

ALASKA LEGISLATURE COMMITTEE FILES 2001-2002 8672

10183 HOUSE COMMUNITY & REGIONAL AFFAIRS

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MEMORANDUM

STATE OF ALASKA Community & Economic Development

To: Tena Young
Grants Administrator
DCBD

Date: July 10, 2000

File

Thru:

Phone: 465-4733

From: Bill Roffzen
Program Administrator
DCBD

Subject: FY 02 Unincorporated
Community Capital Project
Matching Grant List

Following is a list of unincorporated communities that we have determined were entitled to receive state aid under AS 29.60.140 for FY 01.

Unincorporated communities entitled to receive funding under the state revenue sharing program must be a place in the unorganized borough that is not incorporated as a city and in which 25 or more persons reside as a social unit and in which there is either an incorporated nonprofit entity or Native village council.

Should you have any questions, please call me at 465-4733.

Akiachak	Arctic Village	Atmautluak
Beaver	Chalkyitsik	Chenega Bay
Klukwan	Chistochina	Chitina
Circle	Central	Elfin Cove
Glennallen	Crooked Creek	Delta Junction
Birch Creek	Dot Lake Services	Dot Lake
Dry Creek	Eagle Village	Edna Bay
Evansville	Four Mile Road	Gakona
Gulkana	Gustavus	Healy Lake
Hollis	Hyder	Kasigluk
Kenny Lake	Kipnuk	Koliganek
Kongiganak	Kwigillingok	Lake Minchumina
Lime Village	Manley Hot Springs	McCarthy
Mentasta Lake	Metlakatla	Minto
Copper Center	Naukati	Nelchina/Mendeltna
Newtok	Nikolski	Northway
Oscarville	Paxson	Pitka's Point
Point Baker	Port Protection	Rampart
Red Devil	Silver Springs	Slana Community
Slana League	Sleetmute	Stevens Village
Stony River	Takotna	Tanacross
Tatitlek	Tetlin	Tazlina
Tok	Tolsona	Tuluksak
Tuntutuliak	Tununak	Twin Hills
Venetie	Whale Pass	Wiseman



Alaska State Legislature

- Interim (May-Dec) -
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☎ (907) 694-6683
FAX (907) 694-1015

- Session (Jan-May) -
Alaska State Capitol
Juneau, Alaska 99801-1182
☎ (907) 465-2199
FAX (907) 465-4587

Toll free (800) 342-2199

REPRESENTATIVE FRED DYSON

SSUB 16 Sponsor Statement

"An Act relating to villages; and providing for an effective date.

Updated: February 1, 2001

Contact: Representative Fred Dyson's office at (907) 465-2199

House Bill 16 allows an existing second class city, or unincorporated area, to form a "Home Rule Community" government structure under state law. The city or area would be allowed, through the charter system, to flexibly define its scope of governing powers and services to meet specific area needs.

For instance, a community charter may be drafted to provide for police or fire protection services while leaving transportation issues in the state purview. Under the provision of their charter, a local government may assume any of a wide range of powers, from alcohol and animal control to airport and public works management.

Currently, all home rule governments are required to meet strict financial auditing requirements, provide land-use, zoning and platting services and constitute their own school district. House Bill 16 removes these requirements* allowing smaller communities to share in the strength and flexibility of the charter system while avoiding some the thickest mazes of red tape. The goal: greater self-determination and a more locally relevant government structure.

A new charter-base Home Rule Community may be the best option for unincorporated areas that would not be viable under the second class city model. Existing second class cities that are strained by general law requirements may find relief in a more narrowly crafted charter that allows them to forego services beyond their capability, while accepting responsibility for local needs that can be met with local resources.

The Sponsor Substitute for HB 16 requires a conforming bill to be passed before becoming law. The conforming bill directs Legislative Legal Services to prepare a technical clean-up bill that adjusts language referring to municipalities outside of this act to not incur unintended mandates for the new Home Rule Communities and that these new Home Rule Communities have the same options as Home Rule Municipalities.

Please feel free to contact my office with questions or concerns.

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*Financial statements are required in lieu of a full audit. Land use, zoning and platting may be done, but are not required. A home rule community would not constitute a school district.

- E-mail -
Representative_Fred_Dyson
@Legis.state.ak.us

- Internet -
<http://www.akRepublicans.org>

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: SSHB 16
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Law
Title "An Act relating to cities incorporated under BRU Civil Division
state law that are home rule communities. . ." Component Governmental Affairs
Sponsor Representative Dyson
Requester House Community & Regional Affairs Component No. 2207

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services	2.5	2.5	2.5	2.5	2.5	2.5
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.4	0.4	0.4	0.4	0.4	0.4
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	2.9	2.9	2.9	2.9	2.9	2.9

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	2.9	2.9	2.9	2.9	2.9	2.9
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	2.9	2.9	2.9	2.9	2.9	2.9

Estimate of any current year (FY2001) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

SSHB 16 allows an existing second class city or unincorporated area to form a "home rule community" government structure. This new classification would permit the city or area to choose a narrower scope of governing powers than current law requires.

The Department of Law will provide legal assistance in developing the new model charters for home rule communities during FY02, and provide advice to the Local Boundary Commission as charter petitions are received in the following years. We anticipate approximately 30 hours of attorney time per year will be required for these more routine functions. Any litigation arising from the new charter process would require additional time. Because we have no way of predicting how much, if any, new litigation there might be, these costs are not included in this fiscal note.

Based on the department's FY02 hourly attorney rate, which includes clerical support, communications, space, supplies, data processing, and other normal overhead expenses, the cost of SSHB 16 would be \$2,927.10 (30 hours x \$97.57/hour).

Prepared by: Joan M. Kasson Phone 465-5370
Division Attorney General's Office Date/Time 2/5/01 10:37 AM
Approved by: Kathryn Daughhete for Bruce M. Botelho, Attorney General Date 2/5/01
Agency Department of Law

For distribution information, call the Governor's Legislative Office

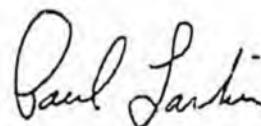
HYDER COMMUNITY ASSOC. INC.

P. O. BOX 149
HYDER, ALASKA
99823
(907) 838-0148
FAX (907) 838-2714

IN JUNEAU REPLY TO:
John Pearson
HCA Economic Development Office
8216 Cedar Drive
Juneau, Ak 99801
Tel: 907-789-1402
Fax: 907-789-1403

Date: March 22, 2000

To: Members of the Alaska Legislature
From: Paul Larkin, Administrator, Hyder Community Association
Ref: HB 255 "Home Rule Community"



Dear Legislative Members:

With great interest and full support, the Hyder Community Association, representing approximately 130 residents of Hyder, Alaska has become very supportive of HB255 addressing a new "Home Rule Community" designation.

We view this legislation as a great opportunity for smaller communities such as ours, to go the extra step in assuming local responsibility and providing added services within the community.

Under HB 255 we would be able to assume any of a wide range of local powers from environmental controls to public works management. This bill would allow us to contract with state and local governments to provide certain services; contract with private organizations for services, apply for and receive federal funds; engage in funding measures such as bonds, establish a legally recognized forum to address local concerns; and have a platform to petition the state and federal government.

Much of our interest in this bill results from our desire to improve life and bring positive economic development to Hyder, while not being strapped with the costly complications found in the Incorporated First Class City designation process.

As an unorganized community, the Hyder Community Association presently provides fire and emergency services, operates a library, plows snow on the side streets, oversees the state harbor, float facility and local roads. In addition we operate a visitor center, museum, and manage various grants.

Today Hyder is in the process of establishing a new job creating economic base. With a historical five or six, year round jobs in the community, we currently have a major Alaska bottled water plant under construction, creating 41 new jobs in Hyder. This remarkable feat, with no assistance from the State of Alaska in our efforts to eliminate all unemployment and welfare in our community, brings the focus this needed legislation into realistic view.

I want to assure you of our full support for HB255 and trust you will recognize the value this bill to our small Alaska communities.

Please feel free to contact John Pearson in Juneau, on 789-1402 if there are any questions or a need for additional support for this important bill.

SOUTHEAST CONFERENCE

Working for strong economies, healthy communities, and a quality environment in Southeast Alaska

March 24, 2000

Representative Fred Dyson
Alaska State Legislature
Room 104, Capitol Bldg
Juneau, AK 99801-1182

Re: Support for HB 255

Dear Representative Dyson:

The Southeast Conference Board of Directors recently met and discussed HB 255 (CRA) "An Act relating to cities incorporated under state law that are home rule communities" and would like to offer their support to this important legislation.

Many of the smaller communities of Southeast Alaska would benefit from the ability to participate and offer services within the capability of their local resources. This has been a missing piece and your bill does an excellent job of filling the gap. HB 255 gives the smaller communities the option to pursue strategies that are meaningful to them and to tailor those services offered to local consensus.

The Southeast Conference appreciates the work you have done on this legislation in the House and supports passage in the Senate. A part of the mission statement of the Southeast Conference is to help develop strong economies and healthy communities. We feel that HB 255 will be a welcome addition to the building tools for our region.

Thank You.

Sincerely,



Frank Homan
Executive Director

Subject: Small Communitis

Date: Sun, 05 Mar 2000 08:11:26 -0900

From: Richard Burton <rlbketchikan@worldnet.att.net>

To: Representative_Fred_Dyson@legis.state.ak.us

I am writing to congratulate you on an attempt to do something that I have advoced for many years. You may remember me although we have only met briefly. I was Commissioner of Public Safety for both Jay Hammond and Wally Hickel. I spent my entire life in law enforcement and now do Public Safety Management consulting.

Any how. You are right on in what you are trying to do. A major part of the current problem with the rural areas that the state is currently experiencing, is the fact that local government as it is allowed by current title 29 does not and never has worked for small villages. I tried during my last service to get something started to do just what you are trying. There has to be a way to create a different level of local government which in fact allows local control to include a level of local law enforcement and public protection. I also believe the state has the authority to create a village or municipal level court. This would allow the small communities that are not easily accessible to the rest of the state to have courts (of limited jurisdiction) so that they could handle the minor, but most frequent, distrurbances in the villages. I mean things like, curfew, truancy, drunk and disorderly conduct, etc. If a major crime, murder, rape, etc. occurs then Troopers could respond. I believe this would go along ways toward the villages having a feeling of being in control of their own communities in the same way that the residents of Anchorage, Fairbanks and other sizeable towns now do.

If you have the time and are interested I would like to talk to you more about this. For one thing, there are a lot more of these small communities than what could be considered major towns in Alaska, and they have special needs to provide for local autonomy. There is also the savings to be realized to the cost of state government by letting them handle many things at the local level. Think of the cost to send State Troopers into those villages to handle minor complaints that are probably best left to the community itself and the transported of people back and forth to jails and courts.

Richard L. Burtron
443 Forest Park Drive
Ketchikan, Alaska 99901
Ph. 907-247-3334
Faz 907-247-3335

Richard Burton <rlbketchikan@worldnet.att.net>

Subject: Questions

Date: Wed, 22 Mar 2000 15:14:10 -0800

From: "Carolyn M. Smith" <cswillnt@nushtel.com>

To: Representative_Fred_Dyson@legis.state.ak.us

Mr. Dyson, I heard you comment on KDLG radio today about tribes/muni governments. You praised the model at Quinhagak as being exemplary. I don't know what bill/legislation you were referring to but I find your comments to be interesting, to say the least.

I am the City administrator at Aleknagik, which is a village of 244, incorporated in 1973, with a tribal government that has active off and on for quite a few years.

As a non-tribal, read "caucasian" member of the community, who was born and raised here, I find that the biggest challenge of my work has been trying to work with the Tribal group, who seek to operate the City as a shell, and manage the City for the benefit of tribal members. Many interests of the tribe coincide with the City's, but the inherent and pervasive racism, and the tribal government's closed-door meetings and policy making are certainly something that prevents cordial working relationships in the community.

My impression of tribes is as follows:

Tribes

1. Want the right to tax
2. Have a false sense of entitlement, as all their funding is non-locally generated
3. Want to avoid and prevent having any tribal members taxed- property or otherwise
4. Want to have their Cake (ANCSA) and want to eat it too.
5. Want all non-tribal residents to leave, thus making for more fish/game and land for them.
6. Have no incentive to work with City's and State governments- they don't like the idea of EEOC, Fair housing Acts, etc., etc.
7. Want all the Federal dollars AND the State dollars.

By taking the position of dealing with the tribes, the State risks lawsuits from people such as myself. If the US, and the extensions, State Govt., mean anything, they mean equality, and democracy. Tribes have no democratic principles, and do not recognize them.

The state currently funds/supports 3 programs in my village that represented by the tribe. These programs are the State Fish and Game Advisory Council (Representatives and Alternates chosen by the Tribe: Reports given to the tribe only...), Bristol Bay Economic Development Council (Representatives and Alternates chosen by the tribe only; reports not given to the City, the city never had any input into the Tribe picking the representative...The Representative and Alternate are on the board for life...) and finally, the Wood Tikchik Park Management Council Representative. The Tribal Council recommends; Gov. picks.

If I were a lawyer, I would seek input into these government organizations. I think the function of the tribes should be examined closely, and that they should not be allowed to get state/federal dollars that allow them to be exclusionary in their practices.

(wow, what a set of comments... Please do not circulate.)

Carolyn Smith, City Administrator, Aleknagik

Subject: [Fwd: HB 255]

Date: Thu, 23 Mar 2000 17:56:31 -0900

From: Representative Fred Dyson <Representative_Fred_Dyson@legis.state.ak.us>

To: Peter Torkelson <Peter_Torkelson@legis.state.ak.us>

Subject: HB 255

Date: Wed, 22 Mar 2000 13:57:39 -0900

From: Vic Fischer <afvf@UAA.ALASKA.EDU>

To: Representative_Fred_Dyson@legis.state.ak.us

Dear Fred --

Belated congratulations on your initiative and leadership in pushing the home rule community legislation. I think it will help accomplish many of the objectives we discussed some time ago.

I have just had a chance to glance at the 2/25/00 CS. It looks good. A couple of quick items:

- It might be worth encouraging Quinhagak-type cooperation by including specific authority for joint/collaborative/contractual/whatever performance of functions, provision of services -- there is a definition of "village" in Sec. 46.08.900 (16) that could be pertinent... Since, however, a home rule community would have that authority, such a provision may cause more problems than it solves.

- Reclassification from second class city to home rule community might be accompanied by concurrent extension of boundaries. Extraterritorial jurisdiction under 29.35.020 is limiting, a nuisance. The communities should be able to exercise police, environmental, land use, and other controls in their whole ancillary area. (I again think of the problems Quinhagak had in obtaining state concurrence.)

- Sec. 8 of CSHB 255 (CRA) sounds as if only boroughs would have a charter "for its own government". Should be clear that applies in each case.

- Sec. 11 (p.4, l. 17) "and" would be better than "or".

I wish you the best with this legislation, and very best personal regards,

Vic

Victor Fischer, Professor of Public Affairs
Institute of Social and Economic Research
University of Alaska Anchorage
tel 907-786-7718, fax -786-7739
afvf@uaa.alaska.edu

Fred Dyson <Representative_Fred_Dyson@legis.ak.us.> Representative State of Alaska Alaska Legislature
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SB

181



SENATOR DAVE DONLEY
ALASKA STATE LEGISLATURE

Memorandum

May 8, 2002

To: House Community and Regional Affairs Committee Members

From: Senator Dave Donley Co Chair
Senate Finance Committee

Subject: Senate Bill 181 - Housing Allowance Loan Fund

I urge you to pass SB181 out of your committee. Failure to pass this measure sends a mixed message to your constituents. Last week the house passed a series of revenue generating bills that included new broad based taxes. Failure to pass SB181 sends the message that although you are asking Alaskan workers to pay an income tax, you are not willing to cap housing loan subsidies at reasonable levels. Capping the subsidized portion of the program at \$200,000 sends the message that the state should not be subsidizing portions of loans that require family incomes in excess of \$60,000 annually to qualify.

You are also telling Alaskans that you are unwilling to reform a currently blatantly discriminatory and unfair housing loan program so that it provides incentives for building needed housing for rural school teachers.

Again, I urge you to vote your conscious when making a recommendation on this legislation but do not oppose passing SB181 out of your committee.

DD:pc

Co-Chair: Senate Finance Committee

Vice-Chair: Senate Judiciary Committee

Member: Legislative Budget and Audit Committee • Legislative Council

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: SB 181
 (S) Publish Date: 4/24/02

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title Small Community Housing Loans BRU AHFC
 Component Operations
 Sponsor Senate Finance Committee
 Requester Senate Finance Committee Component No. 110

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2u03	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
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 (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

SB181 would repeal the interest rate for loans under the Housing Assistance Loan Fund set at 1% below the taxable loan rate. The Housing Assistance Loan Fund (HALF) is a revolving loan fund that originates and purchases home loans and building material loans in "small communities," defined as those with a population of 6,500 or less that are not connected by road/rail to Anchorage or Fairbanks and communities of 1,600 or less if connected by road/rail.

As of September 30, 2001, the HALF held assets of \$426,519,000. In FY01, the HALF generated \$20 million in net income.

SB181 will affect the ability of residents in small communities to afford the purchase of homes where costs are often higher and lending capital is not readily available. With the loss of this business activity caused by the increase in interest rates, AHFC's net income will be reduced. Calculations by AHFC estimate that a 15% drop in loan volume would be the "break-even" point if the interest rate was increased 1 percent, with a more realistic loss expected to exceed 50% of current loan volume. SB181 will result in a loss of loan volume and net income for AHFC's Housing Assistance Loan Fund.

Prepared by: John Bitney, Legislative Liaison Phone _____
 Division: Alaska Housing Finance Corporation Date/Time 1/28/02 12:48 PM
 Approved by: Larry Persily, Deputy Commissioner Date 01/28/2002
 Agency: Department of Revenue

Sponsor Statement for CS for SB 181 (FIN) am

Small Community Housing Loans

"An Act relating to and increasing the interest rate on that portion of a loan for a single-family house or owner-occupied duplex that exceeds \$200,000 where the loan is for a house or duplex in a small community with a population of 6,500 or less that is not connected by road or rail to Anchorage or Fairbanks, or with a population of 1,600 or less that is connected by road or rail to Anchorage or Fairbanks for purposes of the small community housing program of the Alaska Housing Finance Corporation; relating to loans for teacher housing in which each unit that is not vacant is occupied by at least one individual who is employed as a certificated teacher in a public elementary or secondary school in a small community with a population of 6,500 or less that is not connected by road or rail to Anchorage or Fairbanks, or with a population of 1,600 or less that is connected by road or rail to Anchorage or Fairbanks, and increasing the interest rate on the loans if this occupancy requirement is not complied with; and providing for an effective date"

This Committee Substitute makes four changes to the AHFC rural housing loan program established by AS 18.56.420 and known as the HALF program. The changes are:

- Makes the program available for owner occupied single family or duplex homes but not investment property.
- Limits the subsidized portion of loans to \$200,000.
- Allows AHFC to offer blended rate mortgages; a loan amount in excess of the subsidized portion would be at market rates.
- Allows multi family non-owner occupied housing loans to be subsidized only if the tenants are certificated teachers.

It is clearly not good public policy to have a state program that rewards rich and well off people in low cost construction areas with a special discriminatory housing loan subsidy that also discourages formation and unification of local governments. But that is just what AS18.56.420 (the HALF program) does. The program includes a statutory 1 percent below market interest rate for the Housing Assistance Loan Fund (HALF) program. AS 18.56.420 creates the HALF program to provide housing loans to residents in communities of less than 6,500. AS 18.56.420 currently requires that these loans be made at 1 percent below market rates. This loan program is managed by AHFC. The 1 percent discount on HALF loans costs the state on average over \$40,000 in lost income over the life of one of these loans. The Committee Substitute modifies the program by capping the subsidized portion of the loan. Capping the subsidized portion of the loan amount at \$200,000 will make the program more profitable to AHFC, make more loans available to other borrowers, and will stop the current subsidizing the full cost of higher priced homes.

1. A September 2000 legislative audit concluded that the need for the program has been eliminated through other programs and private entities meeting the needs of homeowners. Testimony before the Senate Finance Committee showed that the program is a vital program in small communities.

2. The Committee Substitute contains provisions that are intended to enhance teacher recruitment in small communities. Subsidized loans can be used to finance multiple-unit housing as long as certificated teachers' are residents.
3. By limiting the subsidized portion of the loans, AHFC should be able earn additional income while still offering a subsidized program to qualified borrowers.
4. Providing these low cost loans to borrowers who don't need the subsidy while denying such a subsidy to other less well off Alaskans is unfair discrimination. The Committee Substitute also provides that any loan amount in excess \$200,000 can be offered at market rates.
5. The Committee Substitute also provides for financing of certificated teacher occupied multi-family homes. Loans for multi-family homes that do not have certificated teachers as residents are not eligible for this subsidized program.
6. AHFC have indicated that they have changed their lending regulations so that the program no longer inhibits formation, consolidation and unification of local governments and these changes will further reduce that disincentive.

At Senate Finance Committee hearings held last year and during the past few months indicated that support existed for continuation of this program. Accordingly, this committee substitute was drafted so that the program would continue. The program should also be limited to financing a primary residence or teacher occupied residence. In fiscal years 98 and 99 there were 1,026 HALF-subsidized loans made. During that two-year period the 1 percent subsidized loans were made to 166 borrowers with annual incomes over \$100,000. 74 percent of the loans made during this period were to borrowers in areas where home construction costs are less than in the Anchorage area. The average price of a home receiving a subsidized loan during this period was \$167,000. During this same period 148 loans were made for amounts above \$200,000. 11 loans were for amounts greater than \$300,000, the highest loan being for \$400,000. The 1 percent subsidy on that \$400,000 loan will cost the state close to \$100,000 in lost income over the life of that loan. In order to eliminate the abuse of residents receiving loans to finance expensive homes, the subsidized loan amounts are capped at \$200,000.

The HALF program was intended to give people a chance at home ownership when they didn't have other options. However, the eligibility requirements need to be tightened up so that those who can afford other programs or are already in low cost construction areas are not eligible. The eligibility requirements included in the Committee Substitute include limiting the loans to owner occupied single family or owner occupied duplex homes. This should continue to provide an attractive loan program while providing more income to the state and AHFC. It's just not good public policy to subsidize a multi unit housing development to increase the owner's profits. Even though no loans have been made for housing units larger than two units, it is good policy to place the prohibition in statute. It is probable that the people building multi unit housing have the income and /or the financial strength to use other non-subsidized programs. A subsidy program is usually reserved for those whose circumstances require it.

It is clearly not good public policy to have a state program that rewards rich and well off people in low cost construction areas with a special discriminatory housing loan subsidy that

discourages formation and unification of local governments. For these reasons the HALF 1 percent subsidy program should be modified so that high value loans cannot be fully subsidized under this state loan program.

S B

3 3 7



Official Business

Alaska State Senate

Senate Finance Committee

3/28/02

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

MEMORANDUM

To: Representative Carol Morgan, Co-Chair
House Community & Regional Affairs Committee

Representative Kevin Meyer, Co-Chair
House Community & Regional Affairs Committee *DM*

Fr: Senator Dave Donley, Co-Chair
Senate Finance Committee

Re: Calendar Request for SB 337, "Relating to eligibility for an exemption from municipal property taxes for certain seniors and disabled veterans."

Date: March 18, 2002

I request that you schedule Senate Bill 337, "Relating to eligibility for an exemption from municipal property taxes for certain seniors and disabled veterans", for a hearing in the House Community and Regional Affairs committee as soon as possible

Senate Bill 337 allows local governments to apply the same eligibility requirements as the Permanent Fund Dividend program to senior citizen and disabled veteran property tax exemption.

The original intent of the property tax exemption was to encourage seniors and veterans to remain in Alaska.

Senate Bill 337 passed the Senate on March 4, 2002, with a vote of 17 yeas and 3 nays.

Thank you in advance for your consideration of this request. If you or your staff should have any questions, please contact myself or Marilyn Wilson of my staff at 6541.

DD/mjw

Attachments
Sponsor Statement
Sectional Analysis
Fiscal Note
Background Information



Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

SPONSOR STATEMENT

Senate Bill No. 337

“An Act relating to eligibility for an exemption from municipal property taxes for certain seniors and disabled veterans.”

The Senior Citizen and Disabled Veteran Property Tax Exemption program is a statutorily mandated program that local communities are required to provide. Originally, the cost of the program to local governments in lost property taxes was reimbursed by the state. But currently, the state provides no such compensation and this unfunded mandate has put a tremendous financial burden on local governments.

Senate Bill 337 gives local governments more flexibility for determining who receives a property tax exemption under this program. Senate Bill 337 allows local governments to apply the same eligibility requirements as the Permanent Fund Dividend program to the senior citizen and disabled veteran property tax exemption.

The original intent of the property tax exemption was to encourage seniors and disabled veterans to remain in Alaska. Limiting its applicability to only those who really live here is common sense and good public policy.

DD/mjw

LEGAL SERVICES

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

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FAX (907) 465-2029
Mail Stop 3101

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

MEMORANDUM

February 26, 2002

SUBJECT: Senior municipal property tax exemption; sectional summary
(SB 337)

TO: Senator Dave Donley, Co-chair
Senate Finance Committee

FROM: Tamara Brandt Cook
Director

TBC

Sec. 1. Permits a municipality by ordinance to add, as an eligibility requirement for the mandatory exemption from municipal property taxes on the residences of seniors and disabled veterans, that the individual also be eligible for a permanent fund dividend or that the individual would have been eligible for the dividend had the individual applied.

TBC:med
02-210.med

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SB 337
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
 Title Eligibility for municipal tax exemption BRU Community Assist & Econ. Dev. (405)
 Component Community & Business Development
 Sponsor Senate Finance
 Requester Senate Finance Component No. 2486

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
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 ()						
-------------------------------	--	--	--	--	--	--

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 (FY2002) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
 This bill has no fiscal impact on the department.

Prepared by: Pat Poland, Director Phone 907-269-4578
 Division Community & Business Development Date/Time 2/26/02 10:07 AM
 Approved by: Deborah B. Sedwick, Commissioner Date 2/26/2002
 Agency Department of Community & Economic Development

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 before January 15 each year. (The municipality of Anchorage has extended this deadline to March 15 each year.) Program costs have exceeded funding levels from the state since 1986 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.
1992	10,719	\$883,539,005	17.15%	\$13,669,469	21.04%	\$82,427	\$1,275
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2001	17,640	\$1,942,143,407	7.97%	\$31,076,097	10.01%	\$110,099	\$1,762

Distributed by
Senator Donley

TABLE 14 (B)

SENIOR CITIZEN AND DISABLED VETERAN PROPERTY TAX EXEMPTION

Program Summary
FY 02/Tax Year 2001

Municipality	Number of Applicants Approved	Total Assessed Value Exempt	% Value Inc./Dec. Over 2000	Total Tax Amount Exempt	% Tax Inc./Dec. Over 2000	Average Value Per Appl	Average Tax Per Appl
Municipality of Anchorage	8,011	\$950,056,746	9.07%	\$16,924,430	9.85%	\$118,594	\$2,113
Bristol Bay Borough	19	\$1,848,900	17.75%	\$24,027	61.07%	\$97,311	\$1,265
Fairbanks North Star Borough	2,308	\$221,835,846	6.81%	\$4,362,377	12.99%	\$96,116	\$1,890
Haines Borough	144	\$15,041,200	3.72%	\$160,423	-2.10%	\$104,453	\$1,114
City & Borough of Juneau	934	\$123,556,000	1.07%	\$1,417,187	-3.63%	\$132,287	\$1,517
Kenai Peninsula Borough	2,062	\$181,826,950	7.81%	\$2,053,871	3.09%	\$88,180	\$996
Ketchikan Gateway Borough	555	\$62,958,300	1.01%	\$718,255	2.72%	\$113,438	\$1,294
Kodiak Island Borough	254	\$28,121,540	11.17%	\$315,199	10.63%	\$110,715	\$1,241
Matanuska-Susitna Borough	2,345	\$246,787,500	10.23%	\$4,051,395	19.31%	\$105,240	\$1,728
North Slope Borough	41	\$4,244,100	16.83%	\$80,171	19.30%	\$103,515	\$1,955
City & Borough of Sitka	327	\$41,078,225	6.58%	\$247,119	6.56%	\$125,621	\$756
City & Borough of Yakutat	19	\$1,204,250	0.08%	\$10,277	0.09%	\$63,382	\$541
Cordova	66	\$7,096,612	1.26%	\$91,553	1.73%	\$107,524	\$1,387
Craig	34	\$3,089,100	13.55%	\$18,535	13.55%	\$90,856	\$545
Dillingham	31	\$3,514,100	26.35%	\$37,289	67.69%	\$113,358	\$1,203
Nenana	22	\$784,182	20.91%	\$9,410	20.91%	\$35,645	\$428
Nome	82	\$6,773,617	-0.34%	\$85,348	4.61%	\$82,605	\$1,041
Pelican	6	\$328,100	0.00%	\$1,969	0.00%	\$54,683	\$328
Petersburg	138	\$16,616,517	3.44%	\$168,990	5.20%	\$120,410	\$1,225
Skagway	42	\$5,903,200	7.42%	\$38,779	11.28%	\$140,552	\$923
Unalaska	7	\$615,596	5.92%	\$7,255	5.91%	\$87,942	\$1,036
Valdez	62	\$6,458,821	18.43%	\$129,176	18.43%	\$104,175	\$2,083
Whittier	8	\$254,250	-4.83%	\$1,271	-4.83%	\$31,781	\$159
Wrangell	123	\$12,149,755	21.78%	\$121,792	3.85%	\$98,778	\$990
Totals	17,540	1,942,143,407	7.97%	31,076,097	10.01%	\$110,099	\$1,762

Distributed by
Senator Donley

March 4, 2002

SB 337

An Act relating to eligibility for an exemption from municipal property taxes for certain seniors and disabled veterans.”

**ALLOWABLE ABSENCES
PERMANENT FUND DIVIDEND ELIGIBILITY**

Section 43.23.004(a)

The allowable absence for an individual for no reason to be gone is up to 180 days.

An individual may be absent for any amount of time under (1) – (13).

The maximum allowable absence for an individual under (1) or (2) of subsection 43.23.008(a) is plus 120 days, if they are not claiming an additional absence under (3) – (13).

The maximum allowable absence for an individual settling an estate of a deceased parent, spouse, sibling, child, or stepchild is 220 days.

An additional 45 days may be added to any of the allowable or cumulative absences claimed under (1) – (13) of subsection 43.23.0008 (a).

mjw

ALASKA STATUTE

AS 43.23.008. Allowable absences

- (a) Subject to (b) and (c) of this section, an otherwise eligible individual who is absent from the state during the qualifying year remains eligible for a current year permanent dividend if the individual was absent
- (1) receiving secondary or postsecondary education on a full-time basis;
 - (2) receiving vocational, professional, or other specific education on a full-time basis for which, as determined by the Alaska Commission on Postsecondary Education, a comparable program is not reasonably available in the state;
 - (3) serving on active duty as a member of the armed forces of the United States;
 - (4) serving under foreign or consular articles of employment aboard an oceangoing vessel of the United States merchant marine;
 - (5) receiving continuous medical treatment recommended by a licensed physician or convalescing as recommended by the physician that treated the illness if the treatment or convalescence is not based on a need for climatic change;
 - (6) providing care for a parent, spouse, sibling, child, or stepchild with a critical life-threatening illness whose treatment plan, as recommended by the attending physician, requires travel outside the state for treatment at a medical specialty complex;
 - (7) providing care for the individual's terminally ill parent, spouse, sibling, child, or stepchild;
 - (8) settling the estate of the individual's deceased parent, spouse, sibling, child, or stepchild, provided the absence does not exceed 220 cumulative days;
 - (9) serving as a member of the United States Congress;
 - (10) serving on the staff of a member from this state of the United States Congress;
 - (11) serving as an employee of the state in a field office or other location;
 - (12) accompanying a minor who is absent under (5) of this subsection;
 - (13) accompanying another eligible resident who is absent for a reason permitted under (1) - (3), (5) - (12), or (14) of this subsection as the spouse, minor dependent, or disabled dependent of the eligible resident;
 - (14) for any reason consistent with the individual's intent to remain a state resident, provided the absence or cumulative absences do not exceed
 - (A) 180 days if the individual is not claiming an absence under (1) - (13) of this subsection;
 - (B) 120 days in addition to any absence or cumulative absences claimed under (1) or (2) of this subsection if the individual is not claiming an absence under (3) - (13) of this subsection; or
 - (C) 45 days in addition to any absence or cumulative absences claimed under (1) - (13) of this subsection.
- (b) An individual may not claim an allowable absence under (a)(1) - (13) of this section unless the individual was a resident of the state for at least six consecutive months immediately before leaving the state.
- (c) An otherwise eligible individual who has been eligible for the immediately preceding 10 dividends despite being absent from the state for more than 180 days in each of the related 10 qualifying years is only eligible for the current year dividend if the individual was absent 180 days or less during the qualifying year. This subsection does not apply to an absence under (a)(9) or (10) of this section or to an absence under (a)(13) of this section if the absence is to accompany an individual who is absent under (a)(9) or (10) of the section. (Applies only to periods of absence during January 1, 1998, and thereafter)

Sec. 29.45.030. Required exemptions. (a) [See delayed amendment note.] [See editor's note.] 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

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resident at least 60 years old who is 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, 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) An exemption may not be granted under (e) of this section except upon written application for the exemption on a form approved by the state assessor for use by local assessors. The claimant must file the application no later than January 15, or a date provided by ordinance that is not later than March 31, of the assessment year for which the exemption is sought. The governing body of the municipality for good cause shown may waive during a year the claimant's failure to make timely application for exemption for that year and authorize the assessor to accept the application as if timely filed. The claimant must file a separate application for each assessment year in which the exemption is sought. 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 this section. If a failure to file by January 15, or a date provided by ordinance that is not later than March 31, of the assessment year has been waived as provided in this subsection and the application for exemption is approved, the amount of tax that the claimant has already paid for the assessment year 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 section 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) of this section, the following definitions apply to terms used in 43 U.S.C. 1620(d) unless superseded by applicable federal law:

(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. (§ 12 ch 74 SLA 1985; am §§ 1, 2 ch 91 SLA 1985; am § 44 ch 37 SLA 1986; am §§ 2—4 ch 70 SLA 1986; am § 3 ch 66 SLA 1991; am § 1 ch 85 SLA 1991; am § 14 ch 93 SLA 1991; am § 1 ch 54 SLA 1992; am § 4 ch 97 SLA 1992; am E.O. No. 99 § 71 (1997); am § 81 ch 21 SLA 2000; am § 2 ch 117 SLA 2000; am § 8 ch 136 SLA 2000)

Delayed amendment. — Under secs. 3 and 19, ch. 117, SLA 2000, effective July 1, 2004, subsection (a) will be amended. The language of subsection (a) on July 1, 2004 will depend on the outcome of *Alaska Legislative Council v. Knowles*, 1-JU-00-1237 Civ. (First Judicial District at Juneau), which may determine the validity of the enactment of ch. 136, SLA 2000. If ch. 136, SLA 2000 was validly enacted, subsection (a) will read, on July 1, 2004, as follows: "(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;

"(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



ALASKA ASSOCIATION OF REALTORS, INC.
741 Sesame Street, Suite 100 • Anchorage, Alaska 99503
Telephone 907-563-7133 • Fax 907-563-8476

March 11, 2002

Senator Dave Donley
State Capitol
Juneau, Alaska 99801-1187

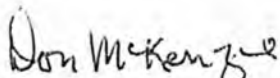
RE: SB 337 – An Act relating to eligibility for an exemption from municipal property taxes for certain seniors and disabled veterans.

Dear Senator Donley,

The Alaska Association of REALTORS with over 1, 100 members statewide supports Senate Bill 337 that would allow certain seniors and disabled veterans to be eligible for an exemption from municipal property taxes. We agree that to be eligible, the individual must also be eligible for a permanent fund dividend that same year.

The Alaska Association of REALTORS encourages the passage of Senate Bill 337.

Sincerely,


Don McKenzie
President



Approved

Date: 3/5/02

Submitted by: Assemblymembers Fairclough,
Kendall, Shamberg, Taylor, Tremaine, Traini, Van Etten,
and Von Gemmingen

Prepared by: Department of Assembly

For reading: March 5, 2002

**ANCHORAGE, ALASKA
AR NO. 2002-75**

**A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY SUPPORTING
SENATE BILL NO. 337, "AN ACT RELATING TO ELIGIBILITY FOR AN EXEMPTION
FROM MUNICIPAL PROPERTY TAXES FOR CERTAIN SENIORS AND DISABLED
VETERANS."**

WHEREAS, established in 1973, the Senior Citizen and Disabled Veteran Property Tax Exemption Program provides an excellent incentive to encourage our seniors and disabled veterans to remain in the State of Alaska; and

WHEREAS, the Program is statutorily mandated and, prior to 1996, the cost to local governments in lost property taxes was reimbursed by the State; and

WHEREAS, Senate Bill No. 337 provides improvements to the existing program by giving local governments more flexibility for determining who receives a property tax exemption and also allows municipalities to apply the same eligibility requirements as the Permanent Fund Dividend Program; and

NOW, THEREFORE, the Anchorage Assembly resolves:

Section 1: That this body supports and urges passage of Senate Bill No. 337 relating to eligibility for an exemption from municipal property taxes for certain seniors and disabled veterans.

Section 2: That a copy of this resolution is forwarded to the Governor and the Alaska State Legislature immediately upon passage and approval.

PASSED AND APPROVED by the Anchorage Assembly this _____ day of _____, 2002.

Chair

ATTEST:

Municipal Clerk



Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

SPONSOR STATEMENT

Senate Bill No. 337

“An Act relating to eligibility for an exemption from municipal property taxes for certain seniors and disabled veterans.”

The Senior Citizen and Disabled Veteran Property Tax Exemption program is a statutorily mandated program that local communities are required to provide. Originally, the cost of the program to local governments in lost property taxes was reimbursed by the state. But currently, the state provides no such compensation and this unfunded mandate has put a tremendous financial burden on local governments.

Senate Bill 337 gives local governments more flexibility for determining who receives a property tax exemption under this program. Senate Bill 337 allows local governments to apply the same eligibility requirements as the Permanent Fund Dividend program to the senior citizen and disabled veteran property tax exemption.

The original intent of the property tax exemption was to encourage seniors and disabled veterans to remain in Alaska. Limiting its applicability to only those who really live here is common sense and good public policy.

DD/mjw

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

February 26, 2002

SUBJECT: Senior municipal property tax exemption; sectional summary
(SB 337)

TO: Senator Dave Donley, Co-chair
Senate Finance Committee

FROM: Tamara Brandt Cook
Director *TBC*

Sec. 1. Permits a municipality by ordinance to add, as an eligibility requirement for the mandatory exemption from municipal property taxes on the residences of seniors and disabled veterans, that the individual also be eligible for a permanent fund dividend or that the individual would have been eligible for the dividend had the individual applied.

TBC:r:ed
02-210.med

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SB 337
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
 Title Eligibility for municipal tax exemption BRU Community Assist & Econ. Dev. (405)
 Component Community & Business Development
 Sponsor Senate Finance
 Requester Senate Finance Component No. 2486

Expenditures/Revenues (Thousands of Dollars)

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

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CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
 This bill has no fiscal impact on the department.

Prepared by: Pat Poland, Director
 Division: Community & Business Development
 Approved by: Deborah B. Sedwick, Commissioner
 Agency: Department of Community & Economic Development

Phone 907-269-4578
 Date/Time 2/26/02 10:07 AM
 Date 2/26/2002

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PROPERTY TAX EXEMPTION HISTORY
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Distributed by
Senator Donley

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Bristol Bay Borough	19	\$1,848,900	17.75%	\$24,027	61.07%	\$97,311	\$1,265
Fairbanks North Star Borough	2,308	\$221,835,846	6.81%	\$4,362,377	12.99%	\$96,116	\$1,890
Haines Borough	144	\$15,041,200	3.72%	\$160,423	-2.10%	\$104,453	\$1,114
City & Borough of Juneau	934	\$123,556,000	1.07%	\$1,417,187	-3.63%	\$132,287	\$1,517
Kenai Peninsula Borough	2,062	\$181,826,950	7.81%	\$2,053,871	3.09%	\$88,180	\$996
Ketchikan Gateway Borough	555	\$62,958,300	1.01%	\$718,255	2.72%	\$113,438	\$1,294
Kodiak Island Borough	254	\$28,121,540	11.17%	\$315,199	10.63%	\$110,715	\$1,241
Matanuska-Susitna Borough	2,345	\$246,787,500	10.23%	\$4,051,395	19.31%	\$105,240	\$1,728
North Slope Borough	41	\$4,244,100	16.83%	\$80,171	19.30%	\$103,515	\$1,955
City & Borough of Sitka	327	\$41,078,225	6.58%	\$247,119	6.56%	\$125,621	\$756
City & Borough of Yakutat	19	\$1,204,250	0.08%	\$10,277	0.09%	\$63,382	\$541
Cordova	66	\$7,096,612	1.26%	\$91,553	1.73%	\$107,524	\$1,387
Craig	34	\$3,089,100	13.55%	\$18,535	13.55%	\$90,856	\$545
Dillingham	31	\$3,514,100	26.35%	\$37,289	67.69%	\$113,358	\$1,203
Nenana	22	\$784,182	20.91%	\$9,410	20.91%	\$35,645	\$428
Nome	82	\$6,773,617	-0.34%	\$85,348	4.61%	\$82,605	\$1,041
Pelican	6	\$328,100	0.00%	\$1,969	0.00%	\$54,683	\$328
Petersburg	138	\$16,616,517	3.44%	\$168,990	5.20%	\$120,410	\$1,225
Skagway	42	\$5,903,200	7.42%	\$38,779	11.28%	\$140,552	\$923
Unalaska	7	\$615,596	5.92%	\$7,255	5.91%	\$87,942	\$1,036
Valdez	62	\$6,458,821	18.43%	\$129,176	18.43%	\$104,175	\$2,083
Whittier	8	\$254,250	-4.83%	\$1,271	-4.83%	\$31,781	\$159
Wrangell	123	\$12,149,755	21.78%	\$121,792	3.85%	\$98,778	\$990
Totals	17,640	1,942,143,407	7.97%	31,076,097	10.01%	\$110,099	\$1,762

Distributed by
Senator Donley

March 4, 2002

SB 337

An Act relating to eligibility for an exemption from municipal property taxes for certain seniors and disabled veterans.”

**ALLOWABLE ABSENCES
PERMANENT FUND DIVIDEND ELIGIBILITY**

Section 43.23.004(a)

The allowable absence for an individual for no reason to be gone is up to 180 days.

An individual may be absent for any amount of time under (1) – (13).

The maximum allowable absence for an individual under (1) or (2) of subsection 43.23.008(a) is plus 120 days, if they are not claiming an additional absence under (3) – (13).

The maximum allowable absence for an individual settling an estate of a deceased parent, spouse, sibling, child, or stepchild is 220 days.

An additional 45 days may be added to any of the allowable or cumulative absences claimed under (1) – (13) of subsection 43.23.0008 (a).

mjw

ALASKA STATUTE

AS 43.23.008. Allowable absences

- (a) Subject to (b) and (c) of this section, an otherwise eligible individual who is absent from the state during the qualifying year remains eligible for a current year permanent dividend if the individual was absent
- (1) receiving secondary or postsecondary education on a full-time basis;
 - (2) receiving vocational, professional, or other specific education on a full-time basis for which, as determined by the Alaska Commission on Postsecondary Education, a comparable program is not reasonably available in the state;
 - (3) serving on active duty as a member of the armed forces of the United States;
 - (4) serving under foreign or consular articles of employment aboard an oceangoing vessel of the United States merchant marine;
 - (5) receiving continuous medical treatment recommended by a licensed physician or convalescing as recommended by the physician that treated the illness if the treatment or convalescence is not based on a need for climatic change;
 - (6) providing care for a parent, spouse, sibling, child, or stepchild with a critical life-threatening illness whose treatment plan, as recommended by the attending physician, requires travel outside the state for treatment at a medical specialty complex;
 - (7) providing care for the individual's terminally ill parent, spouse, sibling, child, or stepchild;
 - (8) settling the estate of the individual's deceased parent, spouse, sibling, child, or stepchild, provided the absence does not exceed 220 cumulative days;
 - (9) serving as a member of the United States Congress;
 - (10) serving on the staff of a member from this state of the United States Congress;
 - (11) serving as an employee of the state in a field office or other location;
 - (12) accompanying a minor who is absent under (5) of this subsection;
 - (13) accompanying another eligible resident who is absent for a reason permitted under (1) – (3), (5) – (12), or (14) of this subsection as the spouse, minor dependent, or disabled dependent of the eligible resident;
 - (14) for any reason consistent with the individual's intent to remain a state resident, provided the absence or cumulative absences do not exceed
 - (A) 180 days if the individual is not claiming an absence under (1) – (13) of this subsection;
 - (B) 120 days in addition to any absence or cumulative absences claimed under (1) or (2) of this subsection if the individual is not claiming an absence under (3) – (13) of this subsection; or
 - (C) 45 days in addition to any absence or cumulative absences claimed under (1) – (13) of this subsection.
- (b) An individual may not claim an allowable absence under (a)(1) – (13) of this section unless the individual was a resident of the state for at least six consecutive months immediately before leaving the state.
- (c) An otherwise eligible individual who has been eligible for the immediately preceding 10 dividends despite being absent from the state for more than 180 days in each of the related 10 qualifying years is only eligible for the current year dividend if the individual was absent 180 days or less during the qualifying year. This subsection does not apply to an absence under (a)(9) or (10) of this section or to an absence under (a)(13) of this section if the absence is to accompany an individual who is absent under (a)(9) or (10) of the section. (Applies only to periods of absence during January 1, 1998, and thereafter)

Sec. 29.45.030. Required exemptions. (a) [See delayed amendment note.] [See editor's note.] 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

resident at least 60 years old who is 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, 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) An exemption may not be granted under (e) of this section except upon written application for the exemption on a form approved by the state assessor for use by local assessors. The claimant must file the application no later than January 15, or a date provided by ordinance that is not later than March 31, of the assessment year for which the exemption is sought. The governing body of the municipality for good cause shown may waive during a year the claimant's failure to make timely application for exemption for that year and authorize the assessor to accept the application as if timely filed. The claimant must file a separate application for each assessment year in which the exemption is sought. 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 this section. If a failure to file by January 15, or a date provided by ordinance that is not later than March 31, of the assessment year has been waived as provided in this subsection and the application for exemption is approved, the amount of tax that the claimant has already paid for the assessment year 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 section 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) of this section, the following definitions apply to terms used in 43 U.S.C. 1620(d) unless superseded by applicable federal law:

(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. (§ 12 ch 74 SLA 1985; am §§ 1, 2 ch 91 SLA 1985; am § 44 ch 37 SLA 1986; am §§ 2—4 ch 70 SLA 1986; am § 3 ch 66 SLA 1991; am § 1 ch 85 SLA 1991; am § 14 ch 93 SLA 1991; am § 1 ch 54 SLA 1992; am § 4 ch 97 SLA 1992; am E.O. No. 99 § 71 (1997); am § 81 ch 21 SLA 2000; am § 2 ch 117 SLA 2000; am § 8 ch 136 SLA 2000)

Delayed amendment. — Under secs. 3 and 19, ch. 117, SLA 2000, effective July 1, 2004, subsection (a) will be amended. The language of subsection (a) on July 1, 2004 will depend on the outcome of *Alaska Legislative Council v. Knowles*, 1-JU-00-1237 Civ. (First Judicial District at Juneau), which may determine the validity of the enactment of ch. 136, SLA 2000. If ch. 136, SLA 2000 was validly enacted, subsection (a) will read, on July 1, 2004, as follows: "(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;

"(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



ALASKA ASSOCIATION OF REALTORS, INC.
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Telephone 907-563-7133 • Fax 907-563-8476

March 11, 2002

Senator Dave Donley
State Capitol
Juneau, Alaska 99801-1182

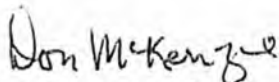
RE: SB 337 – An Act relating to eligibility for an exemption from municipal property taxes for certain seniors and disabled veterans.

Dear Senator Donley,

The Alaska Association of REALTORS with over 1,100 members statewide supports Senate Bill 337 that would allow certain seniors and disabled veterans to be eligible for an exemption from municipal property taxes. We agree that to be eligible, the individual must also be eligible for a permanent fund dividend that same year.

The Alaska Association of REALTORS encourages the passage of Senate Bill 337.

Sincerely,


Don McKenzie
President



Approved

Date: 3/5/02

Submitted by: Assemblymembers Fairclough,
Kendall, Shamberg, Taylor, Tremaine, Traini, Van Etten,
and Von Gemmingen

Prepared by: Department of Assembly

For reading: March 5, 2002

**ANCHORAGE, ALASKA
AR NO. 2002-75**

**A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY SUPPORTING
SENATE BILL NO. 337, "AN ACT RELATING TO ELIGIBILITY FOR AN EXEMPTION
FROM MUNICIPAL PROPERTY TAXES FOR CERTAIN SENIORS AND DISABLED
VETERANS."**

WHEREAS, established in 1973, the Senior Citizen and Disabled Veteran Property
Tax Exemption Program provides an excellent incentive to encourage our seniors and
disabled veterans to remain in the State of Alaska; and

WHEREAS, the Program is statutorily mandated and, prior to 1996, the cost to local
governments in lost property taxes was reimbursed by the State; and

WHEREAS, Senate Bill No. 337 provides improvements to the existing Program by
giving local governments more flexibility for determining who receives a property tax
exemption and also allows municipalities to apply the same eligibility requirements as the
Permanent Fund Dividend Program; and

NOW, THEREFORE, the Anchorage Assembly resolves:

Section 1: That this body supports and urges passage of Senate Bill No. 337
relating to eligibility for an exemption from municipal property taxes for certain seniors and
disabled veterans.

Section 2: That a copy of this resolution is forwarded to the Governor and the
Alaska State Legislature immediately upon passage and approval.

PASSED AND APPROVED by the Anchorage Assembly this _____ day of
_____, 2002.

Chair

ATTEST:

Municipal Clerk



Alaska State Senate

Senate Finance Committee


Official Business

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

MEMORANDUM

To: Representative Carol Morgan, Co-Chair
House Community & Regional Affairs Committee

Representative Kevin Meyer, Co-Chair
House Community & Regional Affairs Committee

Fr: Senator Dave Donley, Co-Chair 
Senate Finance Committee

Re: Calendar Request for SB 337, "Relating to eligibility for an exemption from municipal property taxes for certain seniors and disabled veterans."

Date: March 18, 2002

I request that you schedule Senate Bill 337, "Relating to eligibility for an exemption from municipal property taxes for certain seniors and disabled veterans", for a hearing in the House Community and Regional Affairs committee as soon as possible

Senate Bill 337 allows local governments to apply the same eligibility requirements as the Permanent Fund Dividend program to senior citizen and disabled veteran property tax exemption.

The original intent of the property tax exemption was to encourage seniors and veterans to remain in Alaska.

Senate Bill 337 passed the Senate on March 4, 2002, with a vote of 17 yeas and 3 nays.

Thank you in advance for your consideration of this request. If you or your staff should have any questions, please contact myself or Marilyn Wilson of my staff at 6541.

DD/mjw

Attachments
Sponsor Statement
Sectional Analysis
Fiscal Note
Background Information