and the 17 Elks Lodges located across our great state. Please accept this letter in support of the passage of HB 67.

As a non-profit organization, 501(c)8 & 501(c)3 our benevolent organization is dedicated to providing many worthwhile causes in communities throughout Alaska expending tens of thousands of dollars and thousands of hours of volunteer time in support of our Elk programs as well as supporting other established programs in our communities.

The local Elks Lodges as well as the Alaska State Elks Association provide and fund numerous charitable programs aimed at our youth such as Drug Awareness Education Programs, basketball & soccer programs, after school programs, Drug & Alcohol Free Teen Dances and Youth Patriotic Programs. Our Youth Scholarship Programs through the local lodges and state association total in excess of \$50,000 annually. Over the course of the year ending March 31, 2006, the Elks Lodges and members in Alaska collectively contributed \$556,561.00 in cash contributions and an additional \$84,424.00 in non-cash items. We traveled a total of 20,839 miles and volunteered a total of 695,099 man-hours.

When calculated, using the Federal Government's formulas of charitable work at \$18.04 per volunteer hour and \$0.45 per mile driven performing charitable works, the total contributions by the Alaska Elks is \$1,366,924.19. A considerable donation to our communities by 7,000 members belonging to 17 Elks Lodges in Alaska.

We are also dedicated to providing assistance to our nation's active military members, their families and our nation's veterans. Currently, as adopted at our Annual State Convention in Sitka, this past week, we have launched a partnership with the Wounded Warrior Project by which we will donate in excess of \$20,000 to support the rehabilitation of our wounded military members. One of our national mottos is, "So long as there are Veterans, the Elks will never forget them". We have been supporting our military and veterans since WWI when the Elks built and donated the first two military field hospitals on the front lines of France and financed, constructed and equipped the first 700 bed Veterans Rehabilitation Hospital located in Boston which was donated to the War Department in 1918. The Elks also provided 40,000

rehabilitation, vocational and educational loans to disabled veterans, the precursor to what was to become the federal GI Bill.

The Elks have been involved with our communities, our youth and our veterans since our founding in 1868 and remain an active and viable component of our communities today. The passage of this bill will help insure that the Elks Lodges in Alaska continue to financially survive and remain able to support our communities. Undoubtedly, any property tax relief that may be provided by means of HB 67 will find its way back into our communities.

On behalf of the Elks across Alaska and our communities we urge you to adopt HB 67.

Regards,

Jan C. Jonker

Jan C. Jonker, President
Alaska State Elks Association
'Alaska Elks - Building Stronger Communities'

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						
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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: Miko 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

SENATE COMMITTEE REPORT

DATE: 5/3/07

FURTHER: Finance

DATE TURNED
IN TO OFFICE: 5/11/07

Community and Regional Affairs Committee considered CS FOR HOUSE BILL NO. 67(FIN) am

HB 67 MUNICIPAL PROPERTY TAX EXEMPTIONS

"An Act relating to a mandatory exemption from municipal property taxes for certain college property, to a mandatory exemption from municipal property taxes for residences of certain widows or widowers, and to optional exemptions from municipal property taxes for property of certain fraternal organizations and for certain residences of law enforcement officers; and providing for an effective date."

and recommends:

- be replaced with SCS or CS HB 67 (CRA)
- adopt previous SCS or CS _____ (_____)
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

SENATE BILL:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	New Title
<hr/>	
HOUSE BILL:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input checked="" type="checkbox"/>	New Title w/ SCR # <u>8</u>

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
<u>CED</u>	<u>2/21/07</u>			<input checked="" type="checkbox"/>	<u>1</u>

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Thomas	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Wagoner	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Stevens	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Kookesh	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CHAIR:	Olson	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>