

HB

170

<TARGET><BILL>HB 170</BILL><SUBJECT>HB
170</SUBJECT><COMM>HFIN27</COMM></TARGET>

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version CSHB 170 (CRA)
Fiscal Note Number _____
() Publish Date _____

Identifier (file name) HB170-DCCED-DCRA-02-10-12 Dept. Affected DCCED
Title MUNI TAX EXEMPTION FOR CERTAIN VOLUNTEERS Appropriation Community and Regional Affairs
Allocation Community and Regional Affairs
Sponsor Representative Feige
Requester House Community and Regional Affairs OMB Component Number 2879

Expenditures/Revenues (Thousands of Dollars)

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

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
			FY14	FY15	FY16	FY17	FY18
OPERATING EXPENDITURES	FY13	FY13	FY14	FY15	FY16	FY17	FY18
Personal Services	0.0		0.0	0.0	0.0	0.0	0.0
Travel	0.0		0.0	0.0	0.0	0.0	0.0
Services	0.0		0.0	0.0	0.0	0.0	0.0
Commodities	0.0		0.0	0.0	0.0	0.0	0.0
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE		(Thousands of Dollars)					
1002	Federal Receipts						
1003	GF Match						
1004	GF						
1005	GF/Prgm (DGF)						
1037	GF/MH (UGF)						
1178	temp code (UGF)						
TOTAL		0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs _____ (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ (separate capital appropriation required)
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

This fiscal note is an update due to a committee substitute. The changes do not affect the division.

Prepared by Scott Ruby, Director
Division Community and Regional Affairs
Approved by JoEllen Hanrahan, Director Administrative Services
Commerce, Community, and Economic Development

Phone (907) 269-4569
Date/Time 2/10/2012 9:30am
Date 2/10/2012

FISCAL NOTE

**STATE OF ALASKA
2012 LEGISLATIVE SESSION**

BILL NO. CSHB 170 (CRA)

Analysis

This bill would amend existing statutes regarding permissive municipal tax exemptions. It would give municipalities the authority to exempt certain volunteer emergency services personnel if they choose to enact the exemption. Existing statutes require the state to reimburse a borough or city for the real property tax revenues lost to it by the implementation of tax exemptions. If passed, this additional exemption would also be reimbursable by the state. However, statutes provide that if appropriations are not sufficient to fully fund reimbursements the amount available shall be distributed pro-rate among eligible municipalities. The state in the past has not fully funded reimbursement for existing municipal tax exemptions.

There would be no fiscal impact to the division if this legislation was enacted.

CS FOR HOUSE BILL NO. 170(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): REPRESENTATIVE FEIGE

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to an optional municipal property tax exemption for certain residences**
2 **of volunteer emergency services personnel and the widows and widowers of volunteer**
3 **emergency services personnel; and providing for an effective date."**

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

5 *** Section 1.** AS 29.45 is amended by adding a new section to read:

6 **Sec. 29.45.054. Exemption for certain residences of volunteer emergency**
7 **services personnel.** (a) Unless exempted under AS 29.45.030(e), the real property
8 owned and occupied as the primary residence and permanent place of abode by a
9 resident who serves as a volunteer with a fire department or emergency medical or
10 rescue services agency or who is the widow or widower of a person who was a
11 volunteer with a fire department or emergency medical or rescue services agency at
12 the time of the person's death may by ordinance be exempted from taxation, other than
13 taxation for road service areas established under AS 29.35.450, on up to the first
14 \$150,000 of the assessed value of the real property. Only one exemption may be

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

8 (b) In addition to other requirements, a person qualifies as a volunteer for
9 purposes of this section only if the person has been a volunteer of the fire department
10 or emergency medical or rescue services agency for at least two years before the date
11 the municipality receives the application for the exemption and the person meets
12 standards for the determination of active volunteer status that have been jointly
13 established by the fire department or emergency medical or rescue services agency
14 and the municipality. To be eligible for an exemption under this section for a year, a
15 municipality may by ordinance require that an individual also meet requirements
16 under one of the following paragraphs:

17 (1) the individual shall be eligible for a permanent fund dividend under
18 AS 43.23.005 for that same year or for the immediately preceding year; or

19 (2) if the individual has not applied or does not apply for one or both
20 of the permanent fund dividends identified in (1) of this subsection, the individual
21 would have been eligible for one of the permanent fund dividends had the individual
22 applied.

23 (c) An exemption may not be granted under this section except on written
24 application for the exemption. If an application is filed within the required time and is
25 approved by the assessor, the assessor shall allow an exemption in accordance with the
26 provisions of this section. If the application for exemption is approved after taxes have
27 been paid, the amount of tax that the claimant has already paid for the property
28 exempted shall be refunded to the claimant. The assessor shall require proof in the
29 form the assessor considers necessary of the right to and amount of an exemption
30 claimed under this section. The assessor may require proof under this subsection at
31 any time.

1 (d) The state may reimburse a borough or city, as appropriate, for the real
2 property tax revenue lost to it by permitting exemptions under this section. However,
3 if the state reimburses a municipality under this subsection, reimbursement may be
4 made to a municipality for revenue lost to it only to the extent that the loss exceeds an
5 exemption that was granted by the municipality or that, on proper application by an
6 individual, would have been granted under AS 29.45.050(a). If the state reimburses
7 municipalities under this subsection, but appropriations are not sufficient to fully fund
8 reimbursements under this subsection, the amount available shall be distributed pro
9 rata among eligible municipalities.

10 (e) Nothing in this section affects similar exemptions from property taxes
11 granted by a municipality on September 10, 1972, or prevents a municipality from
12 granting similar exemptions by ordinance as provided in AS 29.45.050.

13 (f) In this section,

14 (1) "real property" includes mobile homes, whether classified as real or
15 personal property for municipal tax purposes;

16 (2) "volunteer" has the meaning given in AS 18.15.250.

17 * **Sec. 2.** This Act takes effect immediately under AS 01.10.070(c).

*Adopted
3/14/12*

27-LS0562\T
Bullard
3/12/12

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Alaska State Legislature

REPRESENTATIVE
ERIC FEIGE
House District 12

House Resources Committee Co-Chair
Education Committee
Transportation Committee
Joint Armed Services Committee



During Session:
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House of Representatives

Sectional Analysis HB 170(FIN) Version 27-LS0562\T

Section 1: Adds a new section to AS 29.45 providing an optional property tax exemption for qualified emergency service personnel.

Page 1 Line 6: Establishes the exemption under a new section AS 29.45.054 on the primary residence of the active volunteer.

Page 1 Line 10: Allows a widow or widower to obtain the same exemption.

*Page 1 Line 12: Excludes taxes for services areas from the exemption.

*Page 1 Line 13: Clarifies the exemption is up to the first \$150,000.

Page 1 Line 14: Limits property to only one exemption.

Page 2 Line 7: Requires the volunteer to have a minimum of two years of service.

Page 2 Line 11: Grants the municipality authority to determine who is an active volunteer.

Page 2 Line 22: Requires written application for the exemption.

Page 2 Line 31: Provides a mechanism for the state to reimburse a municipality for lost revenue, if the legislature appropriates funds for a reimbursement.

Page 3 Line 9: Confirming language pertaining to existing exemptions.

Page 3 Line 12: Defines "real property" and "volunteer."

Section 2: Provides for an effective date.

*Changes from HB 170(CRA) Version D. Clarifies issues from House Finance hearing on Feb. 15, 2012.

Prepared by M. Paschall, Office of Rep. Eric Feige. March 12, 2012

Email: Representative.Eric.Feige@legis.state.ak.us

Property Tax Exemptions - Mandatory and Optional

as of January 2012

Mandatory Exemptions - AS 29.45.030

*Estimated values of mandatory exemptions are not maintained **EXCEPT** for the senior citizen and disabled veterans exemption*

- 1 Municipal Property - Federal, State Local Govt
 - 2 Household Furniture and Personal Effects of a household
 - 3 VFW and other veterans organizations not organized for business
 - 4 Money on deposit
 - 5 Senior Citizens (age 65 and over) the first \$150,000 assessed value *** **Value loss is reflected on the attached spreadsheet**
 - 6 Widows/Widowers of senior citizens aged 60 or more - the first \$150,000 assessed value
 - 7 Disabled Veterans (service connected disability of 50% or more) - the first \$150,000 assessed value
 - 8 Widows/Widowers of disabled veterans aged 60 or more- the first \$150,000 assessed value
 - 9 ANCSA property that is not developed or leased to third parties, or exchanged with municipalities
 - 10 Fire protection systems in a structure (2% of the value of the structure)
 - 11 Property used exclusively for non-profit religious purposes
 - 12 Property used exclusively for non-profit charitable purposes
 - 13 Property used exclusively for non-profit cemetery purposes
 - 14 Property used exclusively for non-profit hospital purposes
 - 15 Property used exclusively for non-profit educational purposes
 - 16 Natural resources in place (coal, ore bodies, mineral deposits etc.
 - 17 Property owned by a private, non-profit college or university
 - 18 Religious purposes includes the following:
 - 19 Parsonages (no limit on number of parsonages)
 - 19 a Homes owned by a religious organization and used for teachers who are ordained ministers
 - 19 b Lots required by local ordinance for parking for religious structures
 - 19 c The structures, furniture and fixtures used for public worship, charitable purposes, religious administrative offices education or hospitals
 - 20 One motor vehicle per household owned by a senior citizen
- Electric Cooperatives AS 10.25.540(a)(1) and (a)(2)**
- 21 Electric Cooperatives exempt from ad valorem (property taxes) - pay an excise tax instead
 - 22 Telephone Cooperatives exempt from ad valorem (property taxes) - pay an excise tax instead

Optional Exemptions - AS 29.45.050

All optional exemptions require an ordinance, however, some require an ordinance approved by the voters

*Exemptions requiring voter approval are indicated with ***

- 1 **A residential exemption up to \$20,000 of the assessed value
- 2 Property of a non-profit organization used for community purposes
- 3 Historic sites, buildings and monuments
- 4 Land of a non-profit organization used for agricultural purpose if rights to subdivide are conveyed to the state
- 5 Property used for housing for students of University of Alaska for up to 30 years
- 6 A residential renewable energy system that develops energy without using fossil fuels
- 7 A full or partial exemption of any category of personal property including all personal property
- 8 Privately owned land, wet land, and water areas for which a permanent public use recreation easement is granted to the govt
- 9 Increase in assessed value of improvements if increase is due to alteration of natural features of land or repair or maintenance
- 10 Increase in assessed value to SFR if purpose of improvement was to increase amount of space for occupancy
- 11 Land from a tax for fire protection service and facilities and only tax improvements
- 12 ** Assessed value that exceeds \$150K for senior citizens or disabled veterans
- 13 **Real or personal property used in processing timber after delivered to a processing site for up to 75% of the rate of taxes
- 14 **Pollution control facilities meeting US EPA or DEC requirements
- 15 Property of an interest other than record ownership of low income housing developed or acquired with fed funds for low income
- 16 All or partial exemption for economic development property
- 17 Business inventories intended for export outside the state
- 18 Exempt all or some types of deteriorated property; also allows for a deferment of taxes in addition to exemption
- 19 Partially or totally exempt a private leasehold or other interest held by an applicant in any property or project owned by AIDEA
- 20 Land from which timber is harvested that is infested by insects or at risk of being infested due infestation in the area
- 21 An amount not to exceed \$10K of a residence of a volunteer fire fighter or EMT - up to two exemptions are allowed per residence
- 22 Permanent residence of a widow or widower of a member of armed forces injured serving on active duty and later dies due to injury
- 23 Taxes may be deferred on residences owned by an individual who has occupied it for 10 yrs and whose income is at or below federal poverty guidelines
- 24 Permanent residences of law enforcement officers who have located in a "high crime area" up to \$150K
- 25 Taxes on land actively farmed may have taxes deferred for difference between highest and best use value and farm use value

VALUE & TAX LOSS OF (OPTIONAL) EXEMPTED VALUES (as of January 1, 2011)								
Boroughs/Unified Municipalities	\$20,000 Residential ¹	Community Purpose ²	Other Real Property ³	Personal Property ⁴	<u>Mandatory</u> ⁵ Senior Citizens	Local Assessed Value ⁶	Percent of Assessed ⁷	Estimated Tax Loss ⁸
Anchorage (Municipality of)	\$923,664,371	\$18,787,680	\$0	\$1,428,543,914	\$1,711,452,597	\$31,390,791,468	7.6%	\$ 62,653,040
Bristol Bay Borough	\$1,820,000	\$0	\$0	\$16,828,918	\$2,716,800	\$244,846,014	7.6%	\$ 256,821
Fairbanks North Star Borough	\$282,894,273	\$21,689,908	\$4,583,188	\$1,409,681,926	\$530,122,411	\$7,062,875,943	24.3%	\$ 30,810,555
Haines Borough	\$0	\$5,195,170	\$0	\$42,415,100	\$25,182,926	\$259,247,679	18.4%	\$ 805,711
Juneau (City & Borough)	\$0	\$19,794,500	\$27,765,100	\$300,607,003	\$199,604,700	\$4,091,508,232	8.5%	\$ 5,776,172
Kenai Peninsula Borough	\$203,374,000	\$44,376,800	\$225,036,800	\$694,946,463	\$465,013,500	\$6,000,350,827	19.5%	\$ 9,429,079
Ketchikan Gateway Borough	\$0	\$2,214,100	\$22,955,700	\$185,235,545	\$100,704,800	\$1,254,230,500	16.8%	\$ 2,269,177
Kodiak Island Borough	\$0	\$3,554,300	\$0	\$226,254,932	\$59,049,300	\$1,039,223,833	22.1%	\$ 3,240,958
Matanuska-Susitna Borough	\$0	\$13,220,900	\$944,800	\$1,156,144,939	\$598,792,769	\$7,721,803,029	15.2%	\$ 19,003,190
North Slope Borough	\$5,200,000	\$7,810,000	\$419,400	\$29,134,452	\$8,893,100	\$372,621,666	11.4%	\$ 951,953
Sitka (City & Borough)	\$0	\$15,811,100	\$0	\$107,319,828	\$69,000,750	\$985,073,129	12.5%	\$ 1,152,791
Skagway (Municipality of)	\$0	\$0	\$2,896,518	\$15,643,986	\$7,536,875	\$316,209,783	5.9%	\$ 191,107
Wrangell (City & Borough)	\$0	\$0	\$0	\$38,766,959	\$22,530,290	\$123,105,720	31.5%	\$ 777,893
Yakutat (City & Borough)	\$0	\$0	\$0	\$20,160,729	\$3,804,570	\$44,476,440	45.3%	\$ 239,653
Total Boroughs	\$1,416,952,644	\$152,454,458	\$284,601,506	\$5,671,684,693	\$3,804,405,388	\$60,906,364,263	12.4%	\$ 137,558,100

VALUE & TAX LOSS OF(OPTIONAL) EXEMPTED VALUES								
Cities	\$20,000 Residential	Community Purpose	Other Real Property	Personal Property	<u>Mandatory</u> Senior Citizens	Local Assessed Value	Percent of Assessed	Estimated Tax Loss
Cordova	\$0	\$0	\$0	\$62,890,834	\$13,685,900	\$158,862,060	39.6%	\$ 738,899
Craig	\$0	\$2,560,000	\$0	\$31,180,148	\$4,072,100	\$84,688,600	39.8%	\$ 226,874
Dillingham	\$0	\$0	\$0	\$12,069,528	\$8,007,600	\$154,643,587	7.8%	\$ 261,003
Eagle	\$0	\$0	\$0	\$2,785,062	\$0	\$8,537,798	32.6%	\$ -
Nenana	\$0	\$0	\$0	\$4,600,262	\$1,599,050	\$19,358,575	23.8%	\$ 74,391
Nome	\$0	\$0	\$0	\$36,867,062	\$11,382,507	\$232,964,879	15.8%	\$ 482,496
Pelican	\$0	\$0	\$0	\$3,005,993	\$523,167	\$10,733,349	28.0%	\$ 24,104
Petersburg	\$0	\$0	\$190,000	\$68,879,342	\$26,207,565	\$258,583,745	26.7%	\$ 1,047,089
Unalaska	\$0	\$0	\$90,000	\$20,610,894	\$2,032,020	\$454,055,500	4.6%	\$ 238,695
Valdez	\$22,057,032	\$7,904,972	\$0	\$62,075,588	\$12,960,236	\$247,249,958	37.2%	\$ 2,089,708
Whittier	\$0	\$0	\$0	\$2,118,280	\$896,000	\$106,007,014	2.0%	\$ 15,071
Total Cities	\$22,057,032	\$10,464,972	\$280,000	\$307,082,993	\$81,366,145	\$1,735,685,065	19.6%	\$ 5,198,330
Statewide	\$1,439,009,676	\$162,919,430	\$284,881,506	\$5,978,767,686	\$3,885,771,533	\$62,642,049,328	12.6%	\$ 142,756,430

VALUE & TAX LOSS OF (OPTIONAL) EXEMPTED VALUES (as of January 1, 2011)

Explanations of column data from page 3

\$20,000 Residential¹

This optional exemption requires voter approval and exempts up to \$20,000 of assessed value from taxes. Several municipalities have adopted this exemption at various levels, i.e. 10%, 20% and 30% up to the maximum of \$20,000. This exemption is available for only residential property.

Community Purpose²

This optional exemption allows municipalities to exempt any property it perceives meets criteria for Community Purposes. Some of the property exempted under this section includes State Fair Grounds, Senior Housing, Alaska Municipal League, Ski Clubs, and Habitat for Humanity.

Other Real Property³

This column represents other optional exemptions under AS 29.45.050 that includes volunteer firefighters and EMTs, land exempted due to infestation of insects, senior citizens over \$150K and others. The exemptions represented in this column are not allowed by all municipalities and, consequently are all lumped together for reporting values.

Personal Property⁴

This represents the value of all personal property that has been exempted by municipalities. It includes business inventories, automobiles, aircraft, boats, equipment, etc.

Mandatory Senior Citizens⁵

This column does NOT represent an optional exemption. It represents the MANDATORY senior citizen/disabled veteran property tax exemption under AS 29.45.030. It is included here due to the known cost of the revenue loss to municipalities.

Local Assessed Value⁶

This column represents the actual assessed value against which a municipality may levy a property tax. This number does not include a value for any exemptions, mandatory or optional.

Percent of Assessed⁷

This column represents the calculated percentage of all the optional exemptions to the local assessed value, this does not include the senior citizen exemption.

Estimated Tax Loss⁸

This column represents an estimated of the total revenue loss to municipalities due to the exemptions that have been enacted. This does not include cities inside organized boroughs such as Fairbanks, Palmer, Kenai, Kodiak, etc. as that information is not readily available to this office for this report. This column also does not represent revenue loss due to mandated exemptions such as schools, churches, federal property, state property, etc. It does, however, include revenue loss due to the mandated senior/disabled veteran exemption.

TABLE 5

**HISTORICAL SUMMARY OF MUNICIPAL PROPERTY TAX RATES
(2009-2011)**

Mill levies are listed for the cities located within the municipality. The mill rates will not be listed for all service areas, however, a range of mill rates is presented for each municipality. For a specific service area mill rate, contact the local municipal assessment office. An assessment jurisdiction mailing list can be found at the end of this publication.

Municipality	2009	2010	2011
MILL RATES			
MUNICIPALITY OF ANCHORAGE			
(Unified Home Rule)			
General Government	0.49	0.45	0.09
Education	7.18	7.44	7.52
Fire	1.75	1.75	1.75
Roads/Drainage	2.77	2.77	2.77
Police	2.61	2.61	2.61
Parks & Recreation	0.70	0.70	0.70
TOTAL	15.50	15.72	15.44
Smallest mill rate reported	7.61		
Largest mill rate reported	15.44		
Total number of service areas reported	42		
Revenue cap set at previous year's revenue plus CPI, new construction, bonding, voter approved services, taxes for new judgments and special appropriations on an emergency basis. CPI = Consumer Price Index			
BRISTOL BAY BOROUGH			
(Second Class)			
General Government	9.00*	9.00*	7.80*
Education	4.00	4.00	4.20
TOTAL	13.00	13.00	12.00
Mill rate is areawide. *No further breakdown.			
No tax cap			
FAIRBANKS NORTH STAR BOROUGH			
(Second Class)			
City of Fairbanks (Home Rule)			
School & Library Bonds	0.6550	0.6130	0.7440
General Government (Boro)	4.2310	4.6640	4.4890
General Government (City)	5.9270	5.8030	5.8430
Education	6.3000	6.1550	6.0610
TOTAL	17.1130	17.2350	17.1370
Smallest mill rate reported	12.9990		
Largest mill rate reported	31.7380	City of North Pole	15.4880 (includes boro)
Total number of service areas reported	132	Borough Levy	12.9990
Revenue cap set at previous year's revenue plus CPI, new construction, bonding, voter approved services, taxes for new judgments and special appropriations on an emergency basis.			

**TABLE 5
Continued**

Municipality	2009	2010	2011
	MILL RATES		
HAINES BOROUGH			
Home Rule Borough			
General Government	4.63*	4.54*	4.54*
Education	5.59	5.69	5.69
Fire District	1.04	1.03	1.03
TOTAL	11.26	11.26	11.26
Smallest mill rate reported	7.19		
Largest mill rate reported	12.05		
Total number of service areas reported	11		
Borough Tax Cap			
HBC 3.7.010 (D) The Borough may not levy and tax for any purpose in excess of one percent of assessed value			
** Gen. Govt. rate includes Debt Service and Townsite Services.			
CITY AND BOROUGH OF JUNEAU			
(Unified Home Rule)			
Education/administration	7.11	6.98	6.56
Fire	0.20	0.35	0.46
Roaded w/police	1.95*	1.93*	2.24*
Bond Debt	1.34	1.25	1.29
TOTAL	10.60	10.51	10.55
Smallest mill rate reported	7.85		
Largest mill rate reported	10.55		
Total number of service areas reported	3	* Roaded area only	
Tax Cap set at 12 mills plus new Bond Debt			
KENAI PENINSULA BOROUGH			
(Second Class)			
City of Kenai (Home Rule)			
General Government	4.00	3.85	3.85
Borough	4.50	4.50	4.50
Hospital	0.50	0.02	0.02
TOTAL	9.00	8.37	8.37
Smallest mill rate reported	5.90	City of Seldovia	9.10
Largest mill rate reported	11.30	City of Homer	11.30
Total number of service areas reported	22	City of Seward	8.12
		City of Soldotna	8.12
		City of Kachemak	7.80
		Borough Levy	4.50
Borough tax cap set at 8 mills			

TABLE 5
continued

Municipality	2009	2010	2011
	MILL RATES		
KETCHIKAN GATEWAY BOROUGH			
(Second Class)			
City of Ketchikan (Home Rule)			
General Government	6.10	6.10	6.10
Education	6.00	5.80	5.80
TOTAL	12.10	11.90	11.90
Smallest mill rate reported	5.80		
Largest mill rate reported	11.90	Borough Levy	5.80
Total number of service areas reported	18	City of Saxman	5.80 (no city levy & no borough public works levy)
Borough Tax Cap set at 8 mills			
KODIAK ISLAND BOROUGH			
(Second Class)			
City of Kodiak (Home Rule)			
General Government	1.23	2.11	2.03
Borough/Education	11.27	10.39	10.75
TOTAL	12.50	12.50	12.78
Smallest mill rate reported	10.75		
Largest mill rate reported	14.75		
Total number of service areas reported	15	Borough Levy	10.75
No borough tax cap			
MATANUSKA-SUSITNA BOROUGH			
(Second Class)			
City of Palmer (Home Rule)			
Borough/Education	9.98	9.956	8.991
City	3.00	3.000	3.000
TOTAL	12.98	12.956	11.991
Smallest mill rate reported	9.42	City of Wasilla	10.911 (Borough levy only)
Largest mill rate reported	17.21	City of Houston	11.991
Total number of service areas reported	31	Borough Levy	8.991
No borough tax cap			
The City of Wasilla includes a mill rate for Fire Service Area protection.			

**TABLE 5
continued**

Municipality	2009	2010	2011
MILL RATES			
NORTH SLOPE BOROUGH (Home Rule)**			
General Government	10.16*	11.06*	9.88*
Debt Service	8.34	7.44	8.62
TOTAL	18.50	18.50	18.50
*Mill levy is areawide No local tax cap-Use 225% state cap formula-(see mill rate explanation)			
CITY & BOROUGH OF SITKA (Unified Home Rule)			
General Government	2.00	2.00	2.00
Education	4.00	4.00	4.00
TOTAL	6.00	6.00	6.00
Mill levy is areawide Tax cap set at 6 mills			
MUNICIPALITY OF SKAGWAY (First Class)			
General Government	7.25	6.60	6.60
TOTAL	7.25	6.60	6.60
Smallest mill rate reported	1.44		
Largest mill rate reported	8.00		
Total number of service areas reported	5		
No tax cap			
CITY AND BOROUGH OF WRANGELL (Unified Home Rule)			
General Government	10.95	10.71	10.71
Education	1.80	2.04	2.04
TOTAL	12.75	12.75	12.75
Smallest mill rate reported	4.00		
Largest mill rate reported	12.75		
Total number of service areas reported	2		
No tax cap			
CITY & BOROUGH OF YAKUTAT (Home Rule)			
General Government / Education	10.00*	10.00*	10.00*
TOTAL	10.00	10.00	10.00
Mill levy is for road accessed property only. *Property without road access is taxed at 7.0 mills No tax cap			

** See "Explanation of Millage Rates" on next page.

North Slope Borough

EXPLANATION OF MILLAGE RATES:

AS 29.45.090(a) restricts the mill rate for the municipal operating budget to a maximum of 3% or 30 mills, there is no limit on taxes to pay bonds.

The 30 mill limit on operating revenues is levied against an assessed value not to exceed that produced by the following formula:

Average Per Capita Full Value X 225% X municipal population, for FY 12:

$$\$141,644 \times 2.25 \times 17,534^* = \$5,588,068,266 \quad (\text{assessed value limit for operating budget})$$

$$\$5,588,068,266 \times 30 \text{ mills} = \$167,642,048 \quad (\text{FY 12 statutory tax limit for operating budget})$$

Actual FY 12 projected operating budget: \$167,642,048

$$\frac{\$167,642,048}{\$5,588,068,266} = 30.00 \text{ mills (operating budget rate at the 30 mill tax limit)}$$

DEVELOPMENT OF ACTUAL OVERALL RATE (Based on full oil and gas values)

FY 12 projected budget for debt service (payment of bonds): \$146,222,712

Estimated Actual Assessed Value: \$16,964,390,004

$$\frac{\$146,222,712}{\$16,964,390,004} = 8.62 \text{ mills (levy to satisfy debt service)}$$

$$\frac{\$167,642,048}{\$16,964,390,004} = 9.88 \text{ mills (levy to satisfy operating budget)}$$

$$\text{Mill rate} = 8.62 + 9.88 = 18.50 \text{ mills (actual overall rate)}$$

<u>Mill Rate Calculation Based on the Reduced Values Derived from 225% Formula</u>	
Debt service—	
<u>\$146,222,712</u>	26.17 mills
\$5,588,068,266	
Operating Budget—	
<u>\$167,642,048</u>	30.00 mills
\$5,588,068,266	
Total Mills based upon 225% formula values--	
<u>56.17 mills</u>	

* The population used here is different from the population used in other areas of this publication due to the fact that the North Slope Borough is allowed to use a larger portion of the workforce in Prudhoe Bay to count in the tax cap formula. The revenue sharing calculation uses a smaller population count.

**TABLE 5
continued**

Municipality	2009	2010	2011
	MILL RATES		
CITY OF CORDOVA (Home Rule)			
General Government/Education	14.50	13.90	9.70
TOTAL	14.50	13.90	9.70
Total number of service areas reported	2		
No tax cap			
CITY OF CRAIG (First Class)			
General Government	6.00	6.00	6.00
TOTAL	6.00	6.00	6.00
Mill rate is areawide			
No tax cap			
CITY OF DILLINGHAM (First Class)			
General Government	13.00	13.00	13.00
TOTAL	13.00	13.00	13.00
Mill rate is areawide			
No tax cap			
CITY OF EAGLE (Second Class)			
General Government	0.00	0.00	0.00
TOTAL	0.00	0.00	0.00
Mill rate is areawide. Note: There has been no property tax levied since 1998.			
CITY OF NENANA (First Class)			
General Government	12.00	8.00	12.00
Education	0.00	4.00	0.00
TOTAL	12.00	12.00	12.00
Mill rate is areawide			
Tax cap 2% value (20 mills)			
CITY OF NOME (First Class)			
General Government	2.56	2.56	6.00
Education	7.44	4.44	4.00
TOTAL	10.00	7.00	10.00
Mill rate is areawide			
No tax cap			

**TABLE 5
continued**

Municipality	2009	2010	2011
	MILL RATES		
CITY OF PELICAN (First Class)			
General Government	6.00	7.00	7.00
TOTAL	6.00	7.00	7.00
Mill rate is areawide No tax cap			
CITY OF PETERSBURG (Home Rule)			
General Government	4.46	4.35	4.36
Education	4.43	4.67	4.64
School, Voc. Educ. & Aquatic Bonds	1.225	1.23	1.99
TOTAL	10.115	10.25	10.99
Tax cap set at 1% (10 mills) for School & Gen. Government. Does not apply to Bonds.			
CITY OF UNALASKA (First Class)			
General Government	10.50	10.50	10.50
TOTAL	10.50	10.50	10.50
Mill rate is areawide No tax cap			
CITY OF VALDEZ (Home Rule)**			
General Government	16.36	16.16	15.81
Education	3.64	3.84	4.19
TOTAL	20.00	20.00	20.00
Tax cap set at 20 mills – Cap does not apply to Bonds			
CITY OF WHITTIER (Second Class)			
General Government	5.00	5.00	5.00
TOTAL	5.00	5.00	5.00
Mill rate is areawide No tax cap			

**See "Explanation of Millage Rates" on next page

City of Valdez

EXPLANATION OF MILLAGE RATES

AS 29.45.090(a) restricts the mill rate for the municipal operating budget to a maximum of 3% or 30 mills. There is no limit on taxes to pay bonds.

The 30 mill limit on operating revenues is levied against an assessed value not to exceed that produced by the following formula:

Average Per Capita Full Value X 225% X municipal population; for FY 12:

$\$141,644 \times 2.25 \times 3,976 = \$1,267,147,224$ (assessed value limit for operating budget)

$\$1,267,147,224 \times 30 \text{ mills} = \$38,014,417$ (FY 12 statutory tax limit for operating budget)

FY 12 operating budget: $\$38,877,542$ (property tax portion)

$\frac{\$ 38,877,542}{\$ 1,267,147,224} = 30.68 \text{ mills}$ (effective operating rate)

DEVELOPMENT OF ACTUAL OVERALL RATE:

FY 12 budget for debt service (payment of bonds): $\$1,760,322$

Actual assessed value: $\$2,190,806,678$

$\frac{\$ 1,760,322}{\$ 2,190,806,678} = 0.80 \text{ mills}$ (levy to satisfy debt service)

$\frac{\$ 38,877,542}{\$ 2,190,806,678} = 17.75 \text{ mills}$ (levy to satisfy operating budget)

Mill rate = $0.80 + 17.75 = 18.55 \text{ mills}$ (actual overall rate for operating & debt service only)

The mill rate calculated here may be somewhat different than the one shown on page 35 due to the differences in actual assessed values at the time of this calculation and the city calculation.

Sec. 18.15.250. Vaccination program for volunteer emergency personnel.

(a) The department shall establish a program under which hepatitis B testing and vaccination is reasonably accessible at no charge to all volunteer emergency medical and rescue personnel in the state who provide an emergency medical or rescue service primarily within an unincorporated community or within a municipality that does not provide funding for the service.

(b) A municipality that has the power to do so shall establish a program under which hepatitis B testing and vaccination is reasonably accessible at no charge to all law enforcement officers and all volunteer or employed emergency medical and rescue personnel who provide service to the public within the municipality. The department shall, upon request, assist a municipality in establishing a program required under this subsection.

(c) The Department of Public Safety shall establish a program under which hepatitis B testing and vaccination is reasonably accessible at no charge to all officers of the state troopers. The Department of Health and Social Services shall, upon request, assist the Department of Public Safety in establishing a program required under this subsection.

(d) In this section,

(1) "emergency medical and rescue personnel" means a trauma technician, emergency medical technician, rescuer, or mobile intensive care paramedic;

(2) "employed" means that the person is a paid employee of a first responder service, a rescue service, an ambulance service, or a fire department that provides emergency medical or rescue services as part of its duties;

(3) "law enforcement officer" means a member of the police force of a municipality;

(4) "volunteer" means that the person is an active volunteer of a first responder service, a rescue service, an ambulance service, or a fire department that provides emergency medical or rescue services as part of its duties.

Sec. 29.35.450. Service areas.

(a) A service area to provide special services in a borough or unified municipality may be established, operated, altered, or abolished by ordinance, subject to (c) of this section. Special services include services not provided by the unified municipality or a higher or different level of services. Special services include services not provided by a borough on an areawide or nonareawide basis in the borough or a higher or different level of services than that provided on an areawide or nonareawide basis. A borough may include a city in a service area if

(1) the city agrees by ordinance; or

(2) approval is granted by a majority of voters residing in the city, and by a majority of voters residing inside the boundaries of the proposed service area but outside of the city.

(b) A new service area may not be established if, consistent with the purposes of Alaska Const., art. X, the new service can be provided by an existing service area, by annexation to a city, or by incorporation as a city.

(c) If voters reside within a service area that provides road, fire protection, or parks and recreation services, abolishment of the service area is subject to approval by the majority of the voters residing in the service area who vote on the question. A service area that provides road, fire protection, or parks and recreation services in which voters reside may not be abolished and replaced by a larger service area unless that proposal is approved, separately, by a majority of the voters who vote on the question residing in the existing service area and by a majority of the voters who vote on the question residing in the area proposed to be included within the new service area but outside of the existing service area. A service area that provides road, fire protection, or parks and recreation services in which voters reside may not be altered or combined with another service area unless that proposal is approved, separately, by a majority of the voters who vote on the question and who reside in each of the service areas or in the area outside of service areas that is affected by the proposal. This subsection does not apply

(1) to a proposed change to a service area that provides fire protection services that would result in increasing the number of parcels of land in the service area or successor service area if the increase is not more than six percent and would add not more than 1,000 residents;

(2) in a second class borough to abolishment of a road service area or consolidation of two or more road service areas if

(A) taxes have not been levied in the service area for road maintenance or construction during the last 12 months and there is no balance in any account available to pay for these road services for the service area;

(B) during the last 12 months, the service area board has not met with a quorum present and in accordance with law; or

(C) there are no road maintenance contracts in effect for the service area or the existing road maintenance contracts fail to provide for minimum road standards required by law that are necessary to protect the borough from civil liability;

(3) to require approval by the voters residing in a subdivision or parcel proposed to be added to a road service area if roads maintained by the service area provide the only access to the subdivision or parcel or provide access to the subdivision or parcel that is required by the subdivision plat or by other regulation or ordinance;

(4) to a change in the boundaries of a road service area to exclude a subdivision or parcel that does not rely on the use of roads maintained by the service area for the subdivision's or parcel's only access or for access that is required by the subdivision plat or by other regulation or ordinance.

(d) This section applies to a home rule or general law municipality.

History -

(Sec. 10 ch 74 SLA 1985; am Sec. 2, 3 ch 31 SLA 2001; am Sec. 1 ch 29 SLA 2005; am Sec. 1 ch 21 SLA 2007)

Amendment Notes -

The 2005 amendment, effective May 27, 2005, in subsection (c) added the last sentence in the introductory language, added paragraphs (1) - (3), and made stylistic changes.

The 2007 amendment, effective September 4, 2007, inserted the paragraph (c)(1) and (c)(2) designations, making related changes, and added paragraphs (c)(3) and (c)(4).

AG Opinions -

While local emergency planning districts may have the same geographical boundaries as service areas, the districts and the LEPCs cannot take the form of service areas. May 29, 1992 Op. Att'y Gen.

Decisions -

AS 29.05.021(b) is not in conflict with either subsection (b) or Alaska Const., art X, Sec. 5; rather subsection (b), which follows the language of the Alaska Constitution is a limitation on the creation of new service areas and in contrast, AS 29.05.021(b) is a limitation on the incorporation of cities. *Keane v. Local Boundary Comm'n*, 893 P.2d 1239 (Alaska 1995).

Expansion of service area. - A municipality had the authority under its charter and ordinances to expand a police service area to include an area without a separate vote of that area's residents. *Area G Home & Landowners Org., Inc. v. Anchorage*, 927 P.2d 728 (Alaska 1996).

Preference for incorporation of cities. - It is reasonable to interpret subsection (b) and Alaska Const., art. X, Sec. 5 as preferring incorporation of a city over the creation of new service areas. *Keane v. Local Boundary Comm'n*, 893 P.2d 1239 (Alaska 1995).

An ordinance was valid without voter approval where it was merely an "alteration" of existing service areas. The governing board changed from elected to appointed, which was an alteration in the administration of the service area, and the ordinance consolidated four service areas into one, which allowed the same powers to be exercised within the same areas. *North Kenai Peninsula Rd. Maintenance Serv. Area v. Kenai Peninsula Borough*, 850 P.2d 636 (Alaska 1993).

Sec. 29.45.030. Required exemptions.

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

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

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

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

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

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

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

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

(5) money on deposit;

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

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

(8) property of a political subdivision, agency, corporation, or other entity of the United States to the extent required by federal law; except that a private leasehold, contract, or other interest in the property is taxable to the extent of that interest unless the property is located on a

military base or installation and the property interest is created under 10 U.S.C. 2871 - 2885 (Military Housing Privatization Initiative), provided that the leaseholder enters into an agreement to make a payment in lieu of taxes to the political subdivision that has taxing authority;

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

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

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

(B) was subject to a private leasehold, contract, or other private interest on January 1, 2010, except that a holder of a private leasehold, contract, or other interest in the property shall be taxed to the extent of that interest.

(b) In (a) of this section, "property used exclusively for religious purposes" includes the following property owned by a religious organization:

(1) the residence of an educator in a private religious or parochial school or a bishop, pastor, priest, rabbi, minister, or religious order of a recognized religious organization; for purposes of this paragraph, "minister" means an individual who is

(A) ordained, commissioned, or licensed as a minister according to standards of the religious organization for its ministers; and

(B) employed by the religious organization to carry out a ministry of that religious organization;

(2) a structure, its furniture, and its fixtures used solely for public worship, charitable purposes, religious administrative offices, religious education, or a nonprofit hospital;

(3) lots required by local ordinance for parking near a structure defined in (2) of this subsection.

(c) Property described in (a)(3) or (4) of this section from which income is derived is exempt only if that income is solely from use of the property by nonprofit religious, charitable, hospital, or educational groups. If used by nonprofit educational groups, the property is exempt only if used exclusively for classroom space.

(d) Laws exempting certain property from execution under AS 09 (Code of Civil Procedure) do not exempt the property from taxes levied and collected by municipalities.

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

(f) To be eligible for an exemption under (e) of this section for a year, a municipality may by ordinance require that an individual also meet requirements under one of the following paragraphs: (1) the individual shall be eligible for a permanent fund dividend under AS 43.23.005 for that same year or for the immediately preceding year; or (2) if the individual has not applied or does not apply for one or both of the permanent fund dividends, the individual would have been eligible for one of the permanent fund dividends identified in (1) of this subsection had the individual applied. An exemption may not be granted under (e) of this section except upon written application for the exemption. Each municipality shall, by ordinance, establish procedures and deadlines for filing the application. The governing body of the municipality for good cause shown may waive the claimant's failure to make timely application for exemption and authorize the assessor to accept the application as if timely filed. If an application is filed within the required time and is approved by the assessor, the assessor shall allow an exemption in accordance with the provisions of (e) of this section. If the application for exemption is approved after taxes have been paid, the amount of tax that the claimant has already paid for the property exempted shall be refunded to the claimant. The assessor shall require proof in the form the assessor considers necessary of the right to and amount of an exemption claimed under (e) of this section, and shall require a disabled veteran claiming an exemption under (e) of this section to provide evidence of the disability rating. The assessor may require proof under this subsection at any time.

(g) The state shall reimburse a borough or city, as appropriate, for the real property tax revenues lost to it by the operation of (e) of this section. However, reimbursement may be made to a municipality for revenue lost to it only to the extent that the loss exceeds an exemption that was granted by the municipality, or that on proper application by an individual would have been granted under AS 29.45.050(a). If appropriations are not sufficient to fully fund reimbursements under this subsection, the amount available shall be distributed pro rata among eligible municipalities.

(h) Except as provided in (g) of this section, nothing in (e) - (j) of this section affects similar exemptions from property taxes granted by a municipality on September 10, 1972, or prevents a municipality from granting similar exemptions by ordinance as provided in AS 29.45.050.

(i) In (e) - (i) of this section,

(1) "disabled veteran" means a disabled person

(A) separated from the military service of the United States under a condition that is not dishonorable who is a resident of the state, whose disability was incurred or aggravated in the line of duty in the military service of the United States, and whose disability has been rated as 50 percent or more by the branch of service in which that person served or by the United States Department of Veterans Affairs; or

(B) who served in the Alaska Territorial Guard, who is a resident of the state, whose disability was incurred or aggravated in the line of duty while serving in the Alaska Territorial Guard, and whose disability has been rated as 50 percent or more;

(2) "real property" includes but is not limited to mobile homes, whether classified as real or personal property for municipal tax purposes.

(j) One motor vehicle per household owned by a resident 65 years of age or older on January 1 of the assessment year is exempt either from taxation on its assessed value or from the registration tax under AS 28.10.431. An exemption may be granted under this subsection only upon written application on a form prescribed by the Department of Administration.

(k) The department shall adopt regulations to implement the provisions of (g) and (j) of this section.

(l) Two percent of the assessed value of a structure is exempt from taxation if the structure contains a fire protection system approved under AS 18.70.081, in operating condition, and incorporated as a fixture or part of the structure. The exemption granted by this subsection is limited to

(1) an amount equal to two percent of the value of the structure based on the assessment for 1981, if the fire protection system is a fixture of the structure on January 1, 1981; or

(2) an amount equal to two percent of the value of the structure based on the assessment as of January 1 of the year immediately following the installation of the fire protection system if the fire protection system becomes a fixture of the structure after January 1, 1981.

(m) For the purpose of determining property exempt under (a)(7)(A) of this section, the following definitions apply to terms used in 43 U.S.C. 1620(d) unless superseded by applicable federal law, and for the purpose of determining property exempt under (a)(7)(B) of this section, the following definitions apply:

(1) "developed" means a purposeful modification of the property from its original state that effectuates a condition of gainful and productive present use without further substantial modification; surveying, construction of roads, providing utilities or other similar actions normally considered to be component parts of the development process, but that do not create the

condition described in this paragraph, do not constitute a developed state within the meaning of this paragraph; developed property, in order to remove the exemption, must be developed for purposes other than exploration, and be limited to the smallest practicable tract of the property actually used in the developed state;

(2) "exploration" means the examination and investigation of undeveloped land to determine the existence of subsurface nonrenewable resources;

(3) "lease" means a grant of primary possession entered into for gainful purposes with a determinable fee remaining in the hands of the grantor; with respect to a lease that conveys rights of exploration and development, this exemption shall continue with respect to that portion of the leased tract that is used solely for the purpose of exploration.

(n) If property or an interest in property that is determined not to be exempt under (a)(7) of this section reverts to an undeveloped state, or if the lease is terminated, the exemption shall be granted, subject to the provisions of (a)(7) and (m) of this section.

Sec. 29.45.050. Optional exemptions and exclusions.

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

(b) A municipality may by ordinance

(1) classify and exempt from taxation

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

(B) historic sites, buildings, and monuments;

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

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

(E) a residential renewable energy system that is used to develop means of energy production using energy sources other than fossil or nuclear fuel, including windmills and water and solar energy devices located in the municipality;

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) 65 years of age or older;

(2) a disabled veteran, including a person who was disabled in the line of duty while serving in the Alaska Territorial Guard; or

(3) at least 60 years old and a widow or widower of a person who qualified for an exemption under (1) or (2) of this subsection.

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

(1) a service area in a unified municipality or borough;

(2) the entire area outside cities in a borough; and

(3) a differential tax zone in a city.

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

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

(m) A municipality may by ordinance partially or totally exempt all or some types of economic development property from taxation for up to five years. The municipality may provide for renewal of the exemption under conditions established in the ordinance. However, under a renewal, a municipality that is a school district may only exempt all or a portion of the amount of taxes that exceeds the amount levied on other property for the school district. A municipality may by ordinance permit deferral of payment of taxes on all or some types of economic development property for up to five years. The municipality may provide for renewal of the deferral under conditions established in the ordinance. A

municipality may adopt an ordinance under this subsection only if, before it is adopted, copies of the proposed ordinance made available at a public hearing on it contain written notice that the ordinance, if adopted, may be repealed by the voters through referendum. An ordinance adopted under this subsection must include specific eligibility requirements and require a written application for each exemption or deferral. In this subsection "economic development property" means real or personal property, including developed property conveyed under 43 U.S.C. 1601 et seq. (Alaska Native Claims Settlement Act), that

(1) has not previously been taxed as real or personal property by the municipality;

(2) is used in a trade or business in a way that

(A) creates employment in the municipality;

(B) generates sales outside of the municipality of goods or services produced in the municipality;

or

(C) materially reduces the importation of goods or services from outside the municipality; and

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

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

(o) A municipality may by ordinance partially or totally exempt all or some types of deteriorated property from taxation for up to 10 years beginning on or any time after the day substantial rehabilitation, renovation, demolition, removal, or replacement of any structure on the property begins. A municipality may by ordinance permit deferral of payment of taxes on all or some types of deteriorated property for up to five years beginning on or any time after the day substantial rehabilitation, renovation, demolition, removal, or replacement of any structure on the property begins. However, if the entire ownership of property for which a deferral has been granted is transferred, all tax payments deferred under this subsection are immediately due, and the deferral ends. Otherwise, deferred tax payments become due as specified by the municipality at the time the deferral is granted. The amount deferred each year is a lien on that property for that year. Only one exemption and only one deferral may be granted to the same property under this subsection, and, if an exemption and a deferral are granted to the same property, both may not be in effect on the same portion of the property during the same time. An ordinance adopted under this subsection must include specific

eligibility requirements and require a written application for each exemption or deferral. An application for a deferral must specify when payment of taxes for each year of deferral will become due, together with an explanation of the reasons for each proposed date for consideration by the municipality. In this subsection, "deteriorated property" means real property that is commercial property not used for residential purposes or that is multi-unit residential property with at least eight residential units, and that meets one of the following requirements:

(1) within the last five years, has been the subject of an order by a government agency requiring environmental remediation of the property or requiring the property to be vacated, condemned, or demolished by reason of noncompliance with laws, ordinances, or regulations;

(2) has a structure on it not less than 15 years of age that has undergone substantial rehabilitation, renovation, demolition, removal, or replacement, subject to any conditions prescribed in the ordinance; or

(3) is located in a deteriorating or deteriorated area with boundaries that have been determined by the municipality.

(p) A municipality may by ordinance partially or totally exempt from taxation a private leasehold, contract, or other interest held by or through an applicant or proposed applicant in any property, assets, project, or development project owned by the Alaska Industrial Development and Export Authority under AS 44.88. Nothing in this subsection prohibits a municipality from entering into an agreement and receiving payments in lieu of taxes authorized under AS 44.88.140(b).

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

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

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

(r) A municipality may by ordinance exempt from taxation an amount not to exceed \$10,000 of the assessed value of real property owned and occupied as a permanent place of abode by a resident who provides in the municipality volunteer (1) fire fighting services and is certified as a firefighter by the Department of Public Safety, or (2) emergency medical services and is certified under AS 18.08.082. If two or more individuals are eligible for an exemption for the same property, not more than two exemptions may be granted.

(s) A municipality may by ordinance partially or wholly exempt from taxation the real property owned and occupied as a permanent place of abode by a resident who is the widow or widower of a member of the armed forces of the United States injured serving on active duty while eligible for hostile fire or imminent danger pay who dies because of the injury or complications related to the injury or its treatment. The ordinance must include requirements for determining eligibility for the exemption and a procedure for applying for the exemption.

History -

(Sec. 12 ch 74 SLA 1985; am Sec. 1 ch 103 SLA 1985; am Sec. 5 ch 70 SLA 1986; am Sec. 1 ch 151 SLA 1988; am Sec. 2 ch 73 SLA 1989; am Sec. 1 ch 98 SLA 1989; am Sec. 15 ch 93 SLA 1991; am Sec. 107 ch 4 FSSLA 1992; am Sec. 1 ch 66 SLA 1993; am Sec. 1 ch 7 SLA 1994; am Sec. 1 ch 65 SLA 1994; am Sec. 1 ch 40 SLA 1995; am Sec. 1 ch 70 SLA 1998; am Sec. 1, 2 ch 8 SLA 1999; am Sec. 4 ch 117 SLA 2000; am Sec. 1 ch 54 SLA 2002; am Sec. 1 ch 64 SLA 2002; am Sec. 2, 3 ch 140 SLA 2004; am Sec. 40 ch 56 SLA 2005; am Sec. 2 ch 44 SLA 2006; am Sec. 1 ch 89 SLA 2008; am Sec. 10 ch 83 SLA 2010)

Revisors Notes -

Subsection (h) of this section was enacted as AS 29.53.025(h). Renumbered in 1985. Chapter 103, SLA 1985 also enacted, in Sec. 2, AS 29.63.066, which provides an exemption identical to that set out in (h) of this section from taxes levied under former AS 29.63, repealed by Sec. 88, ch. 74, SLA 1985. The provisions of former AS 29.63 were substantially incorporated in AS 29.45, and the addition of subsection (h) to AS 29.45.050 makes it unnecessary to codify Sec. 2, ch. 103, SLA 1985 to achieve the legislature's purpose.

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

Amendment Notes -

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

The 2005 amendment, effective June 25, 2005, updated a federal reference near the end of the introductory language in subsection (m).

The 2006 amendment, effective August 23, 2006, inserted "entire" in the third sentence of subsection (o), deleted "or, if ownership of any part of the property is transferred, all tax payments are immediately due" at the end of that sentence, and added the fourth and eighth sentences.

The 2008 amendment, effective September 11, 2008, added subsection (s).

The 2010 amendment, effective September 14, 2010, added (b)(1)(E).

Editors Notes -

Section 4, ch. 44, SLA 2006, repealed Sec. 2, ch. 8, SLA 1999, as amended by Sec. 1, ch. 102, SLA 2002, and Sec. 4, ch. 140, SLA 2004, which had directed the July 1, 2010, repeal of (o) of this section.

Decisions -

City may not exempt property without express authority. - The authority of a municipal corporation to allow exemptions of particular property from taxation, unless expressly conferred by law, has very generally been denied. *Valentine v. City of Juneau*, 36 F.2d 904 (9th Cir. 1929), decided under former, similar law.

Ordinance definition of "residential property" reasonable. - Definition of "residential property," imposed by an ordinance, that residential property meant the owner's primary residence, was a narrow but reasonable interpretation of subsection (a) of this section. *Stanek v. Kenai Peninsula Borough*, 81 P.3d 268 (Alaska 2003).

Scope of exemption. - Because the Regulatory Commission of Alaska (RCA) inappropriately relied on the arguments from the 1988 Municipality Utilities Service Assessment modification rather than acknowledging the statutory requirements for taxation and addressing the merits of the municipality's and Anchorage Water and Wastewater Utility's tax equity arguments, RCA's decision lacked a reasonable basis. *Municipality of Anchorage v. Regulatory Comm'n of Alaska*, 208 P.3d 163 (Alaska 2009).

Quoted in *City of Valdez v. Polar Tankers, Inc.*, 182 P.3d 614 (Alaska 2008).

Cited in *City of Valdez v. State, Dep't of Community & Regional Affairs*, 793 P.2d 532 (Alaska 1990).

Following are a few of the comments received concerning HB 170.

I have been involved with EMS since 1988 and this is the answer to every non paid volunteer agency biggest problem.

The ability to recruit and maintain volunteers for over 20 years has been at the mercy of the economy since we had very little to offer our volunteers.

This will allow volunteers to justify to their families and friends in a way that they can understand why they want to assist the public by providing essential services. Now they can show a monetary reason that most people have a better understanding of.

When they come home after a long day of work, that helps to pay the bills, and need to go back out for meetings, drill, or response this will help their families to understand and support them.

Thank you,--

Roy Sursa

President & EMS Chief

Alaska Professional Volunteers Inc.

Cell 907.229.0066



ALASKA FIRE CHIEF'S ASSOCIATION

2358 Bradway Road, North Pole, Alaska 99705

Phone: (907) 488-3400 FAX: (907) 488-6118

March 17, 2011

Representative Eric Feige
State Capitol, Room 126
Juneau, AK 99801-1182

Reference: HB170 "An Act relating to municipal property tax exemptions on residences of certain volunteer emergency services personnel and the widows and widowers of volunteer emergency services personnel; and providing for an effective date."

Dear Representative Feige,

The Alaska Fire Chiefs Association supports your efforts, with the introduction of HB170, in realizing the value and rewarding the services that Volunteer Fire and EMS responders give to the communities.

HB170 provides an incentive for those responders who give to their neighbors countless hours training and responding to emergencies without compensation. We look forward to working with you and the other sponsors of HB170.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Tucker", written over a horizontal line.

Jeff Tucker, President
Alaska Fire Chiefs Association

From: housemajority_email@housemajority.org
Sent: Thursday, March 10, 2011 11:19 PM
To: Rep. Eric Feige
Subject: HB170A

Categories: Mike

+-----+
DO NOT REPLY DIRECTLY TO THIS EMAIL: your reply will go to
enews@housemajority.org To correspond with the author Hit 'Reply' or
'Forward'.
Then change the TO: address to sbartholomew@alYESkaresort.com If suspected
Spam please forward to: support@housemajority.org
+-----+

From: sbartholomew@alYESkaresort.com

Thank You!

Although our community of Girdwood is part of the Municipality of Anchorage,
We operate our own volunteer fire, EMS and rescue department. As a volunteer
in our department I would like to say thank you for sponsoring this bill.
HB170A will give incentive to many citizens in Alaska's rural communities to
volunteer their much needed help.

Not only do our volunteers work as first responders to emergencies, many of us
help to save lives by participating in fire prevention education and teaching
community CPR and First Aid classes.

Thank You Again!
Steve Bartholomew
GVFD Fire Prevention Officer

~ Steve Bartholomew
Zip Code: 99587

+-----+
DO NOT REPLY DIRECTLY TO THIS EMAIL: your reply will go to
enews@housemajority.org To correspond with the author Hit 'Reply' or
'Forward'.
Then change the TO: address to sbartholomew@alYESkaresort.com If suspected
Spam please forward to: support@housemajority.org
+-----+

Dear Mr Paschall,

Thank you for your efforts on HB 170. I have been on the HVFD in Haines since 1974, and served as Chief for many years and am currently the Assistant Chief since the Haines Borough appointed me Incident Commander of the Borough in the event of a disaster. So I know how hard it is to recruit and hold members as volunteers. It seems fewer and fewer of our younger folks are interested in volunteering these days. We have always had good interest on the EMS side, but not the Fire side of our department. This last year, the HVFD paid for the annual fees for the "Life Flight" service for all of our members as an incentive to interest new members.

This sounds like a great program, but know the cities will be concerned about the loss of revenue, and I talked to the Chief this morning about your bill and how we could work with the Borough (by defining "Active Member", to limit the exemption to only the members that are active in training and attending calls for some reasonable required time frame (to be determined - like 75% of the year or so). This would help us & the Borough to have truly active members. We have some members that work out of town in the mines etc. that are only available to us six months out of the year at best. This also limits the training they can attend, but offer back up for us when they are in town if we have a big event. But they would not qualify for the tax break because of their limited service, which I think would make it fair to both the Fire Department and the Borough. So I see this Bill as something we would have to work with our Borough to qualify.

Another possibility would be to base the % of the tax break to the % of training and calls the person attended during that tax year.

Thank you again,

Roc Ahrens
Assistant Chief
Haines Volunteer Fire Dept.

--

REPRESENTATIVE
ERIC FEIGE
House District 12

House Resources Committee Co-Chair
Education Committee
Transportation Committee
Joint Armed Services Committee

Alaska State Legislature



House of Representatives

During Session:
State Capitol Room 126
Juneau, Alaska 99801-1182
(907) 465-4859
Fax (907) 465-3799
1-888-465-4859

SPONSOR STATEMENT

HOUSE BILL 170 -- providing an exemption to municipal property tax for certain volunteer emergency services personnel and the widows and widowers of volunteer emergency services personnel.

Volunteers provide vital emergency services to local communities, protecting life and property. Today Alaskans spend more personal time working to pay the high cost of energy and fuel, commit more time to their families, and spend more time enjoying recreational activities in the Greatland. Alaskans have less time to commit to help their neighbors and others in need.

I have introduced House Bill 170 to promote volunteerism in Alaska's emergency services by providing an incentive to qualified emergency service volunteers. These volunteers often spend significant money out of their own pocket, especially through the use of personal vehicles. In many situations the time volunteered means a loss of income.

These volunteers are your neighbors who leave work during the middle of the day to help someone in need. They get up at three in the morning to help the neighbor who called in a fire alarm, or who is suffering chest pain. They'll say they're just doing their job. They never ask anything in return.

This bill is an opportunity for us to reward and honor our neighbors who willingly give their time and resources to help others and make our communities and families safe.

Alaska State Legislature
HOUSE FINANCE COMMITTEE

Agenda
1:30 PM

Wednesday, February 15, 2012

HB 10 NONCOMMERCIAL TRAILER REGISTRATION FEE
New Fiscal Note (ADM) \$ updated and replaces #1

HB 64 PERMANENT MOTOR VEHICLE REGISTRATION
New Fiscal Note (ADM) \$ updated, replaces #3
New Fiscal Note (DEC) zero updated and replaces #2

HB 170 MUNI TAX EXEMPTION FOR CERTAIN VOLUNTEERS
NEW FISCAL NOTE (CED0 ZERO) replaces #1

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version CSHB 170(CRA)
Fiscal Note Number 1
(H) Publish Date 2/3/12

Identifier (file name) HB170-DCCED-DCRA-12-12-11 Dept. Affected DCCED
Title MUNI TAX EXEMPTION FOR CERTAIN VOLUNTEERS Appropriation Community and Regional Affairs
Allocation Community and Regional Affairs
Sponsor Representative Feige
Requester House Community and Regional Affairs OMB Component Number 2879

Expenditures/Revenues (Thousands of Dollars)

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

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates					
			FY13	FY14	FY15	FY16	FY17	FY18
OPERATING EXPENDITURES								
Personal Services	0.0		0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0		0.0	0.0	0.0	0.0	0.0	0.0
Services	0.0		0.0	0.0	0.0	0.0	0.0	0.0
Commodities	0.0		0.0	0.0	0.0	0.0	0.0	0.0
Capital Outlay								
Grants, Benefits								
Miscellaneous								
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		0.0	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS								
Full-time		0		0		0		0
Part-time								
Temporary								

CHANGE IN REVENUES								

Estimated SUPPLEMENTAL (FY12) operating costs 0.0 (separate supplemental appropriation required;
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs 0.0 (separate capital appropriation required)
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

This fiscal note was updated on new form for 2012 Legislative Session.

Prepared by Scott Ruby, Director
Division Community and Regional Affairs
Approved by Susan K. Bell, Commissioner
Commerce, Community, and Economic Development

Phone (907) 269-4569
Date/Time 12/12/11 5:00pm
Date 1/11/2012

FISCAL NOTE #1

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. CSHB 170(CRA)

Analysis

HB 170 would amend existing statutes regarding municipal tax exemptions. It would allow municipalities to exempt certain volunteer emergency services personnel.

There would be no fiscal impact to the Department if this legislation was enacted.