

SCOMM

139:11



REPRESENTATIVE BILL THOMAS

ALASKA STATE LEGISLATURE DISTRICT 5

e-mail: Representative.Bill.Thomas@legis.state.ak.us webpage: www.akrebublicans.org/thomas/

State Capitol

Juneau AK, 99801-1182

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Date: 3-22-05

To: Representative Lynn, Chair House Military and Veteran's Affairs Committee

From: Representative Thomas

Re: HB 212 An Act relating to exemptions from municipal property taxes for certain primary residences; and providing for an effective date.

I request that the House Military and Veteran's Affairs Committee hear HB 212 at its earliest convenience.

HB 212 will remove the unfunded mandate that the state has placed on municipalities to provide a property tax exemption.

Enclosed you will find a sponsor statement, the original bill, and backup materials. If you have any questions, please don't hesitate to contact my office.

Joe Campbell

Totally disagree with HB 212

His opinion on it. Under title 28 the state statute on it. Allow disabled vets and people who are older than 65 years of age. 150,000 tax exemption. Suppose to be reimbursed by the legislators and hasn't been since about the late 80's.

Concerns are that HB 212

His thoughts on this it is a requirement in state statute that it would allow the municipalities to decide who is exempt from taxation on real property.

- under state statute allows disabled vets, 65 years old or widowers to qualify for 150,000 tax exemptions.
- He believes that everything is still in effect
- Section 5 "may" by ordinance - (striking approved by the voters") can - the wording that is being struck "approved by the voters" bothers him. And, I can see allowing for an exemption up to 150,000 and what bothers me is a fact

Comment made the bill was just to get people thinking. The state can't afford to supplement everyone's income. I'm of the thought sure - where the state cannot absorb these kinds of cuts. There is a lot of people who are staying in Alaska just to these kind of exemptions. If I'm going to start losing more and more of my benefits - Nevada is looking awfully darn good.

We are going to have to start a start date but two years may not be enough of a time to start making plans -

If we are going to do this and we are going to stop it then we stop it for everybody. We are making two classes of citizens. I don't think 10 years is too far in advance to start thinking about your retirement. To start it at two years is too quick. If you are going to phase it out, step it out - every two years.

Grandfathered in...

Look at those people who are going to be impacted the most...

125,000

100,000

75,000

50,000

25,000

-0-



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Date: 3-22-05

To: Representative Lynn, Chair House Military and Veteran's Affairs Committee

From: Representative Thomas

Re: Sponsor Statement for HB 212 An Act relating to exemptions from municipal property taxes for certain primary residences; and providing for an effective date.

Currently, state law exempts real property owned and occupied as a permanent residence by a person who is 65 years of age or older, or, by a disabled veteran with a disability of 50% or more. These people are exempted from paying taxes to their municipality on the first \$150,000.00 of the assessed value of their property. The costs associated with this program have exceeded the funding levels from the state since 1986. Further, the Alaska Legislature has not funded the reimbursement for the program since 1997 (Tax Year 1996).

The lack of funding from the state has resulted in an unfunded mandate. The municipalities are required to give certain groups of people tax exemptions, yet there is no assistance from the state. With our municipalities in the dire situations that they are in today, they cannot afford to have yet another mandate placed on them which requires that they lose revenue. In the Haines Borough alone this has resulted in a \$184,000.00 loss in 2004. Statewide, this has resulted in a more than \$37,000,000.00 loss to our municipalities. (Alaska Taxable 2004, Department of Community Advocacy).

HB 212 allows the municipalities to choose whether or not to exempt seniors or disabled veterans. Further, if they elect to exempt these people, municipalities are then granted the authority to choose the level at which they are exempted. Where the state cannot fund its directives, it must allow the local governments the freedom to decide what is best for their regions. I urge you to support this important piece of legislation.

TABLE 14 (A)

**SENIOR CITIZEN AND DISABLED VETERAN
PROPERTY TAX EXEMPTION HISTORY
AS 29.45.030(e) - (I)**

State law exempts real property owned and occupied as a permanent home by a resident, 65 years of age or older, or, by a disabled veteran with a 50% or greater service-connected disability. The exemption applies to the first \$150,000 of assessed valuation. Applicants must apply directly to their municipality. In 2002 legislation was passed which would allow municipalities to set its filing deadline. It also allows for a "one time filing" for the program. Program costs have exceeded funding levels from the state since 1983 resulting in prorating payments to eligible municipalities. The Alaska Legislature has not funded the reimbursement for the program since FY 1997, Tax Year 1996.

Ten Year Performance Summary

Tax Year	No. of Applications Approved	Total Exempt Assessed Value	Annual Value Percent Change	Total Exempt Taxes	Annual Tax Percent Change	Average Exempt Value \$\$ Per Appl.	Average Exempt Tax \$\$ Per Appl.
1994	12,199	\$1,064,556,490	8.71%	\$16,894,296	13.82%	\$87,266	\$1,385
1995	12,919	\$1,183,291,858	11.15%	\$18,636,513	10.31%	\$91,593	\$1,443
1996	13,692	\$1,293,232,403	9.29%	\$20,371,389	9.31%	\$94,452	\$1,488
1997	14,643	\$1,403,624,823	8.54%	\$22,317,994	9.56%	\$95,856	\$1,524
1998	15,143	\$1,544,691,456	10.05%	\$24,649,743	10.45%	\$102,007	\$1,628
1999	15,836	\$1,671,478,280	8.21%	\$26,694,955	8.30%	\$105,549	\$1,686
2000	16,656	\$1,798,704,610	7.61%	\$28,248,856	5.82%	\$107,991	\$1,696
2001	17,640	\$1,942,143,407	7.97%	\$31,076,097	10.01%	\$110,099	\$1,762
2002	18,435	\$2,115,394,523	8.92%	\$32,515,100	4.63%	\$114,749	\$1,764
2003	19,275	\$2,295,225,136	8.50%	\$34,663,161	6.61%	\$119,078	\$1,798
2004	20,057	\$2,453,661,658	6.90%	\$37,037,282	6.85%	\$122,334	\$1,847

TABLE 14 (B)

SENIOR CITIZEN AND DISABLED VETERAN PROPERTY TAX EXEMPTION

Program Summary

FY 05/Tax Year 2004

Municipality	Number of Applicants Approved	Total Assessed Value Exempt	% Value Inc./Dec. Over 2003	Total Tax Amount Exempt	% Tax Inc./Dec. Over 2003	Average Value Per Appl	Average Tax Per Appl
Municipality of Anchorage	8,847	\$1,172,960,066	5.27%	\$18,930,169	2.98%	\$132,583	\$2,140
Bristol Bay Borough	24	\$1,887,375	-4.69%	\$24,536	-4.69%	\$78,641	\$1,022
Fairbanks North Star Borough	2,677	\$296,426,365	10.68%	\$5,560,112	11.17%	\$110,731	\$2,077
Haines Borough	169	\$16,902,164	8.14%	\$184,000	1.67%	\$100,013	\$1,089
City & Borough of Juneau	1,079	\$147,351,300	5.24%	\$1,768,215	9.04%	\$136,563	\$1,639
Kenai Peninsula Borough	2,326	\$245,119,453	8.84%	\$2,824,440	10.18%	\$105,382	\$1,214
Ketchikan Gateway Borough	606	\$69,473,700	3.58%	\$864,595	7.75%	\$114,643	\$1,427
Kodiak Island Borough	282	\$31,395,990	4.31%	\$391,160	16.21%	\$111,333	\$1,387
Matanuska-Susitna Borough	2,898	\$338,982,700	10.33%	\$5,196,599	15.00%	\$116,971	\$1,793
North Slope Borough	58	\$5,521,100	5.25%	\$102,969	5.76%	\$95,191	\$1,775
City & Borough of Sitka	412	\$52,839,335	8.31%	\$317,036	8.31%	\$128,251	\$770
City & Borough of Yakutat	21	\$1,451,950	0.04%	\$12,993	-0.53%	\$69,140	\$619
Cordova	74	\$8,473,810	1.77%	\$116,382	5.66%	\$114,511	\$1,573
Craig	29	\$2,661,900	11.32%	\$15,971	11.31%	\$91,790	\$551
Dillingham	33	\$3,839,500	-1.86%	\$49,914	15.99%	\$116,348	\$1,513
Nenana	24	\$886,759	2.00%	\$10,641	2.00%	\$36,948	\$443
Nome	90	\$8,858,362	17.29%	\$97,442	-0.76%	\$98,426	\$1,083
Pelican	6	\$591,700	38.09%	\$3,550	38.08%	\$98,617	\$592
Petersburg	139	\$17,907,400	-1.56%	\$183,193	-0.98%	\$128,830	\$1,318
Skagway	47	\$6,447,500	6.35%	\$44,995	18.93%	\$137,181	\$957
Unalaska	8	\$807,596	0.00%	\$9,514	0.00%	\$100,950	\$1,189
Valdez	57	\$7,482,980	5.35%	\$149,659	5.35%	\$131,280	\$2,626
Whittier	13	\$421,550	37.99%	\$2,108	38.00%	\$32,427	\$162
Wrangell	138	\$14,971,103	3.42%	\$177,088	3.43%	\$108,486	\$1,283
Totals	20,057	\$2,453,661,658	6.90%	\$37,037,281	6.85%	\$122,334	\$1,847

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB212
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Military and Veterans Affairs
 Title An act relating to exemptions from municipal RDU Military and Veterans Affairs
property taxes for certain primary residents; and providing. . Component Veterans Services
 Sponsor Representative Thomas
 Requester Military and Veterans' Affairs Component No. 421

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2005) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal: ☐

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

There is no fiscal impact.

Prepared by: John Cramer
 Division: Administrative Services
 Approved by: Commissioner Craig E. Campbell
 Agency: Military and Veterans Affairs

Phone (907) 465-4602
 Date/Time 3/22/05 3:03 PM
 Date 3/22/2005

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HB212
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Commerce
Title Property Tax Exemption for RDU Comm Assist & Ec Dev (405)
Seniors/Veterans Component Community Advocacy
Sponsor Thomas
Requester Military & Veterans Affairs Component No. 2703

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
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Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2005) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal: ☐

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation would repeal the current mandatory senior citizen/disabled veteran property tax exemption and make it a local option. It would not create a fiscal impact on the operations of the department.

Prepared by: Michael Black, Director
Division: Community Advocacy
Approved by: Edgar Blatchford, Commissioner
Agency: Commerce, Community, and Economic Development

Phone: 907 269 4578
Date/Time: 3/25/05 1:59 PM
Date: 3/25/2005