

**HB**

**10**

This CS for HB 10 reflects 1 change from our committee hearing on February, 26, 2009.

In the original bill page 2- Section 3

(a) has been removed.

Section 4 now begins where Sec 5 began in the original bill, all sections after were also renumbered accordingly but otherwise no changes were made

**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**

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*Phone:* (907) 269-0123  
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*Session:*  
Alaska State Capitol, Rm 110  
Juneau, Alaska 99801-1182  
*Phone:* (907) 465-4940  
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*Email:*  
Rep.Max.Gruenberg@legis.state.ak.us

*Member*

*Standing Committees:*

Judiciary  
State Affairs  
Transportation

*Finance Subcommittees:*

Administration  
Courts  
Law

Expected Witness List for HB 10 Municipal Taxes: Costs/Exemptions

Representative Gruenberg  
Bill sponsor - to introduce bill and answer questions

Representative Kawasaki or staff member  
Co-prime sponsor – available to answer questions on Section 3 re: residential property

Christine Marasigan, staff for Senator Meyer  
Available to answer questions on Section 4 re: colleges or universities

Konrad Jackson, staff for Representative Olson  
Available to answer questions on Section 5 re: fraternal organizations

Steve Van Sant – off-net  
State Assessor – available to answer questions, no prepared testimony  
907.269.4605

Dr. Douglas North – off-net  
Alaska Pacific University -- testify to Section 4 re: colleges or universities  
907.564.8220

Sergeant Mike Couturier – off-net  
Department Recruiter – Anchorage Police Department (Sect. 6)  
907.786.2444

Also, a representative of Public Safety Employees Association will be present to testify in support of Section 6, but we don't know who it is that will be available yet.

Mark R. Hamilton, President  
Phone: (907) 450-8000  
Fax: (907) 450-8012  
EMAIL: sypres@alaska.edu



UNIVERSITY  
*of* ALASKA  
*Many Traditions One Alaska*

202 Butrovich Building  
910 Yukon Drive  
P.O. Box 755000  
Fairbanks, AK 99775-5000

January 12, 2009

Dear Legislators:

I join the Anchorage Assembly and the leadership of Alaska Pacific University in urging that APU enjoy tax exemption on the use of its historic, contiguous acreage in Anchorage. It is in the best interests of the State of Alaska that we maintain the viability of a private University in our state. APU is complimentary to the State University system; and we work together well in providing non-duplicative programs. The "endowment properties" are sufficient to maintain APU in its current and envisioned size and role if they can be assured that those properties will not suffer from property tax.

With the loss of Sheldon Jackson, the importance of APU is magnified. I believe this small consideration will return to the State of Alaska many times over in the careers and contributions of APU's graduates.

Respectfully,

Mark R. Hamilton  
President

cc: President Douglas M. North, APU



# 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

December 31, 2008

To the Members of the Alaska State Legislature:

On December 16, 2008 the Anchorage Assembly passed a Resolution that urges the State Legislature to enact legislation that would level the playing field between the University of Alaska Anchorage and Alaska Pacific University's contiguous campus when it comes to property taxation. The phrase "contiguous campus" is an important limitation upon APU's equalization, and one that APU agrees with. It precludes APU from buying additional property and then competing with the private sector for development dollars.

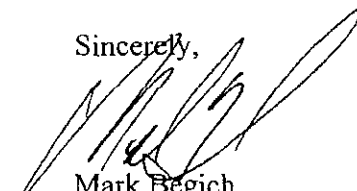
The Anchorage Assembly was impressed by the contribution at APU has made and continues to make to Anchorage—as an economic engine (\$200,000,000 spent locally since 1995), as an important part of the city's educational landscape, and as an institution offering manifold public services at little or no cost to the people of Anchorage.

Alaska Pacific University was not assessed any property taxes for its first 47 years until a new ruling by the Municipal Assessor in 2005. APU has contested this ruling for the past three years. In the past, I have not opposed this equalization of property taxation between our two Alaska universities, but the Municipal Attorney has clearly shown me that only the State Legislature, not the Mayor's Office nor the Anchorage Assembly, can effect this change.

As APU enters its 50<sup>th</sup> year of life—it was founded in 1959, the year of statehood, I too urge you to pass this legislation. As Mark Hamilton, President of the University of Alaska, himself said, "It is simply the right thing to do."

Alaska Pacific University has served Anchorage and its public for decades without Alaska taxpayer support. I urge you also to do the right thing and equalize the property taxation between Alaska Pacific University's contiguous campus here in Anchorage, and the University of Alaska.

Sincerely,



Mark Begich  
Mayor

*Community, Security, Prosperity*

Submitted by: ASSEMBLY MEMBER COFFEY  
Prepared by: Assembly Counsel  
For reading: December 16, 2008

**ANCHORAGE, ALASKA  
AR NO. 2008-329**

1 **A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY RELATING TO THE**  
2 **PROPERTY TAX STATUS OF ALASKA PACIFIC UNIVERSITY CAMPUS PROPERTY**  
3 **USED TO GENERATE INCOME TO SUPPORT ALASKA PACIFIC UNIVERSITY'S**  
4 **EDUCATIONAL PROGRAMS.**  
5

6  
7 WHEREAS, Alaska Pacific University, a private education institution serving an  
8 important public purpose, is a non-profit corporation which exists to encourage, promote,  
9 and extend instruction, research and education; and

10  
11 WHEREAS, Alaska Pacific University and the United States Department of the  
12 Interior agreed that use of the Alaska Pacific University campus property for "educational  
13 and public purposes" allows development of revenue producing facilities on the campus;  
14 and

15  
16 WHEREAS, Alaska Pacific University reports that none of its educational programs  
17 are profitable, revenue from tuition and fees covers only a portion of the cost of operating  
18 the University, and funds generated by income producing campus property is an essential  
19 component of the university's budget; and

20  
21 WHEREAS, beginning with tax year 2006, the Municipality of Anchorage has  
22 assessed property tax on that portion of Alaska Pacific University campus property under  
23 lease to for-profit enterprise; and

24  
25 WHEREAS, Alaska Pacific University provides an early honors program in  
26 cooperation with the Anchorage School District allowing Anchorage students to finish their  
27 high school education and obtain college level instruction and credit, which program  
28 lessens the burden on the government of providing public education for students enrolled  
29 in the program; and

30  
31 WHEREAS, use of campus property (whether for classrooms, research facilities,  
32 administrative offices, recreation facilities, faculty, student and administrative housing,  
33 public broadcasting or leases to other parties which facilitate creation of educational  
34 opportunities or programs or which have a significant relation to an existing education  
35 program offered by Alaska Pacific University) provides a significant public benefit,  
36 improves public welfare and lessens the burden on the government of providing public  
37 education; and

38  
39 WHEREAS, Alaska Pacific University is a tax-exempt educational institution under  
40 the Internal Revenue Code; and

1  
2 WHEREAS, both Alaska Pacific University and the University of Alaska Anchorage  
3 are significant institutions in the Municipality that enhance the educational and cultural  
4 fabric of this community; and

5  
6 WHEREAS, the real property owned by the University of Alaska Anchorage and  
7 leased to for-profit entities to generate income for the University of Alaska, is not subject to  
8 municipal property tax under state law; and

9  
10 WHEREAS, Alaska Pacific University, as a private accredited post secondary  
11 institution, seeks an exemption in state law from municipal taxation on parity with the  
12 University of Alaska Anchorage, for all campus property, including all income-producing  
13 property under lease to for-profit enterprise;

14  
15 NOW, THEREFORE, the Anchorage Assembly recognizes and resolves:

16  
17 1. Private accredited post secondary institutions make important social and  
18 economic contributions to the community.

19  
20 2. Alaska Pacific University receives no direct funding from the Municipality of  
21 Anchorage.

22  
23 3. Absent a change in state law, certain income-producing property of Alaska  
24 Pacific University under lease to for-profit enterprise is not exempt from municipal property  
25 tax.

26  
27 4. The Alaska Legislature is encouraged to enact legislation authorizing a  
28 municipal property tax exemption to Alaska Pacific University for all of its contiguous  
29 Anchorage Campus, so that Alaska Pacific University campus property would be taxed no  
30 more than University of Alaska Anchorage property.

31  
32 PASSED AND APPROVED by the Anchorage Assembly this \_\_\_\_\_ day of  
33 \_\_\_\_\_, 2008.

34  
35 \_\_\_\_\_  
36 Chair

37 ATTEST:

38  
39 \_\_\_\_\_  
40 Municipal Clerk

This section includes all materials from (H)C&RA  
Committee Hearing for HB10 on February 26, 2009

Lake Otis Medical Plaza  
Lake Otis Professional Center, LLC  
4100 Lake Otis Parkway, Suite 204 • Anchorage, Alaska 99508  
OFFICE: (907)550-6262 • FAX: (907) 278-5338

February 12, 2009

Representative Bob Herron  
Room 415, State Capitol  
Juneau AK 99801-1182

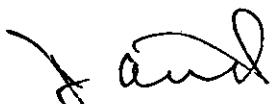
Re: pending legislation

Dear Representative Herron,

I'm writing to request that you oppose House Resolutions 10, 16, 21, and 38. Each of these bills, while offering nominal property tax reductions to certain homeowners, would result in a 20% increase in taxes on commercial properties, just as the value of commercial property has declined by 4% in today's economy.

Please do what you can to defeat these measures. Thank you.

Sincerely,

  
**David McGuire, M.D.**  
Owner  
Lake Otis Professional Ctr.  
4100 Lake Otis Pkwy, Suite 204  
Anchorage, Alaska 99508

**Allison Laffen**

---

**From:** Van Sant, Steve (CED) [steve.vansant@alaska.gov]  
**Sent:** Monday, February 23, 2009 10:07 AM  
**To:** Allison Laffen  
**Subject:** RE: HB 10 Municipal Property Tax Exemptions

Allison,

I have discussed this with the AG's office in the past, as well as other municipal attorneys and the conclusion is that once a widow/widower remarries, they are no longer considered a widow/widower and consequently, are no longer eligible for the program. This is consistent with the policy that we currently use in the program for seniors.

I hope this helps, but if you have any more questions, please feel free to contact me.

Steve

Steve Van Sant  
State Assessor  
(907) 269-4605

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**From:** Allison Laffen [mailto:Allison\_Laffen@legis.state.ak.us]  
**Sent:** Sun 2/22/2009 12:02 PM  
**To:** Van Sant, Steve (CED)  
**Subject:** HB 10 Municipal Property Tax Exemptions

Mr. VanSant:

We have had a question arise on HB 10 and Rep. Gruenberg thought you may be able to assist us in finding the answer. I've attached a copy of the bill for your review. Section 2 of the bill amends AS 29.45.030(e) by eliminating the requirement that a widow or widower of a disabled veteran who had qualified for an exemption for taxes on the residence be at least 60 years old in order to also qualify for the exemption. The question posed to us: Is a widow or widower who has qualified or would qualify under this section who subsequently gets remarried still considered a widow/er for purposes of the exemption?

HB 10 is scheduled to be heard in House Community & Regional Affairs on Thursday, February 26 at 8:00am. Would you or someone from your staff be available via teleconference to answer questions that may arise during that time?

Thank you for your time.

Allison Laffen  
Legislative Aide  
Rep. Max Gruenberg - D20  
(907) 465-2840



Alaska

February 20, 2009

Honorable Max Gruenberg  
Alaska House of Representative  
State Capitol Building  
Juneau, AK 99801-1182

RE: House Bill 10, Section 3

Dear Representative Gruenberg:

On behalf of the National Federation of Independent Business/Alaska, I wish to express our opposition to Section 3 of House Bill 10. Over 60% of the NFIB/AK membership voted to oppose increases in the residential property tax exemption in the 2009 NFIB Alaska State Ballot. The National Federation of Independent Business is the largest small-business advocacy group in the Alaska.

The proposed increase to the residential property tax exemption in Section 3 is one more step toward a "split roll" tax that will shift property taxation onto businesses. As small business owners, we believe that all users of municipal services should share property taxes equally. As fewer individuals are directly impacted by property taxes, tax increases are more likely. For small businesses that will increase operating costs and, particularly in the current economic situation, may reduce the ability of small businesses to increase employment and help our economy grow.

While we appreciate your concern about the impact of local property taxes on residential property, we believe that reducing expenditures is a more appropriate means of reducing those costs, rather than shifting them to others.

Sincerely yours,

Dennis L. DeWitt  
Alaska Legislative Advocate

**Public Safety Employees Association, Inc.**  
*“Representing Alaska’s Finest”*

**Public Safety Employees Association – Position Paper in  
Support  
HB 10 – Optional Exemption from Municipal Property Taxes**

PSEA supports Section 6 of HB 10 that 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 and occupies a primary permanent residence in a designated area.

HB 10 gives communities a tool for use in attracting law enforcement officers to bring their families to live in areas of a community where crime is more prevalent.

The bill offers a property tax 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 the investment.

2/26/09

Member

# Alaska State Legislature

## House of Representatives



*Standing Committees:*  
Judiciary  
State Affairs  
Transportation

*Finance Subcommittees:*  
Administration  
Courts

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*Session:*  
Alaska State Capitol, Rm 110  
Juneau, Alaska 99801-1182  
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Fax: (907) 465-3766

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

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

*Email:*  
Rep.Max.Gruenberg@legis.state.ak.us

TO: Representatives Cathy Muñoz and Bob Herron  
FROM: Max F. Gruenberg, Jr. *MG*  
DATE: February 5, 2009  
RE: HB 10: Municipal Taxes: Costs/Exemptions

\*\*\*\*\*

Please consider this memorandum as a request for the House Community & Regional Affairs Committee to schedule a hearing on HB10. Accompanying this memo are the following documents:

- ▶ HB10 (26-LS0063\S) (26<sup>th</sup> Legislative Session)
- ▶ Sponsor Statement
- ▶ Sectional Analysis
- ▶ Previous bill versions: CSHB 67(FIN)am (25-LS0314\X.A) and SCS CSHB 67(CRA) (25-LS0314J) (25<sup>th</sup> Legislative Session)

Thank you for considering my request for a hearing on HB10.

Member

# Alaska State Legislature

## House of Representatives



Standing Committees:  
Judiciary  
State Affairs  
Transportation

Finance Subcommittees:  
Administration  
Courts

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Alaska State Capitol, Rm 110  
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**Representative Max F. Gruenberg, Jr.**  
**House District 20**

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

Email:  
Rep.Max.Gruenberg@legis.state.ak.us

### SPONSOR STATEMENT

#### HB 10 – MUNICIPAL TAXES: COSTS/EXEMPTIONS

*"An Act authorizing a borough to charge a city for costs of collecting certain taxes; relating 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, for certain college property, and for certain residential property; and providing for an effective date."*

This bill makes several changes to the mandatory and optional municipal property tax exemptions allowed under Alaska law. The bill is similar to CSHB 67 (FIN)am that passed the House on 5/2/2007.

- The bill permits a borough to charge a city a fee for the cost of collecting a tax that is not also levied by the majority of cities in the borough or levied by the borough on an areawide basis. This is a new section to the previous versions of the bill.
- The bill encourages law enforcement officers to purchase homes and live in high crime areas by allowing 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.
- The bill allows widows and widowers of disabled veterans to retain their municipal property tax exemption. Under current law, these widows and widowers are ineligible for the tax exemption until they reach age 60.
- The bill provides for an option exemption at the discretion of a municipality to exempt property owned by a private university from municipal property taxes. If the property is being used for non-exempt purposes, the leasehold interest(s) will be subject to taxation. The Senate Community and Regional Affairs Committee amended CSHB 67 (FIN)am by changing this exemption from mandatory to optional.
- The bill provides for an optional municipal tax exemption for fraternal organizations if the property is used predominately for charitable or fraternal purposes. In order to be eligible for the tax exemption, the municipality by ordinance and the voters in the municipality must approve a tax exemption for fraternal property.
- Finally, the bill increases the optional municipal property tax exemption for residential property from up to \$20,000 to up to \$40,000. This section was also added in the Senate Community and Regional Affairs Committee in the prior legislature.

Please contact Allison Laffen at 465-2840 with any questions.

# FISCAL NOTE

**STATE OF ALASKA**  
**2009 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: HB10  
 () Publish Date: \_\_\_\_\_

Identifier (file name): HB10-CED-CRA-2-20-09  
 Title: Municipal Taxes Costs/Exemptions  
 Sponsor: Representative Gruenberg and Representative Chenault  
 Requester: House Community and Regional Affairs Committee  
 Dept. Affected: DCCED  
 RDU: Commissioners Office  
 Component: Community & Regional Affairs  
 Component Number: 2879

**Expenditures/Revenues** (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
<b>TOTAL OPERATING</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>								
-----------------------------	--	--	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>								
-------------------------------	--	--	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
<b>TOTAL</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2009) cost: \_\_\_\_\_

**POSITIONS**

Full-time								
Part-time								
Temporary								

**ANALYSIS:** (Attach a separate page if necessary)

This bill would make primary changes to existing statutes dealing with property tax exemptions for law enforcement officers living in high crime area, widow or widowers of disabled veterans, certain non-profit colleges and universities and a raise in the property tax exemption amount. The Department of Commerce, Community and Economic Development does not anticipate a fiscal impact due to passage of this legislation.

Prepared by: Tyson Fick  
 Division: Commerce, Community, and Economic Development  
 Approved by: Emil R. Notti, Commissioner  
Commerce, Community, and Economic Development

Phone 907-465-2503  
 Date/Time 02/20/09 10:00am  
 Date 2/23/2009

# LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101

State Capitol  
Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329

## MEMORANDUM

February 5, 2009

**SUBJECT:** Municipal property taxes; sectional summary (House Bill 10)  
(Work Order No. 26-LS0063\S)

**TO:** Representative Max Gruenberg  
Attn: Allison Laffen

**FROM:** Tamara Brandt Cook  
Director *TBC*

**Sec. 1.** Permits a borough to charge a city fee for costs of collecting a tax that is not also levied by a majority of the cities in the borough or levied by the borough on an areawide basis.

**Sec. 2.** Eliminates the requirement that a widow or widower of a disabled veteran who had qualified for an exemption for taxes on the residence be at least 60 years old in order to also qualify for the exemption. Under Sec. 7, this bill section, but not the rest of the bill, takes effect January 1, 2010.

**Sec. 3.** Increases the optional tax exemption on all residential property from up to \$20,000 of the assessed value to \$40,000 of the assessed value.

**Sec. 4.** Permits a municipality to classify and exempt from taxation property of certain nonprofit four-year colleges or universities. A private leasehold, contract or other interest in the property remains taxable to the extent of the interest.

**Sec. 5.** Permits a municipality by ordinance ratified by the voters to exclude or exempt from taxation property of certain fraternal societies if the property is used for a listed purpose.

**Sec. 6.** Allows a municipality to provide for a tax exemption not to exceed \$150,000 of the assessed value of a residence of a law enforcement officer that is within an eligible area designated by the municipality. A municipality that provides the exemption may not request state funds to cover any loss of revenue caused by the exemption. Sets out requirements for an eligible area.

TBC:plm  
09-072.plm

**CS FOR HOUSE BILL NO. 67(FIN) am**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-FIFTH LEGISLATURE - FIRST SESSION**

**BY THE HOUSE FINANCE COMMITTEE**

Amended: 5/2/07  
Offered: 4/13/07

Sponsor(s): REPRESENTATIVES GRUENBERG AND CHENAULT, Lynn, Olson, Dahlstrom, Foster, Gara, Crawford, Thomas, Wilson, Roses, Kawasaki

**A BILL**  
**FOR AN ACT ENTITLED**

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

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

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

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

9 (1) municipal property, including property held by a public corporation  
10 of a municipality, state property, property of the University of Alaska, property of a  
11 private, nonprofit four-year college or university that is accredited by a regional  
12 or national accrediting agency recognized by the Council for Higher Education  
13 Accreditation or the United States Department of Education, or both, and [OR]

1 land that is in the trust established by the Alaska Mental Health Enabling Act of 1956,  
2 P.L. 84-830, 70 Stat. 709, except that

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

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

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

22 (2) household furniture and personal effects of members of a  
23 household;

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

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

30 (5) money on deposit;

31 (6) the real property of certain residents of the state to the extent and

1 subject to the conditions provided in (e) of this section;

2 (7) real property or an interest in real property that is exempt from  
3 taxation under 43 U.S.C. 1620(d), as amended;

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

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

14 \* Sec. 2. AS 29.45.030(e) is amended to read:

15 (e) The real property owned and occupied as the primary residence and  
16 permanent place of abode by a [(1)] resident who is (1) 65 years of age or older; (2) a  
17 disabled veteran; [OR] (3) [RESIDENT] at least 60 years of age and [OLD WHO IS]  
18 the widow or widower of a person who qualified for an exemption under (1) [OR (2)]  
19 of this subsection; or (4) the widow or widower of a person who qualified for an  
20 exemption under (2) of this subsection, is exempt from taxation on the first  
21 \$150,000 of the assessed value of the real property. A municipality may, in case of  
22 hardship, provide for exemption beyond the first \$150,000 of assessed value in  
23 accordance with regulations of the department. Only one exemption may be granted  
24 for the same property and, if two or more persons are eligible for an exemption for the  
25 same property, the parties shall decide between or among themselves who is to receive  
26 the benefit of the exemption. Real property may not be exempted under this  
27 subsection if the assessor determines, after notice and hearing to the parties, that the  
28 property was conveyed to the applicant primarily for the purpose of obtaining the  
29 exemption. The determination of the assessor may be appealed under AS 44.62.560 -  
30 44.62.570.

31 \* Sec. 3. AS 29.45.050 is amended by adding a new subsection to read:

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

- 6 (1) religious;
- 7 (2) charitable;
- 8 (3) scientific;
- 9 (4) literary;
- 10 (5) educational; or
- 11 (6) fraternal.

12 \* **Sec. 4.** AS 29.45 is amended by adding a new section to read:

13 **Sec. 29.45.053. Exemption for certain residences of law enforcement**  
 14 **officers.** (a) A municipality may, by ordinance, provide for the designation of areas  
 15 within its boundaries that are eligible for tax exemptions on parcels of residential  
 16 property. The amount of the tax exemption provided in the ordinance may not exceed  
 17 \$150,000 of the assessed value of a parcel. The exemption may be granted for a  
 18 parcel only if it is

- 19 (1) entirely within an eligible area;
- 20 (2) primarily used for residential purposes; and
- 21 (3) owned and occupied as the primary place of abode by a law  
 22 enforcement officer.

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

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

30 (d) The ordinance adopted under (a) of this section must define "law  
 31 enforcement officer" to include only some or all positions listed in the definition of

1 "peace officer" in AS 01.10.060 or in the definition of "police officer" in  
 2 AS 18.65.290. The ordinance may include other eligibility requirements for an area;  
 3 however, an eligible area must

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

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

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

13 (e) The municipality may establish a specific area as an eligible area for  
 14 purposes of this section only in the ordinance adopted under (a) of this section or by  
 15 adopting a separate ordinance. The municipality is not required to establish as an  
 16 eligible area for purposes of this section every area that meets the requirements of the  
 17 ordinance that is adopted under (a) of this section.

18 \* Sec. 5. The uncodified law of the State of Alaska is amended by adding a new section to  
 19 read:

20 DIRECTION TO REVISOR. The revisor of statutes shall harmonize the amendment  
 21 to AS 29.45.030(a) made in sec. 1 of this Act with the amendment made in sec. 3, ch. 117,  
 22 SLA 2000.

23 \* Sec. 6. Sections 1, 2, and 5 of this Act take effect January 1, 2008.

SENATE CS FOR CS FOR HOUSE BILL NO. 67(CRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - FIRST SESSION

BY THE SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered: 5/11/07  
Referred: Finance

Sponsor(s): REPRESENTATIVES GRUENBERG AND CHENAULT, Lynn, Olson, Dahlstrom, Foster, Gara, Crawford, Thomas, Wilson, Roses, Kawasaki

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to a mandatory exemption from municipal property taxes for  
2 residences of certain widows or widowers, and to optional exemptions from municipal  
3 property taxes for property of certain fraternal organizations, for certain college  
4 property, and for certain residential property; 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(e) is amended to read:

7 (e) The real property owned and occupied as the primary residence and  
8 permanent place of abode by a [(1)] resident who is (1) 65 years of age or older; (2) a  
9 disabled veteran; [OR] (3) [RESIDENT] at least 60 years of age and [OLD WHO IS]  
10 the widow or widower of a person who qualified for an exemption under (1) [OR (2)]  
11 of this subsection; or (4) the widow or widower of a person who qualified for an  
12 exemption under (2) of this subsection, is exempt from taxation on the first  
13 \$150,000 of the assessed value of the real property. A municipality may, in case of  
14 hardship, provide for exemption beyond the first \$150,000 of assessed value in

1 accordance with regulations of the department. Only one exemption may be granted  
 2 for the same property and, if two or more persons are eligible for an exemption for the  
 3 same property, the parties shall decide between or among themselves who is to receive  
 4 the benefit of the exemption. Real property may not be exempted under this subsection  
 5 if the assessor determines, after notice and hearing to the parties, that the property was  
 6 conveyed to the applicant primarily for the purpose of obtaining the exemption. The  
 7 determination of the assessor may be appealed under AS 44.62.560 - 44.62.570.

8 \* **Sec. 2.** AS 29.45.050(a) is amended to read:

9 (a) A municipality may exclude or exempt or partially exempt residential  
 10 property from taxation by ordinance ratified by the voters at an election. An exclusion  
 11 or exemption authorized by this subsection may be applied with respect to taxes levied  
 12 in a service area to fund the special services. An exclusion or exemption authorized by  
 13 this subsection may not exceed the assessed value of \$40,000 [\$20,000] for any one  
 14 residence.

15 \* **Sec. 3.** AS 29.45.050(b) is amended to read:

16 (b) A municipality may by ordinance

17 (1) classify and exempt from taxation

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

22 (B) historic sites, buildings, and monuments;

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

28 (D) all or any portion of private ownership interests in property  
 29 that, based upon a written agreement with the University of Alaska, is used  
 30 exclusively for student housing for the University of Alaska; property may be  
 31 exempted from taxation under this subparagraph for no longer than 30 years

1 unless the exemption is specifically extended by ordinance adopted within the  
2 six months before the expiration of that period;

3 (E) property of a private, nonprofit four-year college or  
4 university that is accredited by a regional or national accrediting agency  
5 recognized by the Council for Higher Education Accreditation or the  
6 United States Department of Education, or both, that is not subject to the  
7 mandatory exemption described in AS 29.45.030(a)(3); however,  
8 notwithstanding this exemption, the provisions of AS 29.45.030(a)(1)(A)  
9 apply to this property;

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

12 \* Sec. 4. AS 29.45.050 is amended by adding a new subsection to read:

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

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

24 \* Sec. 5. AS 29.45 is amended by adding a new section to read:

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

- 31 (1) entirely within an eligible area;

1 (2) primarily used for residential purposes; and

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

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

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

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

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

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

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

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

30 \* **Sec. 6.** Section 1 of this Act takes effect January 1, 2008.