

**SB**

**232**

**SENATE COMMITTEE REPORT**  
**First Committee of Referral**

DATE: 1/19/10

FURTHER: Finance

Date of 5-Day Notice: \_\_\_\_\_  
 (in accordance with Uniform Rule 23)

DATE TURNED  
 IN TO OFFICE: 2/18/10

Community and Regional Affairs Committee considered

SENATE BILL NO. 232

SB 232 MUNICIPAL RESIDENTIAL PROPERTY TAXES

"An Act relating to an optional municipal property tax exemption for residential property."

and recommends:

- be replaced with  SCS or  CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous  SCS or  CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt \_\_\_\_\_ Letter of Intent
- further referral to \_\_\_\_\_ Committee

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


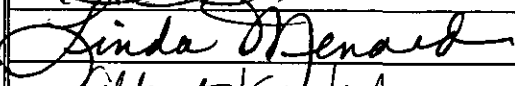
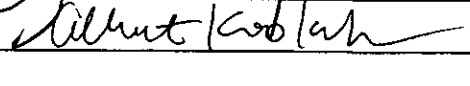
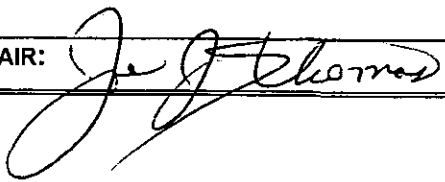
**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#
CEO	2/2/10	✓			

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	French	X			
	MENARD	X			
	KOOKAH	X			
CHAIR: 	Thomas	✓			

vice

# ALASKA STATE LEGISLATURE

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Senator\_Bill\_Wielechowski@legis.state.ak.us



Co-chair  
Joint Armed Services Committee  
Resources Committee

Member  
Energy Committee  
Judiciary Committee  
World Trade Committee

## SENATOR BILL WIELECHOWSKI

### Sponsor Statement

#### Senate Bill 232 – Municipal Residential Property Tax Exemption

"An Act relating to an optional municipal property tax exemption for residential property."

Senate Bill 232 gives local governments more control in determining if and how to provide property tax exemptions. This bill allows local governments to increase the allowable municipal property tax exemption from \$20,000 to \$50,000 and clarifies that the law may be applied to residential rental properties. Any increase in the exemptions allowed under this bill would be subject to final approval of the voters at public election.

This legislation is structured to give local governments more flexibility. Under SB 232, local governments will have the flexibility to classify residential properties as to type, and to exclude, exempt or partially exempt one or more types of residential property.

In recent years, many of Alaska's local governments have dramatically increased property assessments, resulting in significantly increasing costs for homeowners. Senate Bill 232 gives local governments a tool to control how property taxes are apportioned.

# FISCAL NOTE

**STATE OF ALASKA**  
**2010 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SB 232  
 () Publish Date: \_\_\_\_\_

Identifier (file name): SB232-CED-CRA-2-2-10  
 Title: Municipal Residential Property Taxes  
 Sponsor: Senator Wielechowski  
 Requester: Senate Community and Regional Affairs Committee  
 Dept. Affected: DCCED  
 RDU: Community Assist. and Econ Dev.  
 Component: Community and Regional Affairs  
 Component Number: 2879

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

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

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<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>		<b>(903.0)</b>		<b>(948.0)</b>	<b>(996.0)</b>	<b>(1,005.0)</b>	<b>(1,109.0)</b>	<b>(1,150.0)</b>

**FUND SOURCE** (Thousands of Dollars)

	FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
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>

Estimate of any current year (FY2010) cost: \_\_\_\_\_

**POSITIONS**

	FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Full-time							
Part-time							
Temporary							

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

SB 232 would allow municipalities to increase the current residential exemption from \$20,000 per residence to \$50,000. This increase will allow municipalities to shift the tax burden away from residential property to other types of properties, such as commercial, vacant and in those municipalities with oil and gas properties, to AS 43.56 property, upon which the state levies a 20 mill tax and refunds the local municipal mill rate to those municipalities.

By increasing this exemption, municipalities will be forced to increase their mill rate to raise the same amount of revenue if no other source of revenue is found. Increasing the local mill rate will increase the amount of taxes that a municipality will levy against AS 43.56 properties thus reducing that amount to the state.

Prepared by: Steve Van Sant, State Assessor Phone 269-4605  
 Division: Community and Regional Affairs Date/Time 2/2/10 12:00 AM  
 Approved by: Emil Notti, Commissioner Date 2/2/2010  
Department of Commerce, Community and Economic Development



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February 3, 2010

The Honorable Donald Olson, Chair  
Senate Community and Regional Affairs Committee  
Alaska State Capitol, Room 508  
Juneau, AK 99801-1182

RE: SB 232 (Wielechowski)--Support

Dear Chair Olson:

On behalf of the members of AARP in Alaska, we encourage you and your colleagues on the Senate Community and Regional Affairs Committee to support SB 232, authored by Senator Bill Wielechowski and co-sponsored by Senator Johnny Ellis.

The mainstay of local taxation is the property tax.

The property tax is also the single most burdensome tax for many low-income and older people. It affects older people directly as homeowners but also indirectly as renters, because landlords pass on at least part of any property tax in the form of higher rents.

Many older homeowners made their retirement financial plans based on paying property taxes similar to what they were paying when they turned 65. Most did not expect their property values to increase significantly and did not anticipate the higher property taxes that resulted from the increase in the value of their homes.

In addition, many property owners made their retirement plans based on their income as a couple. When one spouse died, usually the surviving spouse had to live on approximately two-thirds of the previous income. As the surviving spouse saw the value of their home increase, they also faced unanticipated increases in property taxes.

Most older people prefer to stay in their home as long as they can handle the responsibilities of home ownership and their health remains good.

In AARP, we often field calls from retirees, especially widowed persons, who are unable to remain in their homes not for health reasons but because their property taxes have become too financially burdensome.

SB 232 does not mandate additional property tax breaks. It does allow a municipality to determine if it can and should offer additional tax exemptions up to \$50,000. This can include rental properties. It requires ratification of an increase by the local voters.

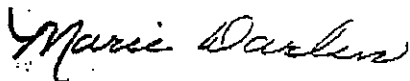
AARP believes that SB 232 offers a municipality the opportunity to give property tax payers a break but the decision to do so is left in the hands of local elected officials and local voters, where it should be.

AARP recommends an "AYE" vote on SB 232.

Should you have any questions about our position, please feel free to contact me (586-3637) or Patrick Luby, AARP Advocacy Director (907-762-3314).

Thank you for your consideration.

Sincerely,



Marie Darlin, Coordinator  
AARP Capital City Task Force  
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Juneau, AK 99801  
586-3637 (voice)  
463-3580 (fax)

CC: Vice-Chair Senator Bill Thomas  
Senator Hollis French  
Senator Albert Kookesh  
Senator Linda Menard  
Senator Bill Wielechowski