

HB

338

<TARGET><BILL>HB 338</BILL><SUBJECT>HB
338</SUBJECT><COMM>HCRA29</COMM></TARGET>

Alaska State Legislature

State Capitol Room 102
Juneau, Alaska 99801-1182
(907) 465-2689
Fax: (907) 465-3472
1-800-665-2689



270 W. Pioneer Ave. Suite B
Homer, Alaska 99603
(907) 235-2921
(907) 283-9170
Fax: (907) 235-4008

REPRESENTATIVE PAUL SEATON
Rep.Paul.Seaton@akleg.gov

MEMORANDUM

FROM: Representative Paul Seaton

TO: Representative Cathy Tilton, Chair
House Community & Regional Affairs Committee

DATE: March 7, 2016

RE: Scheduling Request for House Bill 338

A handwritten signature in cursive script that reads "Paul Seaton".

We respectfully request that House Bill 338 Municipal Property Tax Exemptions be scheduled in the House Community & Regional Affairs at your earliest possible convenience.

Please find the following documents attached.

- HB 338 Sponsor Statement
 - HB 338 Sectional Analysis
 - HB 338 version H
 - HB 338 Support Document: City of Homer Resolution 15-111
-
- No request for any specialized Information Services equipment other than computer/overhead projector for power point presentation.
 - We will request to have representatives from Alaska Municipal League, DCCED – Community & Regional Affairs, and Dept. of Education & Early Development at the hearing.

Thank you for your consideration of this request.
Staff contact: Jenny Martin 465-2689 Jenny.Martin@akleg.gov

CITY OF SEWARD

P.O. Box 167
410 Adams Street
Seward, Alaska 99664-0167



- Main Office (907) 224-4050
- Police (907) 224-3338
- Harbor (907) 224-3138
- Fire (907) 224-3445
- City Clerk (907) 224-4046
- Community Development (907) 224-4049
- Utilities (907) 224-4050
- Fax (907) 224-4038

23 March 2016

Honorable Members of the Alaska State Legislature,

We encourage you to enact HB-338, eliminating the statutory mandate that local governments exempt property taxes on the first \$150,000 of property tax assessment for primary residences for persons age 65 or older.

As initially enacted the loss of local tax revenue under the mandate was offset by the state to the local government. That compensation ended in 1997, and while state municipal assistance and revenue sharing has to a small degree mitigated some of the budget impacts of the mandate to local governments, those programs serve a much broader purpose.

As those state programs are phased out, the statutory language becomes purely an unfunded mandate. With the entire responsibility of the revenue loss accruing to the local government, the authority to exempt or not exempt properties should also be at the local level.


This bill would, without impacting the state budget, allow local governments to begin a public hearing process towards determining an exemption eligibility appropriate for their community.

Enacting this bill is not anti-senior, not does it automatically end existing exemptions. Through the policy development and public hearing process, it is more likely that a phased implementation would take place, if exemptions were reduced or eliminated at all.

As the State faces today's budget challenges and is forced to reduce or eliminate some services, citizens will inevitable turn to their local governments. This bill would allow a little more flexibility in their ability to perhaps provide some of those services.

Thank you for your consideration.

Respectfully yours,


Jim Hunt, City Manager

HB 338

Senior Property Tax Exemption

March 24, 2016
House Community & Regional Affairs

Presentation prepared by the Office of Rep. Paul Seaton

Why is this bill needed?

- Alaska's \$3.8 billion deficit is reducing state support and services previously provided to municipalities through programs such as community revenue sharing and subsidies.
- Municipalities will continue to see further reductions from the state for vital services.
- To balance their own budgets, cities and boroughs need flexibility to decide which measures will meet the needs of their communities.
- Local communities have different demographics, needs, and priorities which should be addressed at the local level.
- It is unfair of the state to restrict, without compensation, a municipality's ability and choice on how they fund their own budget.

Current statute creates a state unfunded mandate for municipalities.

History of the Exemption

1972: property tax exemption of the total assessed value of real property provided to low income seniors whose gross annual income was \$10,000 or less; state legislature reimburses municipalities 100% of mandatory property tax exemptions.

1973: eliminated the income requirement and extended eligibility to all seniors.

1984-1985: extended exemption to disabled veterans and the eligible surviving spouses of seniors and disabled vets.

1986: tax exemption was changed from the total assessed value of real property to the first \$150,000 of the assessed value of the real property; allowed a municipality to exempt beyond the first \$150,000 in cases of hardship; and allowed municipalities, by ordinance approved by voters, to exempt the value that exceeds \$150,000 for all groups.

*due to state budget shortfall, reimbursements to municipalities are now prorated at a lesser amount.

1997: Legislature cuts all reimbursements to municipalities for mandatory property tax exemptions.

2008: extends the exemption either partially or wholly to a surviving spouse of a member of the US forces or national guard who dies from a service related injury.

Year	Number of Applicants: Seniors, Disabled Vets, & Widows	Total Exempt Taxes	Total State Reimbursement to Municipalities	Total Municipality Shortfall
1973	911 (needs based-Seniors only)	\$197,050 (total assessed value)	\$197,050	\$0
1974	1,887 (needs based removed)	\$631,891	\$631,891	\$0
1980	3,393	\$1,899,611	\$1,899,611	\$0
1985	5,418 (includes Disabled vets & surviving spouses)	\$4,005,075	\$4,005,075	\$0
1986	6,061	\$4,977,451 (change: only first \$150,000)	\$3,958,567 (Prorated starts)	\$1,018,884
1990	8,557	\$8,627,081	\$2,543,469	\$6,083,612
1997	13,692	\$20,371,389	\$0 (all reimbursements stop)	\$20,371,389
2000	15,836	\$26,694,955	\$0	\$26,694,955
2005	21,044	\$39,849,375	\$0	\$39,849,375
2010	27,049	\$49,749,270	\$0	\$49,749,270
2015	35,561	\$66,223,849	\$0	\$66,223,849

Just Seniors & their qualifying Widows/Widowers Only

	2013	2013	2014	2014	2015	2015
Municipality	# Applicants	Taxes Exempt	# Applicants	Taxes Exempt	# Applicants	Taxes Exempt
Municipality of Anchorage	11,395	\$25,110,478	11,787	\$25,091,330	12,403	\$26,053,943
Bristol Bay Borough	29	\$46,574	31	\$46,912	29	\$45,943
Fairbanks North Star Borough	3,733	\$7,863,194	4,045	\$8,363,774	4,412	\$9,416,877
Haines Borough	209	\$269,062	239	\$310,601	243	\$322,122
City & Borough of Juneau	1,515	\$2,288,227	1,699	\$2,597,143	1,663	\$2,554,598
Kenai Peninsula Borough	3,686	\$4,369,842	3,899	\$4,687,884	4,162	\$5,092,557
Ketchikan Gateway Borough	811	\$1,043,345	868	\$1,135,529	906	\$1,194,098
Kodiak Island Borough	463	\$799,642	483	\$840,299	510	\$906,269
Matanuska-Susitna Borough	3,961	\$7,420,787	4,524	\$8,304,560	4,879	\$9,304,468
North Slope Borough	110	\$212,926	113	\$228,231	134	\$176,435
City of Petersburg	208	\$314,735	250	\$345,396	267	\$375,597
City & Borough of Sitka	61	\$48,532	490	\$406,357	514	\$433,524
Municipality of Skagway	508	\$420,255	64	\$50,606	74	\$59,148
City & Borough of Wrangell	213	\$310,288	204	\$296,770	214	\$308,330
City & Borough of Yakutat	47	\$45,319	47	\$36,118	51	\$39,193
Cordova	97	\$122,693	104	\$170,221	112	\$177,226
Craig	46	\$30,535	47	\$31,418	48	\$33,256
Dillingham	72	\$118,019	78	\$122,236	87	\$142,302
Nenana	26	\$19,916	29	\$20,511	29	\$20,753
Nome	107	\$141,204	101	\$152,770	104	\$132,180
Pelican	7	\$5,097	9	\$6,938	9	\$7,403
Unalaska	16	\$20,699	22	\$31,144	26	\$35,391
Valdez	127	\$305,801	139	\$315,003	140	\$322,510
Whittier	15	\$6,166	14	\$4,705	13	\$3,860
Totals-Seniors & Widows only	27,462	\$ 51,333,336	29,286	\$ 53,596,456	31,029	\$ 57,157,982

Decreased State Services & Support for Municipalities

Community Revenue Sharing decreases

The Community Revenue Sharing Program is one of the most important sources of non-locally generated operating revenue for Alaska's communities. It provides Alaska's boroughs, cities, and unincorporated communities with funds vital to the delivery of basic public services.

The program was established in 2008. Annually on June 30, one-third of the amount available in the fund is withdrawn and distributed by the department during the following fiscal year with payments beginning in July. If the fund balance falls below \$60 million, no payments may be made from the fund. Each fiscal year, the legislature may appropriate to the community revenue sharing fund money received by the state during the previous calendar year. The amount may not exceed \$60 million or the amount that when added to the fund equals \$180 million. The legislature may also appropriate less than \$60 million annually or nothing at all. The legislature may also provide additional money for community revenue sharing payments independent of the fund. (DCCED: Community Revenue Sharing website)

Year	Appropriation to Fund	Community Payments (approx. 1/3 of Previous year balance)	Balance
FY13	\$ 60 million	\$ 60 million	\$ 180 million
FY14	\$ 60 million	\$ 60 million	\$ 180 million
FY15	\$ 52 million	\$ 60 million	\$ 172 million
FY16	\$ 0	\$ 57.3 million	\$ 115 million
FY17	\$ 0 (maybe)	\$ 38.2 million	\$ 76 million
FY18	\$ 0	\$ 25.5 million	\$ 51 million
FY19	\$ 0	\$ 0 – balance is below \$60 million	\$ 51 million

Chart provided by Legislative Finance.

Decreased State Services & Support

Leads to increased costs for municipalities.

Examples from FY17 budget:

- Dept. of Transportation cuts to road maintenance, equipment, and crew.
- Decreased funding for Council on Domestic Violence & Sexual Assault.
- Funding cuts to AK Land Mobile Radio will require local municipalities to pay user fees (ALMR is a reliable and secure wireless emergency communications system for all emergency responders in Alaska, especially for multi-agency responses to emergencies and critical situations.)
- Cuts for Troopers and crime lab services for police will require increased work and costs for local police needing to cover those services.

Current Statute

AS 29.45.030(e) Municipalities are required to exempt from property taxes the first \$150,000 of the assessed value of the permanent home of a resident who is

- (1) 65 years of age or older;
- (2) a disabled veteran; or
- (3) an eligible surviving spouse

Statute also states a municipality:

- may by ordinance approved by the voters grant the exemption to a disabled vet's eligible surviving spouse who is under 60 years of age or an eligible surviving spouse of a member of the United States armed forces or member of the National Guard who dies from a service connected cause;
- may, in case of hardship, provide for an exemption beyond the first \$150,000 of assessed value.

HB 338 Statute Changes

Moves the Senior exemption from: AS 29.45.030(e) Municipalities are required to exempt from property taxes the first \$150,000 of the assessed value of the permanent home of a resident who is

- ~~(1) [65 years of age or older;]~~
- (2) a disabled veteran; or
- (3) an eligible surviving spouse

Moved Into: AS 29.45.050(i) A municipality may by ordinance [~~approved by the voters~~] exempt from taxation

(1) the assessed value that exceed \$150,000 of real property owned and occupied as a permanent place of abode by a resident who is a disabled veteran or their eligible surviving spouse;

(2) all or part of the assessed value of real property owned and occupied as a permanent place of abode by a resident who is a 65 yrs. or older or their eligible surviving spouse. A municipality may base an exemption on the hardship or need of a resident as determined by the municipality.

HB 338 Changes

With passage of HB 338:

- **Current Senior property tax exemptions on the first \$150,000 will remain in a municipality's ordinance until the municipality takes action to remove or change the amount.**
 - Municipalities will be able to change their existing senior exemptions through an ordinance. Citizens could still challenge any ordinance through a voter initiative and exercise appropriate influence on their elected officials.
 - For those municipalities without an existing ordinance, Section 4 of the CSHB338 will maintain senior exemptions as is until the municipality takes action.
- **Municipality can decide to make the exemption based on hardship or need.**
 - Existing hardship exemptions above the first \$150,000 will remain in a municipality's ordinance until the municipality takes action to remove or change the amount.
 - Municipalities will be allowed to decide how a needs based or hardship based exemption is determined. For example, a municipality could choose to use an income limit or an existing asset test such as qualifying for food stamps or other state needs based program.
- **Excludes the first \$150,000 of an optional senior property tax exemption from the determination of the full and true property value used to calculate a municipality's required local contribution to their school district.**
 - This will maintain both state support and the current municipality required local contribution at current levels.

Closing

HB 338 will:

- Remove a state unfunded mandate on municipalities.
- Give municipalities the ability to balance their own budgets, through measures that will meet the needs of their communities.
- Give municipalities the choice on exempting all or part of a senior's property tax and choice of basing it on hardship or needs.
- Keep the current Senior property tax exemptions on the first \$150,000 until the municipality takes action to remove or change the amount.
- Allow municipalities to accomplish changes to the senior exemptions through an ordinance.
 - Citizens could still challenge any ordinance through a voter initiative and exercise appropriate influence on their elected officials.

Alaska State Legislature

State Capitol Room 102
Juneau, Alaska 99801-1182
(907) 465-2689
Fax: (907) 465-3472
1-800-665-2689



270 W. Pioneer Ave. Suite B
Homer, Alaska 99603
(907) 235-2921
(907) 283-9170
Fax: (907) 235-4008

REPRESENTATIVE PAUL SEATON
Rep.Paul.Seaton@akleg.gov

HB 338 Sectional Analysis **Version: 29-LS1335\H**

Please note that a sectional analysis of a bill or resolution should not be considered an authoritative interpretation of the measure itself. The legislation is the best statement of its contents.

Section 1 (page 1, line 5) – Removes resident seniors 65 years of age or older from the list of people who must receive an exemption from general taxation for their real property owned and occupied as the primary residence and permanent place of abode. Removes the requirement for approval by voters and allows a municipality to pass by ordinance an exemption for a widow or widower under 60 years of age of a person who qualifies for the exemption.

Section 2 (page 2, line 14) – Previously this section stated the property value amount up to \$150,000 was exempt for a senior. This bill amends this section to allow a municipality to decide if all or part of a senior's real property is exempt from property tax. The property must be owned and occupied as the primary residence and permanent place of abode. This exemption can also be extended to an eligible senior's widow 60 years or older.

Section 3 (page 2, line 31) – Provides an effective date of January 1, 2017.

Alaska State Legislature

State Capitol Room 102
Juneau, Alaska 99801-1182
(907) 465-2689
Fax: (907) 465-3472
1-800-665-2689



270 W. Pioneer Ave. Suite B
Homer, Alaska 99603
(907) 235-2921
(907) 283-9170
Fax: (907) 235-4008

REPRESENTATIVE PAUL SEATON Rep.Paul.Seaton@akleg.gov

Sponsor Statement HB 338

In 1972, the legislature created the property tax exemption for seniors 65 years or older. At that time the exemption was income based and provided to low income seniors whose gross annual income was \$10,000 or less. Lawmakers later eliminated the income requirement. Under current statute AS 29.45.030, municipalities must exempt seniors 65 years or older from paying property taxes on the first \$150,000 of the assessed value of their permanent home in the municipality where they live. The state has not provided the promised reimbursement to municipalities for the amount of lost property tax since 1997. The senior exemption also applies to hospital and fire service area assessments as well as any general residential property tax. This is now a state unfunded mandate which limits the flexibility of municipalities to fund their local budgets for schools, hospitals, public safety and roads.

Alaska's \$3.8 billion deficit is reducing state support and services previously provided to municipalities through programs such as community revenue sharing and fish tax sharing. State subsidies for many services are now being cut and passed on to cities and boroughs to fund. Until the state's budget deficit is balanced, municipalities will continue to see further reductions from the state for vital services. To balance their own budgets, cities and boroughs need flexibility to decide which measures will meet the needs of their communities. If a large senior segment of the community is mandated to be exempt from property tax, it increases the tax burden on the younger residents. Local communities have different demographics, needs, and priorities which should be addressed at the local level. It is unfair of the state to restrict, without compensation, a municipality's ability and choice on how they fund their own budget.

HB 338 *Municipality Property Tax Exemptions*, will give municipalities the choice on exempting all or part of a senior's property tax. It would remove seniors 65 years or older from the state mandatory property tax exemption list in statute and shift them to the optional exemption of local cities and boroughs. The bill will allow municipalities to accomplish this through an ordinance. Citizens could still challenge any ordinance through a voter initiative and exercise appropriate influence on their elected officials. I introduced this bill after receiving the City of Homer's Resolution 15-111 in which they unanimously supported legislation of this kind.

The state needs to support our cities and boroughs as they struggle to balance their own budgets to maintain vital services for their citizens.

**CITY OF HOMER
HOMER, ALASKA**

Reynolds

RESOLUTION 15-111

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA,
REQUESTING THAT THE ALASKA STATE LEGISLATURE AMEND
ALASKA STATUTES 29.45.030(e) TO ALLOW LOCAL
MUNICIPALITIES TO DETERMINE THE VALUE OF PROPERTY TAX
EXEMPTION FOR RESIDENTS OVER THE AGE OF 65.

WHEREAS, Alaska Statutes 29.45.030(e) exempts real property owned and occupied as the primary residence and permanent place of abode by a resident who is 65 years of age or older from municipal property taxes; and

WHEREAS, Alaska Statutes 29.45.030(g) states that the State shall reimburse a borough or city, as appropriate, for the real property tax revenues lost to it by the operation of AS 29.45.030(e); and

WHEREAS, A mechanism that serves to reimburse boroughs and cities for the lost revenue from senior property tax exemptions is revenue sharing; and

WHEREAS, The State's ability to disburse revenue sharing may be jeopardized because of the change in oil revenues; and

WHEREAS, In 2014 the value of property eligible for the mandatory senior property tax exemption in the City of Homer was \$61,208,700 which corresponds to \$275,439 in uncollected revenue to the City of Homer; and

WHEREAS, Increased availability of high-level medical care in Alaska has increased the number of seniors moving to Alaska to retire or retiring in place; and

WHEREAS, Communities benefit from the experience, expertise, income and volunteerism of the growing senior population; and

WHEREAS, According to the Alaska Department of Labor and Workforce Development population projections, the population of residents over the age of 65 on the Kenai Peninsula is expected to grow from 12.9% of population in 2012 to 24.2% of population in 2027; and

WHEREAS, This shift in demographics disproportionately places the burden of providing municipal services on other property owners; and

43 WHEREAS, The increased tax burden is particularly harmful to young families and
44 lower income property owners; and

45
46 WHEREAS, The mandatory property tax exemption coupled with the increasing senior
47 population is untenable given the declining revenue Alaskan municipalities are facing.

48
49 NOW, THEREFORE, BE IT RESOLVED by the City Council of Homer, Alaska, that the City
50 of Homer requests that the Alaska State Legislature amend Alaska Statutes 29.45.030(e) to
51 allow local governments to determine the value of property tax exemption for residents over
52 the age of 65.

53
54 PASSED AND ADOPTED by the Homer City Council this 7th day of December, 2015.

55

56

57

58

59

60

61 ATTEST:

62

63

64

65

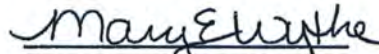
66

67


JO JOHNSON, MMC, CITY CLERK



CITY OF HOMER


MARY E. WYTHE, MAYOR

Fiscal information: N/A

LEGAL SERVICES

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

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

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

MEMORANDUM

March 19, 2016

SUBJECT: Constitutionality of duration of tax exemption
(CSHB 370(CRA); Work Order No. 29-LS1551\W)

TO: Representative Cathy Tilton
Chair of the House Community and Regional Affairs Committee
Attn: Heath Hilyard

FROM: Susie Shutts *Susie Shutts*
Legislative Counsel

You requested an opinion on whether a constitutional issue is raised by the amendment of AS 29.45.050(m) by CSHB 370(CRA) to permit a municipality to exempt economic development property from taxation "for a designated period of time" instead of "for up to five years," as the subsection currently reads.

There is no constitutional requirement that the legislature include a set time period when authorizing a municipal tax exemption. Under art. IX, sec. 4, Constitution of the State of Alaska, tax exemptions may be granted by law. And under art. X, sec. 2, Constitution of the State of Alaska, the state may delegate taxing powers to municipalities.

Currently, some of the tax exemptions permitted under AS 29.45.050 do have specific time limitations,¹ while other exemptions under AS 29.45.050 do not.²

SLS:dla
16-304.dla

¹ See, e.g., AS 29.45.050(b)(1)(D), (f), (g), (j), (k), (o), (v), and (w).

² See, e.g., AS 29.45.050(b)(1)(A) - (C) and (E), (b)(2), (e), (h), (i), (l), (n), (p), (q), (r), (s), (t), and (u).

Bill threatens senior tax break | Homer News

DELETE

REPLY

REPLY ALL

FORWARD

John <john@alaskais.com>

Tue 3/22/2016 12:45 PM

mark as unread

To: John <john@alaskais.com>;

<http://homernews.com/homer-news/local-news/2016-03-03/bill-threatens-senior-tax-break>

House Bill 338, I hope you'll vote no on this bill

John Earls

Homer Alaska

HB 338 - Sr./Disabled Vet/Widow-Widower Property Tax Exemption

beth@bethsvalleyviews.com

Tue 3/22/2016 10:05 PM

To: Rep. Cathy Tilton <Rep.Cathy.Tilton@akleg.gov>; Sen. Bill Stoltze <Sen.Bill.Stoltze@akleg.gov>;

Cc: Rep. Shelley Hughes <hughes@alaskansforhughes.com>; Rep. Mark Neuman <Rep.Mark.Neuman@akleg.gov>; Rep. Wes Keller <Rep.Wes.Keller@akleg.gov>; Rep. Lynn Gattis <Rep.Lynn.Gattis@akleg.gov>; Mike Dunleavy <sen.michael.dunleavy@akleg.gov>; sen.mike.dunleavy@bethsvalleyviews.com <sen.mike.dunleavy@bethsvalleyviews.com>; Sen. Mike Dunleavy <Sen.Mike.Dunleavy@akleg.gov>;

Good Evening Rep. Tilton and Sen. Stoltze,

First a little good news. A group to which I belong received an update from the Mayors of Palmer and Wasilla regarding the impact of the reductions and eliminations in municipal revenue sharing. The general message was that these cities have prepared for and will weather this storm without going under. They have a positive outlook for the future, and are grateful that their communities charge sales taxes without a battle from their citizenry.

On another note, a friend of mine was at the Mat-Su Borough Assembly meeting tonight and texted me asking me how to find HB 338. I was dismayed and saddened when I read the content of this bill. I cannot believe that you are going to do this to our senior citizens and disabled veterans.

I am sure that you understand that many of our senior citizens are on very limited fixed incomes and are living rent-free in their homes. I cannot believe that you do not understand that those fixed incomes must cover hundreds of dollars in medications (which medicare subsidies you are probably having to reduce) every month, energy costs that are higher than national averages, higher than national average food costs and fortunately live in Alaska where there is no income tax and a Permanent Fund Dividend that assists them in living day-to-day.

The Senior/Disabled property tax exemption may not seem like a lot to you, but it can be the difference between living a full life and homelessness. These exemptions were put in place because a preponderance of Property Tax Foreclosures were occurring among these very vulnerable populations. They are the portions of our populations who founded this state, raised you and fought for freedom around the world. Perhaps it was poor planning, perhaps it was poor judgement, but perhaps it was just unhappy chance that they ended up needing assistance in maintaining their independence from debt.

If you truly, and personally, want to increase the chances of our veterans and senior citizens joining the homeless on the streets of our villages, communities, cities and municipalities, go ahead and pass this bill. Otherwise, hold it in committee and remember your parents and grandparents, your children who served in the military and your friends and neighbors who are only continuing to survive (if not thrive) because they live in the homes that you are helping to keep them in through this exemption.

Please also remember that seniors who are unwilling moved out of their homes generally do not survive much longer after changing their living situations. My father died only 6 months after losing his home. Up until that time, although he was not thriving, he was content. He refused to come to Alaska because it was too far from his home. I will not go into his circumstances, but it was not kind, nor was there anything any of his family could do to help him survive that final battle.

Shame on you Representative Seaton.

Sincerely,

bethf ;-)

Beth Fread

Beth@BethsValleyViews.com

Palmer, AK 99654

Heath Hilyard

From: Neal Sullivan <nealak6761@icloud.com>
Sent: Monday, March 21, 2016 7:24 PM
To: Heath Hilyard
Subject: Hb338

Please don't send this bill forward. We live on a very fixed income. And the seniors of this state has made Alaska our home. I would like to remain here. If the cities and boroughs reduce the amount of exemption. Oh by the way we voted a couple of years back to cap it at 350000.00\$. It will force a lot of out of Alaska to states we can live cheaper. Neal Sullivan born in the territory of Alaska

Sent from my iPad

WRITTEN TESTIMONY

Addressing: HOUSE BILL No. 338, Committee; Community and Regional Affairs

Subject of my testimony: municipal property tax exemption on the residence of a senior.

Today's Date: March 16, 2016

My Name: Michael W. Kliemann

My Address: 54210 Wilderness Lane

(P.O. Box 15163)

Fritz Creek, Alaska 99603

My Phone: 907-435-7246

Date of Hearing: (not scheduled as of today's date)

My statement:

To: Mr. Paul Seaton, Republican Party Representative for House District 31:

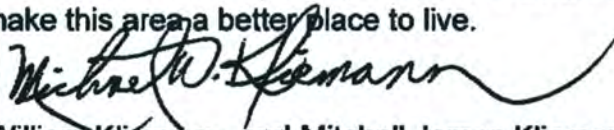
Sir, I, and my brother Mitchell J. Kliemann, bought 10 acres of raw land in the Fritz Creek area east of Homer in 1983. Over a span of many, many years, we built two very nice, (and very small) "dry" cabins upon this land. We have paid all of our annual KPB property taxes in-full, and on-time during all of the past 33 years.

We intend to live upon our own property for all of our remaining days. We have paid an average of just about 2,000.00 of property taxes to the borough each and every year during all of the years that we have owned this land. God knows that we have both been counting on the "Senior Property Tax Exemption", (we will both be 65 years old next year). Our incomes are, (and will continue to be) 6-8 thousand dollars per year.

If we have to continue to pay property taxes for the rest of our lives, basic financial necessity will require both of us to seek basic public assistance in order to survive here. This will be a first for me and my brother- we have never resorted to any type of public assistance. If we must sell our property because we cannot pay the taxes, we will have to apply for senior housing here in town, or face a probable homeless situation as old men.

Your House Bill 338 is a catastrophe for both of us and many of our neighbors. Please do not do this to us. I have spent so much time as an employee, and as a volunteer, trying to make this area a better place to live.

Sincerely;



Michael William Kliemann, and Mitchell James Kliemann, at 54210 Wilderness Lane, Fritz Creek, Alaska, on March, 16, 2016.

WRITTEN TESTIMONY

Addressing: HOUSE BILL No. 338, Committee; Community and Regional Affairs

Subject of my testimony: municipal property tax exemption on the residence of a senior.

Today's Date: March 23, 2016

My Name: Michael W. Kliemann

My Address: 54210 Wilderness Lane
(P.O. Box 15163)
Fritz Creek, Alaska 99603

My Phone: 907-435-7246

Date of Hearing: 03/24/16

My statement:

To: Members of the House Community and Regional Affairs Committee:

Ladies and Gentlemen; I, and my brother Mitchell J. Kliemann, bought 10 acres of undeveloped land from private owners in the Fritz Creek area east of Homer in 1983. Over a span of many, many years, we built two very nice, (and very small) "dry" cabins upon this land. We have paid all of our annual KPB property taxes in-full, and on-time during all of the past 33 years.

We intend to live upon this property for all of our remaining days. We have paid an average of just about 2,000.00 of property taxes to the borough each and every year during all of the years that we have owned this land. We have both been counting on the "Senior Property Tax Exemption", (we will both be 65 years old next year). Our incomes are, (and will continue to be) 6-8 thousand dollars per year.

If we have to continue to pay property taxes in the yearly amount described in the paragraph above for the rest of our lives, financial necessity would lead both of us to seek basic public assistance in order to survive here. This will be a first for me and my brother- we have never resorted to any type of public assistance. If we must sell our property because we cannot pay the taxes, we will have to apply for senior housing here in town, or face a probable homeless situation as old men.

Your House Bill 338 is a catastrophe for both of us and many of our neighbors. Please do not do this to us. I have spent so much time as an employee, and as a volunteer, trying to make this area a better place to live.

Sincerely;



Michael William Kliemann, and Mitchell James Kliemann, at 54210 Wilderness Lane, Fritz Creek, Alaska, on March, 23, 2016.

Heath Hilyard

From: Rep. Cathy Tilton
Sent: Wednesday, March 23, 2016 3:36 PM
To: Heath Hilyard
Subject: FW: HB 338

From: Vicki
Sent: Wednesday, March 23, 2016 3:35:26 PM (UTC-09:00) Alaska
To: Rep. Cathy Tilton; Rep. Paul Seaton; Rep. Shelley Hughes; Rep. Benjamin Nageak; Rep. Lora Reinbold; Rep. Harriet Drummond; Rep. Daniel Ortiz
Cc: Rep. Sam Kito; Rep. Cathy Munoz
Subject: HB 338

I am writing to urge that House Bill 338 not be allowed to continue further.

I retired in the State of Alaska under the premise that I would receive benefit from the property tax exemption. My budgeting included this exemption along with the City and Borough of Juneau's senior sales tax exemptions (which were recently changed much to the chagrin of many seniors).

Should this legislation be enacted it will have a very negative impact on my family's budget, and that of many other senior citizens statewide.

Many are living on very limited incomes and this would be very devastating.

I urge complete and thorough analysis of the impact to the seniors and also to the disabled veterans. Yes some seniors may be able to cope with this change by way of rejoining the labor force, but many others are unable as are disabled veterans.

Please do not allow this bill to be moved forward.

Sincerely,

Valentin Torrella
Juneau, AK 99801

William S. Walters

P.O. Box 2224 Homer, Alaska 99603-2224 907-235-7884

Alaska House of Representatives
Community & Regional Affairs Committee
State Capitol
Juneau, Alaska 99801-1182

21 March, 2016

Re: H.B. 338 Municipal Property Tax Exemption
Testimony for Hearing Record, 24 March 2016

Please include these comments in your hearing record on 24 March, 2016

I am very much dismayed by this bill and the actions of hopefully short tenured Rep Paul Seaton for his introduction of this bill. The City Council of Homer very silently slid their underlying resolution through, despite previous public testimony at earlier budget workshops that seniors exemptions should not be targeted. That being said, please consider the following.

True, seniors make up a significant percentage of Alaska residents, most of whom have worked a full career here, and have (and continue to) paid/pay substantial taxes and other expenses in support of their communities (in my case about 40 years). Like it or not, you all will be senior citizens in a period of time that will rapidly fly past, and you will soon feel the negative effects of your actions if HB 338 passes.

Seniors, per current budget analyses, are major contributors top the state economy. The allegation that they are drawn to Alaska to benefit from the medical care is ludicrous, as medical care here is substantially greater than outside medical costs. In fact, the medical community and major hospitals benefit greatly from the senior citizen customer base, which can be adversely impacted if municipalities are give the option to opt out of the baseline property exemption to the detriment of seniors financial ability to maintain their residences here.

Seniors rely on fixed incomes, pensions, social security, and personal savings. They additionally have reached a stage in life where they are incurring significant (in some cases major) medical expenses, fortunately, I am not included in that situation, as my retirement provides medical

coverage - but most do not have that benefit.

Personal savings are important, although many do not have them, but when they have to be expended on critical needs (home repair, auto replacement, medical, etc.) there is no way to replace those savings on their fixed incomes.

The current state mandated exemption of \$ 150,000 is both reasonable, and appropriate and it should not be within the discretion or authority of local governments to abdicate therefrom. I have no problem with municipalities or other taxing authorities having jurisdiction over taxation above this threshold, but we (most seniors) do not trust local government to maintain this baseline exemption if this bill passes.

In the case of Homer, whose council snuck this resolution through, the estimated loss in tax revenue is \$ 275,000, which is minuscule in the entire City's budget process. That amount could be probably equivalent to about 2.5 city employees (when benefits are included) - which can easily be offset by cutting the fat.

I would also point out that the State needs to look at real property tax collected from property outside incorporated boroughs. There are many expensive properties, lodges, etc worth hundreds of thousands to millions, that pay absolutely no property tax, despite the fact that those areas benefit from state expenditures for schools, roads, airports, law enforcement, and other basic services. Maintenance of the \$ 150,000 state exemption, and taxation on unincorporated areas could protect many of the lower income property owners, while generating significant revenues from the more expensive properties.

Please kill HB 338, and do not put the financial security of your seniors at risk. Those with affluent properties will continue to pay substantial taxes, but those under the state mandated threshold will be protected, and may continue to enjoy the few years they have left.

Thank You



William S Walters

xc: Rep Paul Seaton

March 23, 2016

Ref: **HB 338** – Municipal Tax Exemptions

To: House, Community & Regional Affairs Committee; Rep. Cathy Tilton, Chair

1st hearing, Thursday, 3/24/16 @ 8am

(through Homer LIO)

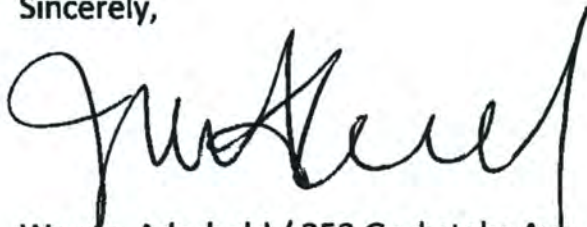
I am a senior (currently enjoying the benefits of AS 29.45.030) and **I fully support this bill.**

This is step one in a necessary process that is long overdue.

In the current financial environment, everything needs to be “on the table” and this unfunded mandate needs to go away so that local governments can then have the power to change the exemption from its current status.

Please move this bill forward knowing it will be unpopular with most who are receiving the benefit, ... but the reality is that it has become unfair, unsustainable and a detriment to future generations of Alaskans (who currently still have to pay property taxes to make up the difference).

Sincerely,

A handwritten signature in black ink, appearing to read 'Wayne Aderhold', written in a cursive style.

Wayne Aderhold / 353 Grubstake Ave. / Homer, AK 99603

Heath Hilyard

From: Mary Griswold <mgrt@xyz.net>
Sent: Saturday, March 19, 2016 10:14 AM
To: Heath Hilyard
Subject: HB 338 Senior Property Tax Exemptions

I fully support allowing municipalities to eliminate the unfunded state mandated senior property tax exemption. The senior population in many areas of Alaska is burgeoning and local governments are increasingly short of cash to support essential services. I also support allowing the municipalities to extend an exemption to limited-income or hardship seniors. Seniors do contribute significantly to local economies, but so do other age brackets. All of us should help fund necessary government.

Mary Griswold
Homer

From: [Arlene Ronda](#)
To: [Heath Hilyard](#)
Subject: HB 338. Sr property tax exemption
Date: Thursday, March 24, 2016 10:19:19 AM

I am FOR the local governments determining the Sr. property tax exemption.
Arlene Ronda
Homer

(PS --Sorry I misspelled your name on my first attempt through my email to Rep. Tilton so it bounced back)

Sent from my iPhone



Mark A. Dixon
City Manager
177 N. Birch Street
Soldotna, Alaska 99669
Phone: 907-262-9107
Fax: 907-262-1245

March 22, 2016

Representative Paul Seaton
State Capital Room 102
Juneau, Alaska 99801-1182

Re: Support for HB338

Dear Representative Seaton:

It was a pleasure to meet with you and your staff earlier this month to discuss the impacts of HB 338 on municipalities, in particular the City of Soldotna. As a first class city, we are always at the mercy of the State and Borough who at times pass legislation which in the end negatively affects our ability to determine the appropriate methods to collect revenues to maintain necessary governmental functions.

HB 338 appropriately addresses the issue of no longer funding a mandated exemption which now places the burden on the local municipality. It is most appropriate for the local municipality to make the determination if it wishes continue, modify or continue the senior exemption based upon its local needs.

As City Manager for the City of Soldotna, I support HB 338. While the City has no intentions to eliminate the senior exemption, any legislation that gives control back to the local municipality is good for Soldotna and good for Alaska. Thank you for your efforts.

Respectfully yours,

A handwritten signature in black ink that reads 'Mark A. Dixon'.

Mark A. Dixon
City Manager

md

March 23, 2016

Ref: **HB 338** – Municipal Tax Exemptions

To: House, Community & Regional Affairs Committee; Rep. Cathy Tilton, Chair

1st hearing, Thursday, 3/24/16 @ 8am

(through Homer LIO)

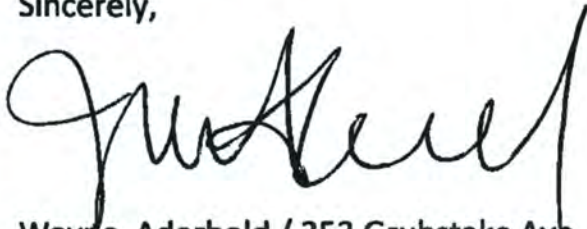
I am a senior (currently enjoying the benefits of AS 29.45.030) and **I fully support this bill.**

This is step one in a necessary process that is long overdue.

In the current financial environment, everything needs to be “on the table” and this unfunded mandate needs to go away so that local governments can then have the power to change the exemption from its current status.

Please move this bill forward knowing it will be unpopular with most who are receiving the benefit, ... but the reality is that it has become unfair, unsustainable and a detriment to future generations of Alaskans (who currently still have to pay property taxes to make up the difference).

Sincerely,

A handwritten signature in black ink, appearing to read "Wayne Aderhold". The signature is fluid and cursive, with a large initial "W" and "A".

Wayne Aderhold / 353 Grubstake Ave. / Homer, AK 99603

From: beth@bethsvalleyviews.com [<mailto:beth@bethsvalleyviews.com>]

Sent: Tuesday, March 22, 2016 10:05 PM

To: Rep. Cathy Tilton <Rep.Cathy.Tilton@akleg.gov>; Sen. Bill Stoltze <Sen.Bill.Stoltze@akleg.gov>

Cc: Rep. Shelley Hughes <hughes@alaskansforhughes.com>; Rep. Mark Neuman

<Rep.Mark.Neuman@akleg.gov>; Rep. Wes Keller <Rep.Wes.Keller@akleg.gov>; Rep. Lynn Gattis

<Rep.Lynn.Gattis@akleg.gov>; Mike Dunleavy <sen.michael.dunleavy@akleg.gov>;

sen.mike.dunleavy@bethsvalleyviews.com; Sen. Mike Dunleavy <Sen.Mike.Dunleavy@akleg.gov>; Sen.

Charlie Huggins <Sen.Charlie.Huggins@akleg.gov>; Rep. Jim Colver <Rep.Jim.Colver@akleg.gov>; Rep.

Paul Seaton <Rep.Paul.Seaton@akleg.gov>

Subject: HB 338 - Sr./Disabled Vet/Widow-Widower Property Tax Exemption

Good Evening Rep. Tilton and Sen. Stoltze,

First a little good news. A group to which I belong received an update from the Mayors of Palmer and Wasilla regarding the impact of the reductions and eliminations in municipal revenue sharing. The general message was that these cities have prepared for and will weather this storm without going under. They have a positive outlook for the future, and are grateful that their communities charge sales taxes without a battle from their citizenry.

On another note, a friend of mine was at the Mat-Su Borough Assembly meeting tonight and texted me asking me how to find HB 338. I was dismayed and saddened when I read the content of this bill. I cannot believe that you are going to do this to our senior citizens and disabled veterans.

I am sure that you understand that many of our senior citizens are on very limited fixed incomes and are living rent-free in their homes. I cannot believe that you do not understand that those fixed incomes must cover hundreds of dollars in medications (which medicare subsidies you are probably having to reduce) every month, energy costs that are higher than national averages, higher than national average food costs and fortunately live in Alaska where there is no income tax and a Permanent Fund Dividend that assists them in living day-to-day.

The Senior/Disabled property tax exemption may not seem like a lot to you, but it can be the difference between living a full life and homelessness. These exemptions were put in place because a preponderance of Property Tax Foreclosures were occurring among these very vulnerable populations. They are the portions of our populations who founded this state, raised you and fought for freedom around the world. Perhaps it was poor planning, perhaps it was poor judgement, but perhaps it was just unhappy chance that they ended up needing assistance in maintaining their independence from debt.

If you truly, and personally, want to increase the chances of our veterans and senior citizens joining the homeless on the streets of our villages, communities, cities and municipalities, go ahead and pass this bill. Otherwise, hold it in committee and remember your parents and grandparents, your children who served in the military and your friends and neighbors who are only continuing to survive (if not thrive) because they live in the homes that you are helping to keep them in through this exemption.

Please also remember that seniors who are unwilling moved out of their homes generally do not survive much longer after changing their living situations. My father died only 6 months after losing his home. Up until that time, although he was not thriving, he was content. He refused to come to Alaska because it was too far from his home. I will not go into his circumstances, but it was not kind, nor was there anything any of his family could do to help him survive that final battle.

Shame on you Representative Seaton.

Sincerely,

bethf ;-)

Beth Fread

Beth@BethsValleyViews.com

Palmer, AK 99654

HOMER NEWS

Google Custom Search

Home News Sports and Outdoors Opinion Town Crier Features Classifieds Spotted Calendar Visitors' Guide Real Estate



36°
Overcast

More Weather

HOME > HOMER OPINION > LETTERS

Comment

Seniors need to help solve the problems they created

Posted: March 17, 2016 - 8:34am

Commenting as a lifelong Alaskan and senior citizen — the outrage being expressed by seniors against the Homer City Council and Rep. Paul Seaton for seeking local control over property tax is too harsh. It's also quite forgetful of the mess my generation has gotten this state and country into.

That fixed income some seniors live on? My 30-year-old daughter is on a fixed income as well — it's called her salary — and her future isn't nearly as bright looking as it was for people in 1970. She pays into a bloated defense budget, a social security system that isn't needs based for seniors, a country that is deficit spending like you can't believe, and if she is lucky enough to own a house here she will be paying to subsidize seniors — many who are living far better than she possibly ever will.

And who brought us this situation? People who are now seniors, of course. The ones that exploded state government spending, the ones screaming about the loss of a permanent fund dividend. The ones who've encouraged our municipalities and cities to incur debt for civic infrastructure because it comes with federal matching funds that they borrow from our children's future paychecks and saddle them with the debt without asking. How can we possibly be surprised that our younger people are looking to us to help solve the problems we created?

This property tax question is not about conservative or liberal politics. It's about something far more important — fair tax. Quite simply the fairness of any tax policy rests on the ability of people to pay measured against the services they want. When life expectancy was 65-70 years, a senior property tax exemption was an easier idea. Now that life expectancy is so much longer we need to revisit some of those assumptions.

One of the selling points of a state income tax is that it would give local government the information and opportunity to develop a needs based property tax structure.

Simply saying we are seniors — we deserve it — is no longer enough.

And as far as spending all of your income locally in Homer, show me a young working person who doesn't. As a class — us seniors aren't that special — and if it takes the city council and Rep Seaton to help point that out, so be it.

I don't want my kids to subsidize my property tax. I'll be satisfied if they just put some gas into the tank when they borrow my car.

Mike Heimbuch

Latest Updates

- | Most Viewed | Most Commented |
|---|---|
| <ul style="list-style-type: none"> Supreme Court should protect contraceptive coverage for all | <ul style="list-style-type: none"> Homer's Best Bets School Events Soldotna hospital hopes to upgrade imaging equipment Weekend events help economy |

Spotted

« Back Featured Photos: 9 total (Expand) Next »



Lupin bloom at the head of the bay