

HB

10

<target><bill>HB 10</bill><subject>HB
10</subject><comm>SFIN26</comm></target>

Member

Standing Committees:

Judiciary
State Affairs
Transportation

Finance Subcommittees:

Administration
Courts

Alaska State Legislature

House of Representatives



Representative Max F. Gruenberg, Jr.

House District 20

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

Interim:
716 W 4th Avenue, Rm 350
Anchorage, Alaska 99501-2133
Phone: (907) 269-0123
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Session:
Alaska State Capitol, Rm 110
Juneau, Alaska 99801-1182
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SECTIONAL ANALYSIS

SCS CSHB10(CRA) – 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."

Sec. 1. Will be removed in its entirety in a blank CS offered before the Senate Finance Committee.

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. 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. The Senate Community and Regional Affairs Committee amended CSHB 67 (FIN)am in the 25th Legislature by changing the exemption from mandatory to optional.

Sec. 4. 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. 5. 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. Requirements for an eligible area are listed in the bill section.

Sec. 6. Added in Senate Community and Regional Affairs, this section continues to provide an exemption of the DeLong Mountain Transportation System from assessment in the full value determination for the Northwest Arctic Borough. The exemption now ends on November 30, 2012.

Member

Standing Committees:

Judiciary
State Affairs
Transportation

Finance Subcommittees:

Administration
Courts
Law

Alaska State Legislature

House of Representatives



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EXPLANATION OF CHANGES

Changes between HB10 and SCS CSHB10(CRA):

- Section 3 of HB 10 was removed in (H)CRA; Section 3 had increased the optional municipal property tax exemption for residential property for residential property from \$20,000 to \$40,000.
- Section 3 of CSHB(CRA) was amended in (H)FIN for technical clarification at the request of the State Assessor, Steve Van Sant (please see attached Van Sant testimony). This is the section that provides for an optional exemption for property owned by a private college or university.
- Section 6 of SCS CSHB(CRA) was added in (S)CRA; this section continues to provide an exemption of the Delong Mountain Transportation System from assessment in the full value determination for the Northwest Arctic Borough. The exemption now ends on November 30, 2012.
- Section 1 of SCS CSHB(CRA) will be removed in its entirety in a blank CS offered before the Senate Finance Committee.

SENATE FINANCE COMMITTEE REPORT

DATE: 4/8/09

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered CS FOR HOUSE BILL NO. 10(FIN)

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."

and recommends:

- be replaced with SCS or CS SHB 10 (FIN)
- 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 type="checkbox"/> | New Title w/ SCR # _____ |

NEW FISCAL NOTE(S):

| Department | Date | Fiscal | Indet. | Zero | FN# |
|------------|--------|--------|--------|------|-----|
| LED | 4/9/10 | | | ✓ | |
| | | | | | |
| | | | | | |
| | | | | | |

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 |
|--------------------------------|-------------------|---------|-------------|--------|-------|
| | HUGGINS | ✓ | | | |
| | THOMAS EGAN | ✓ | | | |
| | DEBRA ELLIS | | | X | |
| CO-CHAIR: | | ✓ | | | |
| CO-CHAIR: | | | | | ✓ |

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: SCS CSHB10 (FIN)
() Publish Date: _____

Identifier (file name): HB10SCSCS(FIN)-CED-CRA-4-9-10 Dept. Affected: DCCED
Title: Municipal Taxes Costs/Exemptions RDU: Community Assist and Ec. Dev.
Component: Community & Regional Affairs
Sponsor: Representative Gruenberg and Representative Chenault
Requester: Senate Finance Committee 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 |
| 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 |

| | | | | | | | | |
|-----------------------------|--|--|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | | | |
|-----------------------------|--|--|--|--|--|--|--|--|

| | | | | | | | | |
|-------------------------------|--|--|--|--|--|--|--|--|
| CHANGE IN REVENUES () | | | | | | | | |
|-------------------------------|--|--|--|--|--|--|--|--|

FUND SOURCE (Thousands of Dollars)

| | | | | | | | | |
|----------------------------|--|------------|------------|------------|------------|------------|------------|------------|
| 1002 Federal Receipts | | | | | | | | |
| 1003 GF Match | | | | | | | | |
| 1004 GF | | | | | | | | |
| 1005 GF/Program Receipts | | | | | | | | |
| 1037 GF/Mental Health | | | | | | | | |
| Other Interagency Receipts | | | | | | | | |
| TOTAL | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Estimate of any current year (FY2009) cost: _____

POSITIONS

| | | | | | | | | |
|-----------|--|--|--|--|--|--|--|--|
| Full-time | | | | | | | | |
| Part-time | | | | | | | | |
| Temporary | | | | | | | | |

ANALYSIS: (Attach a separate page if necessary)

This bill would make changes to existing statues dealing with property tax exemptions for law enforcement officers living in high crime areas, widow or widowers of disabled veterans, certain non-profit colleges and universities and a raise in the property tax exemption amount. Sections 1 and 2 of bill will extend a property tax exemption for the Delong Mountain Transportation System at the Red Dog mine in Northwest Arctic Borough. The Department of Commerce, Community and Economic Development does not anticipate a fiscal impact to the department due to passage of this legislation. However, potential fiscal impact to municipalities will vary and are not reflected in this fiscal note.

Prepared by: Tyson Fick, Legislative Liaison
Division: Commissioner's Office
Approved by: Emil R. Notti, Commissioner
Commerce, Community, and Economic Development

Phone 907-465-2503
Date/Time 04/9/10 9:00am
Date 4/9/2010

adopted 4/10/10

26-LS0063\Z.2
Cook
4/9/10

AMENDMENT # 7

OFFERED IN THE SENATE

BY SENATOR EGAN

TO: SCS CSHB 10(FIN), Draft Version "Z"

1 Page 3, lines 10 - 13:

2 Delete all material and insert:

3 "(10) property not exempt under (3) of this subsection that

4 (A) is owned by a private or nonprofit college or university
5 that is accredited by a regional or national accrediting agency recognized
6 by the Council for Higher Education Accreditation or the United States
7 Department of Education, or both; and

8 (B) was subject to a private leasehold, contract, or other
9 private interest on January 1, 2010."

10

11 Page 5, lines 2 - 5:

12 Delete all material and insert:

13 "(10) property not exempt under (3) of this subsection that

14 (A) is owned by a private or nonprofit college or university that
15 is accredited by a regional or national accrediting agency recognized by the
16 Council for Higher Education Accreditation or the United States Department
17 of Education, or both; and

18 (B) was subject to a private leasehold, contract, or other private
19 interest on January 1, 2010."

20

21 Page 6, lines 18 - 23:

22 Delete all material and insert:

23 "(10) property not exempt under (3) of this subsection that

1 [(A)] is owned by a private or nonprofit college or university
2 that is accredited by a regional or national accrediting agency recognized by
3 the Council for Higher Education Accreditation or the United States
4 Department of Education, or both, except that a private leasehold, contract,
5 or other interest in the property is taxable to the extent of the private
6 interest [; AND

7 (B) WAS SUBJECT TO A PRIVATE LEASEHOLD,
8 CONTRACT, OR OTHER PRIVATE INTEREST ON JANUARY 1, 2010]."

Adopted
4/9/10

26-LS0063VZ
Cook
4/8/10

SENATE CS FOR CS FOR HOUSE BILL NO. 10(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES GRUENBERG, CHENAULT, THOMAS, GARA, HARRIS, AND KAWASAKI, Richard Foster, Dahlstrom, Lynn, Olson, Gatto, Petersen

SENATOR Meyer

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to mandatory exemptions from municipal property taxes for certain**
2 **assets of the Alaska Industrial Development and Export Authority and for property**
3 **owned by certain private colleges or universities; relating to optional exemptions from**
4 **municipal property taxes for certain residential property; and providing for an effective**
5 **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, or land that is
11 in the trust established by the Alaska Mental Health Enabling Act of 1956, P.L. 84-
12 830, 70 Stat. 709, except that

13 (A) a private leasehold, contract, or other interest in the
14 property is taxable to the extent of the interest; however, an interest created
15 by a nonexclusive use agreement between the Alaska Industrial

1 Development and Export Authority and a user of an integrated
2 transportation and port facility owned by the authority and initially
3 placed in service before January 1, 1999, is taxable only to the extent of,
4 and for the value associated with, those specific improvements used for
5 lodging purposes;

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

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

18 (2) household furniture and personal effects of members of a
19 household;

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

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

26 (5) money on deposit;

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

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

31 (8) property of a political subdivision, agency, corporation, or other

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

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

10 **(10) property not exempt under (3) of this subsection that is owned**
11 **by a private or nonprofit college or university that is accredited by a regional or**
12 **national accrediting agency recognized by the Council for Higher Education**
13 **Accreditation or the United States Department of Education, or both.**

14 * Sec. 2. AS 29.45.030(a), as amended by sec. 1 of this Act, is amended to read:

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

16 (1) municipal property, including property held by a public corporation
17 of a municipality, state property, property of the University of Alaska, or land that is
18 in the trust established by the Alaska Mental Health Enabling Act of 1956, P.L. 84-
19 830, 70 Stat. 709, except that

20 (A) a private leasehold, contract, or other interest in the
21 property is taxable to the extent of the interest; [HOWEVER, AN INTEREST
22 CREATED BY A NONEXCLUSIVE USE AGREEMENT BETWEEN THE
23 ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY
24 AND A USER OF AN INTEGRATED TRANSPORTATION AND PORT
25 FACILITY OWNED BY THE AUTHORITY AND INITIALLY PLACED IN
26 SERVICE BEFORE JANUARY 1, 1999, IS TAXABLE ONLY TO THE
27 EXTENT OF, AND FOR THE VALUE ASSOCIATED WITH, THOSE
28 SPECIFIC IMPROVEMENTS USED FOR LODGING PURPOSES;]

29 (B) notwithstanding any other provision of law, property
30 acquired by an agency, corporation, or other entity of the state through
31 foreclosure or deed in lieu of foreclosure and retained as an investment of a

1 state entity is taxable; this subparagraph does not apply to federal land granted
 2 to the University of Alaska under AS 14.40.380 or 14.40.390, or to other land
 3 granted to the university by the state to replace land that had been granted
 4 under AS 14.40.380 or 14.40.390, or to land conveyed by the state to the
 5 university under AS 14.40.365;

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

10 (2) household furniture and personal effects of members of a
 11 household;

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

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

18 (5) money on deposit;

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

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

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

30 (9) natural resources in place including coal, ore bodies, mineral
 31 deposits, and other proven and unproven deposits of valuable materials laid down by

1 natural processes, unharvested aquatic plants and animals, and timber;

2 (10) property not exempt under (3) of this subsection that is owned by
3 a private or nonprofit college or university that is accredited by a regional or national
4 accrediting agency recognized by the Council for Higher Education Accreditation or
5 the United States Department of Education, or both.

6 * Sec. 3. AS 29.45.030(a), as amended by secs. 1 and 2 of this Act, is amended to read:

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

8 (1) municipal property, including property held by a public corporation
9 of a municipality, state property, property of the University of Alaska, or land that is
10 in the trust established by the Alaska Mental Health Enabling Act of 1956, P.L. 84-
11 830, 70 Stat. 709, except that

12 (A) a private leasehold, contract, or other interest in the
13 property is taxable to the extent of the interest;

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

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

26 (2) household furniture and personal effects of members of a
27 household;

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

30 (4) property of a nonbusiness organization composed entirely of
31 persons with 90 days or more of active service in the armed forces of the United States

1 whose conditions of service and separation were other than dishonorable, or the
2 property of an auxiliary of that organization;

3 (5) money on deposit;

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

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

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

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

18 (10) property not exempt under (3) of this subsection that is owned by
19 a private or nonprofit college or university that is accredited by a regional or national
20 accrediting agency recognized by the Council for Higher Education Accreditation or
21 the United States Department of Education, or both, except that a private leasehold,
22 contract, or other interest in the property is taxable to the extent of the private
23 interest.

24 * Sec. 4. AS 29.45.030(e) is amended to read:

25 (e) The real property owned and occupied as the primary residence and
26 permanent place of abode by a [(1)] resident who is (1) 65 years of age or older; (2) a
27 disabled veteran; or (3) [RESIDENT] at least 60 years of age and [OLD WHO IS] the
28 widow or widower of a person who qualified for an exemption under (1) or (2) of this
29 subsection [,] is exempt from taxation on the first \$150,000 of the assessed value of
30 the real property. A municipality may by ordinance approved by the voters grant
31 the exemption under this subsection to the widow or widower under 60 years of

1 age of a person who qualified for an exemption under (2) of this subsection. A
2 municipality may, in case of hardship, provide for exemption beyond the first
3 \$150,000 of assessed value in accordance with regulations of the department. Only
4 one exemption may be granted for the same property and, if two or more persons are
5 eligible for an exemption for the same property, the parties shall decide between or
6 among themselves who is to receive the benefit of the exemption. Real property may
7 not be exempted under this subsection if the assessor determines, after notice and
8 hearing to the parties, that the property was conveyed to the applicant primarily for the
9 purpose of obtaining the exemption. The determination of the assessor may be
10 appealed under AS 44.62.560 - 44.62.570.

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

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

18 (1) entirely within an eligible area;

19 (2) primarily used for residential purposes; and

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

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

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

29 (d) The ordinance adopted under (a) of this section must define "law
30 enforcement officer" to include only some or all positions listed in the definition of
31 "peace officer" in AS 01.10.060 or in the definition of "police officer" in

1 AS 18.65.290. The ordinance may include other eligibility requirements for an area;
2 however, an eligible area must

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

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

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

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

17 * Sec. 6. The uncodified law of the State of Alaska is amended by adding a new section to
18 read:

19 RETROACTIVITY. AS 29.45.030(a)(1)(A), as amended by sec. 1 of this Act, is
20 retroactive to November 30, 2009.

21 * Sec. 7. Sections 1 and 6 of this Act take effect immediately under AS 01.10.070(c).

22 * Sec. 8. Section 2 of this Act takes effect November 30, 2012.

23 * Sec. 9. Section 3 of this Act takes effect December 31, 2035.

FISCAL NOTE

replaced

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSHB 10(CRA)
 (H) Publish Date: 2/27/09

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 |
| 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 |

| | | | | | | | | |
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| 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 Interagency Receipts | | | | | | | | |
| TOTAL | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

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 statues 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



STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

Division of Community and Regional Affairs

Sean Parnell, Governor
Emil Notti, Commissioner
Tara Jollie, Director

MEMORANDUM

DATE: April 9, 2010
TO: Ted Madsen, Legislative Aide
FROM: Ronald Brown, Asst. State Assessor *REB*
RE: HB 10 Fiscal Impact Estimates (Amended 4/9/2010)

Per your request, here is a short synopsis of the estimated fiscal impacts, by section, for HB 10.

Sections 1 & 2: The immediate impact of section one would be zero, since it extends an exemption that is already in place. However, the estimated value of the assets currently exempted is estimated at \$200,000,000. The four mill equivalency on the possessory interest of these assets is estimated at \$400,000 per year in state education funds. The extension of the exemption to November 30, 2012 would mean that these assets would not appear on the full value determination until the year 2013. Thus the four mill equivalency payments would not commence until the 2015 cycle.

Section 3: The impact of this section should be limited primarily to Fairbanks and Anchorage due to the military emphasis, however there may be some limited impact in other communities. Estimated costs to Fairbanks and Anchorage should be less than \$50,000 each, per year. The fiscal impact to other municipalities would be far less if any at all.

Sections 4 & 5: The current 2010 valuation of the APU/ASI property is \$14,704,200 for land and building. Using last year's millage rate of 15.5, this equates to approximately \$227,915 in taxes for the year.

The version of the bill introduced today (26-LS0063\Z) provides for a total, mandatory exemption of APU property at Section 1, page 3, lines 10 thru 13. At Section 3, page 6, lines 18 to 23 it provides for the taxability of any private leasehold on the property. However, Section 9 on page 8 states that the taxability of that leasehold does not take effect until December 31, 2035.

550 W. 7th Avenue, Suite 1770, Anchorage, Alaska 99501-3510
Telephone: (907) 269-4501 Fax: (907) 269-4539 Text Telephone: (907) 465-5437
Email: questions@commerce.state.ak.us Website: <http://www.commerce.state.ak.us/dca/>

Consequently, under the latest version of HB 10, both the APU and ASI interests would be exempted and the fiscal impact to the Municipality of Anchorage would be the entire \$227,915 for 2010. Of course, the revenue loss would be incurred annually thru the year 2035. Also note that these numbers concern only the APU/ASI parcel and do not include any potential impacts from other parcels that may qualify under this exemption now, or in the future. For example, another parcel owned by APU is presently developed with a Marriott hotel that is valued at \$5,413,500 for 2010. At the same rate of 15.5 mills, the taxes on this parcel would be \$83,909.

Section 6: If adopted by a municipality, the estimated impact should be less than \$30,000 in the Anchorage area and it is estimated it would be less than \$100,000 statewide.

Please let me know if there is any other information you require.

HB10
Senate Finance Committee Hearing
April 9, 2010

Testimony of:

Rick Eckert
President Elect
Alaska State Elks Association
PO Box 1249
Homer, AK 99603

eckert@xyz.net
907-235-2576 home/office
907-399-5909 call

Chairmen Stedman and Hoffman, I really appreciate the opportunity to speak about HB10 today. I am Rick Eckert, President Elect of the Alaska State Elks Association. I live in Homer.

There are only 17 Elks Lodges in Alaska but they have contributed \$2.2 million per year in time, travel and direct money contributions to our communities, on average, over the last five years. These contributions are made to families in distress, students, youth programs and veterans. The ASEA contributes additionally significant money and support to youth camping and wounded veterans, the funds for which come from the hard work of our individual Lodges.

Our community programs are jeopardized by the rising cost of energy and a lagging economy. Property tax is a significant additional cost for which volunteers must raise money to pay. That money would be put back into our communities if approved by the municipalities.

HB10, if made into law will allow our communities to make an informed decision on the value provided by fraternal organizations. Value in great part created through volunteerism, value that will disappear when a Lodge fails to exist due to financial burden. In a time when so much is asked and expected of government, I firmly believe the opportunity to provide stimulation for volunteerism is worthy of your consideration.

Thank you Senators for your consideration of HB10.

HB10
Senate Finance Committee Hearing
April 9, 2010
Testimony of:
Michael Luhr
President, Alaska State Elks Association
PO Box 857
Petersburg, AK 999883
mluhr@gci.net
907-772-4691 Home
907-772-4240 Office
907-518-0753 Cell

Senate Finance Committee Members, thank you for the opportunity to speak today. My name is Michael Luhr and I have been a resident of Petersburg for 53 years. I am speaking today as the President of the Alaska State Elks Association and we are in support of HB10.

The goals of the Elks are to provide community service every way we can, to help those less fortunate than we are, support the youth of our nation with programs designed to increase their values, to forever Remember our Veterans and Military for their service to our country and to promote the spirit of Patriotism.

There is an Elks Lodge in 17 communities in Alaska with 11 of them having an auxiliary organization known as the Emblem Club. Both of these organizations are structured with national, state and local officers and both have structured community service programs. Combined, these two organizations represent some 7400 residents of our state.

Last year, the 6474 Elks contributed \$3,861,419 dollars into the communities of our state through programs like Scholarships, Drug Awareness, Hoop Shoot, Soccer Shoot, Flag Day presentations, Americanism Essay contests, Scouting and support of our VA clinics as well as support of our active Military with programs like Army of Hope and our Alaska Wounded Veterans Project. We also support other local programs by others like Op-Grad, Close-Up, Health Fairs, Chamber Events, the Salvation Army and many others.

It is our belief that fraternal organizations are a part of small town America and if their efforts cease to exist, these small towns will suffer greatly through the loss of their support. If HB10 is passed into law, it will allow communities to decide for themselves if the support of these organizations is worthy of a property tax exemption status.

Thank you for the opportunity to express our beliefs and we ask for your support on this bill.

Michael T. Luhr



Alaska State Association of Emblem Clubs
Charitable Report Summary 2005-2009
ASAECEleven Clubs

| | 3/31/2005 | 3/31/2006 | 3/31/2007 | 3/31/2008 | 3/31/2009 | TOTAL | 5 Year Average |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|----------------|----------------|
| Americanism Program | | | | | | | |
| Miles | 19,011 | 18,338 | 16,137 | 12,560 | 22,593 | 88,639 | 17,728 |
| Hours | 4,264 | 5,026 | 14,788 | 17,266 | 36,436 | 77,780 | 15,556 |
| Monies | \$25,178 | \$36,877 | \$34,906 | \$43,211 | \$41,042 | \$181,214 | \$36,243 |
| Community Service Programs | | | | | | | |
| Miles | 104,867 | 158,879 | 107,031 | 219,221 | 103,809 | 693,807 | 138,761 |
| Hours | 81,765 | 72,063 | 57,000 | 57,300 | 65,582 | 333,710 | 66,742 |
| Monies | \$214,980 | \$230,298 | \$247,923 | \$288,376 | \$302,903 | \$1,284,480 | \$256,896 |
| Total Contributions | | | | | | | |
| Miles | 123,878 | 267,175 | 282,829 | 331,587 | 343,945 | 1,349,414 | 269,883 |
| Hours | 86,029 | 77,089 | 71,788 | 74,566 | 102,018 | 411,490 | 82,298 |
| Monies | \$240,158.00 | \$267,175.00 | \$282,829.00 | \$331,587.00 | \$343,945.00 | \$1,465,694.00 | \$293,138.80 |

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|------------------|-------|-------|-------|------|------|------|
| ASAEC Membership | 1,097 | 1,095 | 1,025 | 998 | 974 | 929 |

The membership for 2010 is 929 - the miles, hours and monies will be announced at the 2010 ASAEC Convention in Petersburg, April 15th through the 17th, 2010.

FYI: The Supreme Emblem Club of the United States of America allows Americanism, Charitable and Community Service Programs to be determined by actual miles driven, actual hours worked and actual monies donated.



- Home
- Who We Are
- Foundation News
- ENF Programs

- Community Investments
- State Grants
- Scholarships
- Elks Scholars
- Youth Programs
- Veteran Services
- Contact Us
- Ways to Give
- Recognition

- Reports & Standings
- ENF Volunteers
- Media / Brochures

- Find a Lodge
- Personal Giving History
- Return to ENF.org
- Logout

- Follow us on Twitter
- Be a fan on Facebook

How is the ENF helping YOUR State?
enf.org/Help

"Thank you so much for choosing me as a recipient of the Most Valuable Student Scholarship! I can assure you that I will put your money to good use."
 Megan Buckingham,
 2009 Most Valuable Student
 Sponsored by Lodge 205

Find out how you can help
Donate Today!
 Sign up for Pulse Contact Us

How is the Elks National Foundation Helping Alaska?

When you give to the Elks National Foundation, you're doing more than funding the Elks National Drug Awareness and "Hoop Shoot" programs. You're doing more than supporting the Community Investments Program and providing Educational Grants to the children of deceased or totally disabled Elks. You're doing more than maintaining the Elks Veterans Memorial.

You're doing all that, and you're supporting Elders in your state. During the 2008-09 Lodge year, the Elks of Alaska donated \$59,838.19 to the Elks National Foundation. This year, the Foundation will give back the following:

State Charities Grant: \$36,200.00
Special Projects Grant: \$21,250.00
Elms Grant: \$9,720.00

Your state's major charitable project, as well as other philanthropic projects. Portions of these grants will also support your state's Drug Awareness Program, Hoop Shoot, Soccer Shoot and educational programs.

Most Valuable Student: \$20,000.00
Legacy Award: \$12,000.00

We will award a total of 5 "Most Valuable Student" scholarships to high school seniors from your state. (Click here to check out your recipients.) In addition, we will award up to 3 Legacy scholarships to children, grandchildren and stepchildren of Elks. (Click here to check out your recipients.)

National Veterans Service Commission: \$2,850.00

These funds will help them provide aid and comfort to hospitalized veterans.

Grand Total: \$102,080.00

That's a rate of 1.705 for every dollar the Foundation received from your state last year.

Since inception in 1928 through March 31, 2009, the Foundation has granted a total of \$1,940,814.30 to your state, compared with your state's total donations of \$1,848,072.78. That's a ratio of 1.050 for every dollar the Foundation has received from your state.

The Foundation's past support includes:

- \$1,040,363.00 in State Charities Grants
- \$258,035.00 in Special Projects Grants
- \$379,549.30 in "Most Valuable Student" Scholarships
- \$20,475.00 in Emergency Educational Grants to the children of

adopted 4/10/10

26-LS0063\Z.2
Cook
4/9/10

AMENDMENT # 7

OFFERED IN THE SENATE

BY SENATOR EGAN

TO: SCS CSHB 10(FIN), Draft Version "Z"

1 Page 3, lines 10 - 13:

2 Delete all material and insert:

3 "(10) property not exempt under (3) of this subsection that

4 (A) is owned by a private or nonprofit college or university
5 that is accredited by a regional or national accrediting agency recognized
6 by the Council for Higher Education Accreditation or the United States
7 Department of Education, or both; and

8 (B) was subject to a private leasehold, contract, or other
9 private interest on January 1, 2010."

10

11 Page 5, lines 2 - 5:

12 Delete all material and insert:

13 "(10) property not exempt under (3) of this subsection that

14 (A) is owned by a private or nonprofit college or university that
15 is accredited by a regional or national accrediting agency recognized by the
16 Council for Higher Education Accreditation or the United States Department
17 of Education, or both; and

18 (B) was subject to a private leasehold, contract, or other private
19 interest on January 1, 2010."

20

21 Page 6, lines 18 - 23:

22 Delete all material and insert:

23 "(10) property not exempt under (3) of this subsection that

1 [(A)] is owned by a private or nonprofit college or university
2 that is accredited by a regional or national accrediting agency recognized by
3 the Council for Higher Education Accreditation or the United States
4 Department of Education, or both, except that a private leasehold, contract,
5 or other interest in the property is taxable to the extent of the private
6 interest [; AND

7 (B) WAS SUBJECT TO A PRIVATE LEASEHOLD,
8 CONTRACT, OR OTHER PRIVATE INTEREST ON JANUARY 1, 2010]."

Adopted
4/9/10

26-LS0063VZ
Cook
4/8/10

SENATE CS FOR CS FOR HOUSE BILL NO. 10(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES GRUENBERG, CHENAULT, THOMAS, GARA, HARRIS, AND KAWASAKI, Richard Foster, Dahlstrom, Lynn, Olson, Gatto, Petersen

SENATOR Meyer

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to mandatory exemptions from municipal property taxes for certain**
2 **assets of the Alaska Industrial Development and Export Authority and for property**
3 **owned by certain private colleges or universities; relating to optional exemptions from**
4 **municipal property taxes for certain residential property; and providing for an effective**
5 **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, or land that is
11 in the trust established by the Alaska Mental Health Enabling Act of 1956, P.L. 84-
12 830, 70 Stat. 709, except that

13 (A) a private leasehold, contract, or other interest in the
14 property is taxable to the extent of the interest; however, an interest created
15 by a nonexclusive use agreement between the Alaska Industrial

1 Development and Export Authority and a user of an integrated
2 transportation and port facility owned by the authority and initially
3 placed in service before January 1, 1999, is taxable only to the extent of,
4 and for the value associated with, those specific improvements used for
5 lodging purposes;

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

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

18 (2) household furniture and personal effects of members of a
19 household;

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

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

26 (5) money on deposit;

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

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

31 (8) property of a political subdivision, agency, corporation, or other

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

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

10 **(10) property not exempt under (3) of this subsection that is owned**
11 **by a private or nonprofit college or university that is accredited by a regional or**
12 **national accrediting agency recognized by the Council for Higher Education**
13 **Accreditation or the United States Department of Education, or both.**

14 * Sec. 2. AS 29.45.030(a), as amended by sec. 1 of this Act, is amended to read:

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

16 (1) municipal property, including property held by a public corporation
17 of a municipality, state property, property of the University of Alaska, or land that is
18 in the trust established by the Alaska Mental Health Enabling Act of 1956, P.L. 84-
19 830, 70 Stat. 709, except that

20 (A) a private leasehold, contract, or other interest in the
21 property is taxable to the extent of the interest; [HOWEVER, AN INTEREST
22 CREATED BY A NONEXCLUSIVE USE AGREEMENT BETWEEN THE
23 ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY
24 AND A USER OF AN INTEGRATED TRANSPORTATION AND PORT
25 FACILITY OWNED BY THE AUTHORITY AND INITIALLY PLACED IN
26 SERVICE BEFORE JANUARY 1, 1999, IS TAXABLE ONLY TO THE
27 EXTENT OF, AND FOR THE VALUE ASSOCIATED WITH, THOSE
28 SPECIFIC IMPROVEMENTS USED FOR LODGING PURPOSES;]

29 (B) notwithstanding any other provision of law, property
30 acquired by an agency, corporation, or other entity of the state through
31 foreclosure or deed in lieu of foreclosure and retained as an investment of a

1 state entity is taxable; this subparagraph does not apply to federal land granted
2 to the University of Alaska under AS 14.40.380 or 14.40.390, or to other land
3 granted to the university by the state to replace land that had been granted
4 under AS 14.40.380 or 14.40.390, or to land conveyed by the state to the
5 university under AS 14.40.365;

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

10 (2) household furniture and personal effects of members of a
11 household;

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

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

18 (5) money on deposit;

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

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

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

30 (9) natural resources in place including coal, ore bodies, mineral
31 deposits, and other proven and unproven deposits of valuable materials laid down by

1 natural processes, unharvested aquatic plants and animals, and timber;

2 (10) property not exempt under (3) of this subsection that is owned by
3 a private or nonprofit college or university that is accredited by a regional or national
4 accrediting agency recognized by the Council for Higher Education Accreditation or
5 the United States Department of Education, or both.

6 * **Sec. 3.** AS 29.45.030(a), as amended by secs. 1 and 2 of this Act, is amended to read:

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

8 (1) municipal property, including property held by a public corporation
9 of a municipality, state property, property of the University of Alaska, or land that is
10 in the trust established by the Alaska Mental Health Enabling Act of 1956, P.L. 84-
11 830, 70 Stat. 709, except that

12 (A) a private leasehold, contract, or other interest in the
13 property is taxable to the extent of the interest;

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

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

26 (2) household furniture and personal effects of members of a
27 household;

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

30 (4) property of a nonbusiness organization composed entirely of
31 persons with 90 days or more of active service in the armed forces of the United States

1 whose conditions of service and separation were other than dishonorable, or the
2 property of an auxiliary of that organization;

3 (5) money on deposit;

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

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

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

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

18 (10) property not exempt under (3) of this subsection that is owned by
19 a private or nonprofit college or university that is accredited by a regional or national
20 accrediting agency recognized by the Council for Higher Education Accreditation or
21 the United States Department of Education, or both, except that a private leasehold,
22 contract, or other interest in the property is taxable to the extent of the private
23 interest.

24 * Sec. 4. AS 29.45.030(e) is amended to read:

25 (e) The real property owned and occupied as the primary residence and
26 permanent place of abode by a [(1)] resident who is (1) 65 years of age or older; (2) a
27 disabled veteran; or (3) [RESIDENT] at least 60 years of age and [OLD WHO IS] the
28 widow or widower of a person who qualified for an exemption under (1) or (2) of this
29 subsection [,] is exempt from taxation on the first \$150,000 of the assessed value of
30 the real property. A municipality may by ordinance approved by the voters grant
31 the exemption under this subsection to the widow or widower under 60 years of

1 age of a person who qualified for an exemption under (2) of this subsection. A
2 municipality may, in case of hardship, provide for exemption beyond the first
3 \$150,000 of assessed value in accordance with regulations of the department. Only
4 one exemption may be granted for the same property and, if two or more persons are
5 eligible for an exemption for the same property, the parties shall decide between or
6 among themselves who is to receive the benefit of the exemption. Real property may
7 not be exempted under this subsection if the assessor determines, after notice and
8 hearing to the parties, that the property was conveyed to the applicant primarily for the
9 purpose of obtaining the exemption. The determination of the assessor may be
10 appealed under AS 44.62.560 - 44.62.570.

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

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

18 (1) entirely within an eligible area;

19 (2) primarily used for residential purposes; and

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

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

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

29 (d) The ordinance adopted under (a) of this section must define "law
30 enforcement officer" to include only some or all positions listed in the definition of
31 "peace officer" in AS 01.10.060 or in the definition of "police officer" in

1 AS 18.65.290. The ordinance may include other eligibility requirements for an area;
2 however, an eligible area must

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

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

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

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

17 * Sec. 6. The uncodified law of the State of Alaska is amended by adding a new section to
18 read:

19 RETROACTIVITY. AS 29.45.030(a)(1)(A), as amended by sec. 1 of this Act, is
20 retroactive to November 30, 2009.

21 * Sec. 7. Sections 1 and 6 of this Act take effect immediately under AS 01.10.070(c).

22 * Sec. 8. Section 2 of this Act takes effect November 30, 2012.

23 * Sec. 9. Section 3 of this Act takes effect December 31, 2035.

Testimony for CS HB 10

My name is Steve Van Sant and I am the State Assessor for the State of Alaska, located at 550 W. 7th St., Suite 1770, Anchorage, AK. As State Assessor, part of my responsibilities are to assist municipalities which includes helping to interpret federal property tax laws, primarily ANCSA, and Alaska property tax statutes. Being involved in the committee hearings of these bills as they are discussed and working with the sponsors of the legislation certainly helps me in assisting assessors around the state in interpreting these laws.

CSHB 10 contains several sections dealing with various property tax exemptions. Sections 1, 2, 4 and 5 are fairly straight forward and I will not address those sections, however, I feel that Section 3 may need some technical clarification for those who will administer the property tax laws of this state, the assessors.

This section amends AS 29.45.050(b)(1) by adding a new subsection (E). This subsection is intended to allow a municipality to exempt any private, nonprofit, four year college that is accredited. This part of the amendment is straightforward and easily understood. The amendment goes on to state that even though it is not a mandated exemption, any private interest should be subject to AS 29.45.030(a)(1)(A). This refers to any leasehold interest of other private parties that may exist. For example, currently the Alaska Pacific University (APU) is a four year, nonprofit, accredited university that would qualify for an exemption under this legislation should it be passed by the legislature and enacted by the Anchorage assembly. At the current time, the Alaska Spine Institute (ASI) leases property from APU and the Anchorage Assessor has determined that the property used by the A.S.I. is taxable and has sent APU, the property owner, a bill for the taxes.

Under CSHB 10, APU, or any four year private, nonprofit, university, would no longer be held liable for taxes of property it might lease out for non-educational purposes. The assessor would be required to assess each lessee for its leasehold interests, and tax bills would be sent to the lessees, not the university. If the lessee failed to pay the property tax due, a municipality could not foreclose on the property, but would be required to take personal action against the lessee as described under AS 29.45.320.

Typically, assessors do not assess a separate leasehold interest on private property. The entire property is assessed to the property owner, so this legislation is a change from the current assessment of this type of arrangement. This legislation puts all nonprofit university property, state and privately owned, on the same level of taxation in regards to any private, non-educational use of property by other taxable entities, by assessing and taxing the lessee, not the property owner for the non-exempt use.

Steve Van Sant
State Assessor

Testimony for CS HB 10 - House Finance Committee Hearing March 16, 2008

My name is Steve Van Sant and I am the State Assessor for the State of Alaska, located at 550 W. 7th St., Suite 1770, Anchorage, AK. As State Assessor, part of my responsibilities are to assist municipalities which includes helping to interpret federal property tax laws, primarily ANCSA, and Alaska property tax statutes. Being involved in the committee hearings of these bills as they are discussed and working with the sponsors of the legislation certainly helps me in assisting assessors around the state in interpreting these laws.

I have previously supplied comments regarding Section 3 of CSHB 10. I understand there will be an amendment offered that will clear up confusion that was raised in regards to any private, third party interest (leasehold interest) that may be present on property owned by a private nonprofit university.

I have reviewed the proposed amendment and believe that it will clear up the confusion of how to treat those third party interests. It now reads very similar to the exemption in AS 29.45.030 that attaches to the University of Alaska property where there may be third party interest.

I would support the adoption of this amendment.

Steve Van Sant
State Assessor

ALASKA
STATE



ELKS ASSOCIATION



2008 ~ 2009 ALASKA STATE ASSOCIATION OFFICERS

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To: Alaska House of Representatives, Community and Regional Affairs Committee
Co-Chairs Rep. Bob Herron and Rep. Cathy Munoz

2/25/09

From: Richard "Tiny" Fagg, President
Alaska State Elks Association

Re: Alaska House of Representatives House Bill 10

Hons. Herron and Munoz,

I am writing to you on behalf of the seventeen Lodges of the Benevolent and Protective Order of Elks in Alaska and the over 7000 members of those Lodges to ask for your support of and to speak on behalf of Alaska House of Representatives House Bill 10. The seventeen Elks Lodges in Alaska serve a vital role in their communities as do many of the other non-profit fraternal organizations. There is only one entity that awards more scholarships for the youth of our country and that is the Federal Government. We hold athletic contests and provide camping experiences as well as essay contests and coloring contests for the younger children all aimed at serving the youth and families of our communities. The Elks provide programs for the children of our town and cities that are all designed to help them to grow into valuable American Citizens. The Elks other main focus is our brave veterans and the distinguished men and women currently serving in our Armed Forces. Between the thousands of man hours given by the volunteers who work at the many Veterans Centers across Alaska each year and the social events we hold at the Lodges specifically for these wonderful men and women the total amount of time and funds contributed is remarkable. Our State Association and the Lodges of Alaska have just this last year launched the Alaska Wounded Veterans Project which is intended to help the soldiers returning from our current conflicts experience a small amount of normalcy by offering them different outdoor recreational activities that only Lodges in Alaska can offer.

All of these activities take place because of our Lodges but in today's economic climate it has become harder and harder to support all of these activities as well as raise the funds for the operating expenses of their facilities. With the passage of House Bill 10 the towns, cities and boroughs that are the homes to Elks Lodges and other fraternal organizations would be given the ability to make these fraternal organizations exempt from the paying of property taxes, which in some areas can be a substantial savings. I hope that you can see the benefit you will be affording our communities by supporting this bill and I thank you for your help with this worthy endeavor. If you have any questions or if I can be of any assistance please feel free to contact me at any time.

Sincerely,

Richard "Tiny" Fagg

Alaska State Elks Association President

A FRATERNAL ORGANIZATION
Employers Identification #92-6002001
www.alaskastateelks.org

Kx Date/Time
Jan-13-08 07:52am

JHN 20 TUS 7:59
From-UA PRES/REGENTS OFC

907 450 8012
8074508012

T-328 P.02/02 F-168

P 002

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,

A handwritten signature in black ink, appearing to read 'Mark R. Hamilton'.

Mark R. Hamilton
President

cc: President Douglas M. North, APU



Municipality of Anchorage

P.O. Box 196650 • Anchorage, Alaska 99519-0650 • 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.

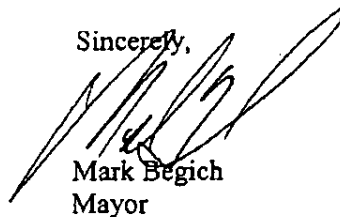
The Anchorage Assembly was impressed by the contribution at APU has made and continues to make to Anchorage—as an economic engine (\$200,000,000 spent locally since 1995), as an important part of the city's educational landscape, and as an institution offering manifold public services at little or no 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 50th 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


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

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