



- 1 (5) tribal organizations of the state;
- 2 (6) the electric utility industry;
- 3 (7) the fossil fuel industry;
- 4 (8) nonfossil fuel energy industry; and
- 5 (9) nonprofit environmental conservation groups.

6 (c) The partnership members shall serve without compensation but are entitled  
 7 to transportation expenses and per diem as authorized for members of boards and  
 8 commissions under AS 39.20.180.

9 (d) The hydrogen energy partnership shall facilitate the development of a  
 10 hydrogen fuel and hydrogen-source products industry, based on noncarbon-emitting  
 11 energy sources, in Alaska by means including

- 12 (1) meeting with hydrogen energy interests to plan hydrogen energy  
 13 research and development;
- 14 (2) proposing policy to promote federal and private industry  
 15 investment in hydrogen energy research and development and demonstration projects;
- 16 (3) evaluating the market for hydrogen energy and hydrogen-source  
 17 products production, Alaska utilization, and export;
- 18 (4) proposing tax incentives for investment in a hydrogen energy  
 19 infrastructure; and
- 20 (5) reporting annually to the legislature on or before the 20th day of  
 21 each regular session on the development of hydrogen energy and hydrogen-source  
 22 products production in the state.

23 \* **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to  
 24 read:

25 **FUNDING FOR HYDROGEN ENERGY PARTNERSHIP.** The executive director of  
 26 the Alaska Energy Authority shall seek federal and private sources of funding to cover the  
 27 costs of the establishment of and operation of the hydrogen energy partnership established in  
 28 sec. 4 of this Act.

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

31 **CONDITIONAL EFFECT.** Sections 2, 3, and 4 of this Act take effect only if the

1 Alaska Energy Authority obtains sufficient funding under sec. 5 of this Act.

2 \* Sec. 7. If secs. 2, 3, and 4 of this Act have not taken effect under sec. 6 of this Act by  
3 June 30, 2012, secs. 1, 2, 3, 4, 5, 6, and 8 of this Act are repealed June 30, 2012.

4 \* Sec. 8. Sections 2, 3, and 4 of this Act take effect 30 days after the executive director of  
5 the Alaska Energy Authority notifies the revisor of statutes that sufficient funding required  
6 under sec. 4 of this Act has been obtained.

7 \* Sec. 9. Sections 5 and 6 of this Act takes effect immediately under AS 01.10.070(c).

Alaska State Legislature  
House of Representatives

Alaska State Capitol  
Juneau, Alaska 99801-1182  
1-907-465-3438 (phone)  
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Interim Address:  
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(phone) 1-907-269-0100  
(fax) 1-907-269-0105

**Representative Harry T. Crawford, Jr.**

East Anchorage District 21

E-mail: [Representative Harry Crawford@legis.state.ak.us](mailto:Representative_Harry_Crawford@legis.state.ak.us)

Website [www.akdemocrats.org](http://www.akdemocrats.org)

**MEMORANDUM**

To: Legal Services  
From: Rep. Harry Crawford  
Re: Blank CS for HB 56  
Date: February 21, 2007

Handwritten initials "HJC" in blue ink.

---

Please draft amendments to HB 56 (Work order 25-LS0291/A) based on the following conceptual amendments. Should any of the proposed amendments conflict with existing statute, please contact me for further clarification.

Conceptual Amendment #1:

Page 1, Lines 1-3

Delete "Department of Commerce, Community, and Economic Development; requiring the commissioner of commerce, community and economic development" and insert "Alaska Energy Authority; requiring the executive director of the Alaska Energy Authority"

Conceptual Amendment #2:

Page 1, Line 10

Delete "potential source of fuel" and insert "potentially-useful energy carrier and energy storage medium;"

Conceptual Amendment #3:

Page 1, Line 12

Delete "source of energy for fueling vehicles and" and insert "fuel for vehicles and for"

Conceptual Amendment #4:

Page 2, Line 4

After "indigenous" insert ", large-scale, stranded,"

Conceptual Amendment #5:

Page 2, Line 4

After "renewable" insert "energy"

- Conceptual Amendment #6:  
Page 2, Line 5  
Delete "processing" and insert "producing"
- Conceptual Amendment #7:  
Page 2, Line 6  
After "for" insert "gaseous"
- Conceptual Amendment #8:  
Page 2, Line 6  
Delete "and handling"
- Conceptual Amendment #9:  
Page 2, Line 7  
Delete "hydrogen transport" and insert "export of hydrogen and valuable products produced from hydrogen"
- Conceptual Amendment #10:  
Page 2, Line 8  
After "and" delete "a"
- Conceptual Amendment #11:  
Page 2, Line 8  
Delete "source of" and insert ", diverse."
- Conceptual Amendment #12:  
Page 2, Line 10  
Delete "as a fuel source;" and insert "and products produced from hydrogen;"
- Conceptual Amendment #13:  
Page 2, Line 11  
Delete "fuel"
- Conceptual Amendment #14:  
Page 2, Line 15  
Delete "Department of Commerce, Community, and Economic Development" and insert "Alaska Energy Authority"
- Conceptual Amendment #15:  
Page 2, Line 17-18  
Delete "commissioner of commerce, community, and economic development" and insert "board of directors of the Alaska Energy Authority"
- Conceptual Amendment #16:  
Page 2, Line 22  
Delete "(4) political subdivisions of the state;" and insert "(4) an Alaska Regional Development Organization"

- Conceptual Amendment #17:  
Page 2, Line 27  
Delete "private" and insert "non-profit"
- Conceptual Amendment #18:  
Page 3, Line 1  
After "fuel" insert "and hydrogen-source products"
- Conceptual Amendment #19:  
Page 3, Line 1  
After "industry" insert ", based on non-carbon-emitting energy sources,"
- Conceptual Amendment #20:  
Page 3, Line 3  
After "development" insert "and demonstration projects"
- Conceptual Amendment #21:  
Page 3, Line 5  
After "development" insert "and demonstration projects"
- Conceptual Amendment #22:  
Page 3, Line 6  
After "energy" insert "and hydrogen-source products"
- Conceptual Amendment #23:  
Page 3, Line 6  
After "production" insert ", Alaska utilization, and export"
- Conceptual Amendment #24:  
Page 3, Line 10  
After "energy" insert "and hydrogen-source products"
- Conceptual Amendment #25:  
Page 3, Line 14  
Delete "commissioner" and insert "executive director"
- Conceptual Amendment #26:  
Page 3, Line 17-18  
Delete "commissioner of commerce, community, and economic development" and insert  
"executive director of the Alaska Energy Authority"
- Conceptual Amendment #27:  
Page 3, Line 24  
Delete "Department of Commerce, Community, and Economic Development" and insert  
"Alaska Energy Authority"

Conceptual Amendment #28:

Page 3, Line 30-31

Delete "commissioner of commerce, community, and economic development" and insert  
"executive director of the Alaska Energy Authority"

Cc: Representative Anna Fairclough,  
co-chair House Community & Regional Affairs Committee  
Representative Gabrielle LeDoux,  
co-chair House Community & Regional Affairs Committee  
Sara Fisher-Goad, AIDEA Legislative Liaison

# FISCAL NOTE

**STATE OF ALASKA**  
**2007 LEGISLATIVE SESSION**

Fiscal Note Number: HB56-COM-AICEA-02-14-07  
 Bill Version: HB 56  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Commerce  
 Title: Hydrogen Energy Research Program RDU: AIDEA (125)  
 Component: AIDEA Operations  
 Sponsor: Crawford, Doll, Nelson, Gara  
 Requester: House Community and Regional Affairs Component No.: 1234

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services	100.0					
Travel						
Contractual		*	*	*	*	*
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>100.0</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1007 Interagency Receipts	100.0	*	*	*	*	*
<b>TOTAL</b>	<b>100.0</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>

Estimate of any current year (FY2007) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

**POSITIONS**

Full-time	1	*	*	*	*	*
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This legislation creates the Hydrogen Energy Partnership to facilitate the development of a hydrogen fuel industry in Alaska. The partnership would consist of nine members and be housed in the department. The department is charged with securing federal and private funding sources to cover the costs of establishing and operating the partnership. The department does not currently have sufficient resources to actively seek funding. If funding is secured, the department would appoint partnership members, and RSA funds to the Alaska Energy Authority (AEA). AEA would provide support to the partnership; AIDEA provides staff support for AEA programs.

Prepared by: Sara Fisher-Goad, Deputy Director - Operations Phone 907.269.4623  
 Division: Alaska Industrial Development and Export Authority Date/Time 2/14/07 2:54 PM  
 Approved by: Emil Notti, Commissioner Date 2/14/2007  
 Agency: Commerce, Community, and Economic Development

# FISCAL NOTE

**STATE OF ALASKA**  
**2007 LEGISLATIVE SESSION**

Fiscal Note Number: SB56-COM-AEA-02-14-07  
 Bill Version: HB 56  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Commerce  
 Title Hydrogen Energy Research Program RDU Alaska Energy Authority (453)  
 Component AEA Rural Energy Operations  
 Sponsor Crawford, Doll, Nelson, Gara  
 Requester House Community and Regional Affairs Component No. 2600

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services						
Travel	15.0					
Contractual	100.0	*	*	*	*	*
Supplies	6.0					
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>121.0</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
11087 Statutory Designated Program Rcpts	121.0	*	*	*	*	*
<b>TOTAL</b>	<b>121.0</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>

Estimate of any current year (FY2007) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This legislation creates the Hydrogen Energy Partnership to facilitate the development of a hydrogen fuel industry in Alaska. The partnership would consist of nine members and be housed in the department. The department is charged with securing federal and private funding sources to cover the costs of establishing and operating the partnership. The department does not currently have sufficient resources to actively seek funding. If funding is secured, the department would appoint partnership members, and RSA funds to the Alaska Energy Authority (AEA.) AEA would provide support to the partnership.

Prepared by: Sara Fisher-Goad, Deputy Director - Operations Phone 907.269.4623  
 Division Alaska Energy Authority Date/Time 2/14/07 2:54 PM  
 Approved by: Emil Notti, Commissioner Date 2/14/2007  
 Agency Commerce, Community, and Economic Development

**FISCAL NOTE**

**STATE OF ALASKA  
2007 LEGISLATIVE SESSION**

**BILL NO. HB 56**

**ANALYSIS CONTINUATION**

AEA estimates needing a Development Specialist II (\$100.0) to secure the federal or private funding sources and begin organizational work for the partnership. Because responsibilities could not be absorbed by existing staff, one new FTE would be required along with funds (\$6.0) for a computer and supplies. Travel funds (\$15.0) are included for partnership members to meet up to three times annually and to cover cost of in-state and out-of-state travel for the Development Specialist for organizational purposes and to secure federal grants. After FY08, federal and/or private funding sources, if obtained, would fund partnership operations and staff. In the event funds are not obtained, provisions would be repealed as outlined in the bill.

# FISCAL NOTE

**STATE OF ALASKA**  
**2007 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: HB 56  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: University of Alaska  
 Title HYDROGEN ENERGY RESEARCH PROGRAM RDU \_\_\_\_\_  
 Sponsor Representative Crawford Component \_\_\_\_\_  
 Requester \_\_\_\_\_ Component No. \_\_\_\_\_

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (University Receipts)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2007) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

The University of Alaska would participate in the hydrogen energy partnership. To the degree projects are proposed that require additional expertise, facilities, equipment or other resources, additional funding would be required. It is the University of Alaska's understanding non-state revenue sources would be sought by the hydrogen energy partnership.

Prepared by: Michelle Rizk  
 Division: University of Alaska  
 Approved by: Pat Pitney  
 Agency: University of Alaska

Phone 907-450-8187  
 Date/Time \_\_\_\_\_  
 Date 2/14/2007

**HB**

**60**

# ALASKA STATE LEGISLATURE

**Interim:**

600 East Railroad Avenue  
Wasilla, Alaska 99654  
Phone (907) 373-1842  
Fax: (907) 373-4729



**Session:**

State Capitol Building  
Juneau, Alaska 99801-1182  
Phone: (907) 465-2186  
Fax: (907) 465-3818

**REPRESENTATIVE VIC KOHRING  
DISTRICT 14  
Chair- House Special Committee on Oil and Gas**

**Sponsor Statement  
HB 060**

House Bill 060 has been introduced to correct existing legislative language and intent passed in 1985 that will continue to assist seniors and disabled veterans. When it was first passed, it offered a property tax exemption on the first \$150,000 value of their homes. For most, that meant an annual break from property taxes.

Twenty-two years later, the value of a residence is seldom in the \$150,000 range, and our seniors and disabled veterans are paying the price. While property values have risen dramatically, compensation to these two groups has not. Dollars spent on property taxes often mean fewer dollars for food and medicine.

HB 060 will correct language that simply has not keep up with inflation. It raises the exemption from \$150,000 to \$250,000, a much more realistic amount in 2007. Passage of HB 060 will show both our seniors and disabled veterans that we continue to support them as they have supported all of Alaska and this country in the past.

###

E-Mail: [Representative\\_Vic\\_Kohring@legis.state.ak.us](mailto:Representative_Vic_Kohring@legis.state.ak.us)  
Call Juneau Toll free: (800) 468-2186  
Website: [www.akrepublicans.org/kohring/](http://www.akrepublicans.org/kohring/)

# ALASKA STATE LEGISLATURE

**Interim:**

600 East Railroad Avenue  
Wasilla, Alaska 99654  
Phone (907) 373-1842  
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**Session:**

State Capitol Building  
Juneau, Alaska 99801-1182  
Phone: (907) 465-2186  
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## REPRESENTATIVE VIC KOHRING

### DISTRICT 14

Chair- House Special Committee on Oil and Gas

#### Sectional for HB 060

##### Section 1.

Changes existing statutory language to specify that the exemption is only available to a resident living in the residence and reflects the increase in housing prices. It changes the amount of the exemption from \$150,000 to \$250,000. In the case of hardship the municipality may increase the exemption amount. Existing language remains establishing who is eligible, those 65 or over, disabled veterans, or surviving spouse at least 60 years old of a qualified person, and that only one exemption per residence is allowed.

##### Section 2.

Municipal voters are permitted to approve an exemption that is larger than \$250,000 for qualified individuals, those 65 or over, disabled veterans, or surviving spouse at least 60 years old of a qualified person.

##### Section 3.

The language will take effect on January 1, 2008.

## What would \$100 in 1980 equal today?

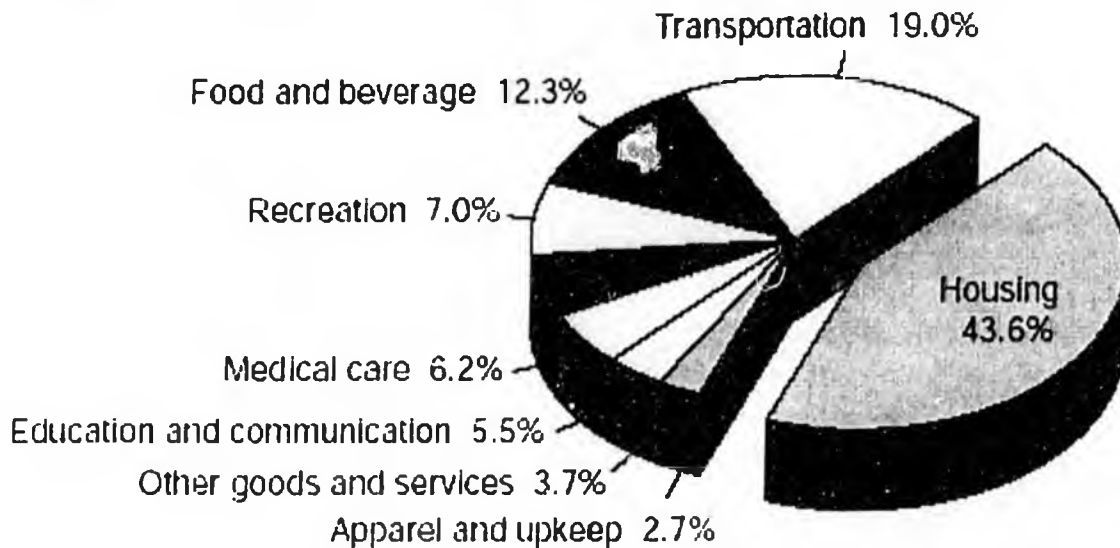
The Anchorage Consumer Price Index can help determine how much money it would take today to equal a dollar amount from some earlier year. To illustrate, this equation shows how \$100 in 1980 would be equal to \$201 in 2005.

$$\begin{array}{l} \text{2005 Anchorage CPI (see Exhibit 2)} \\ \text{Divided by 1980 Anchorage CPI} \end{array} \quad \frac{171.8}{85.5} = 2.01$$

The 2.01 is then multiplied by the number of 1980 dollars in order to find the 2005 equivalent (\$100 x 2.01 = \$201). Another way to describe this is to say that \$100 in 1985 had the same purchasing power as \$201 had in 2005.

The formula can also be reversed to deflate current dollars to some earlier year (for example, \$100 in 2005 would equal about \$50 in 1980). Inflation calculators that require only the years and a dollar amount are available at several Web sites, including ours: [almis.labor.state.ak.us](http://almis.labor.state.ak.us). (Click on "Cost of Living" in the left margin; then click on "Inflation Calculator," which is based on the U.S. Consumer Price Index.)

## 4 Consumers Spend Most on Housing Consumer Price Index weighting<sup>1</sup>



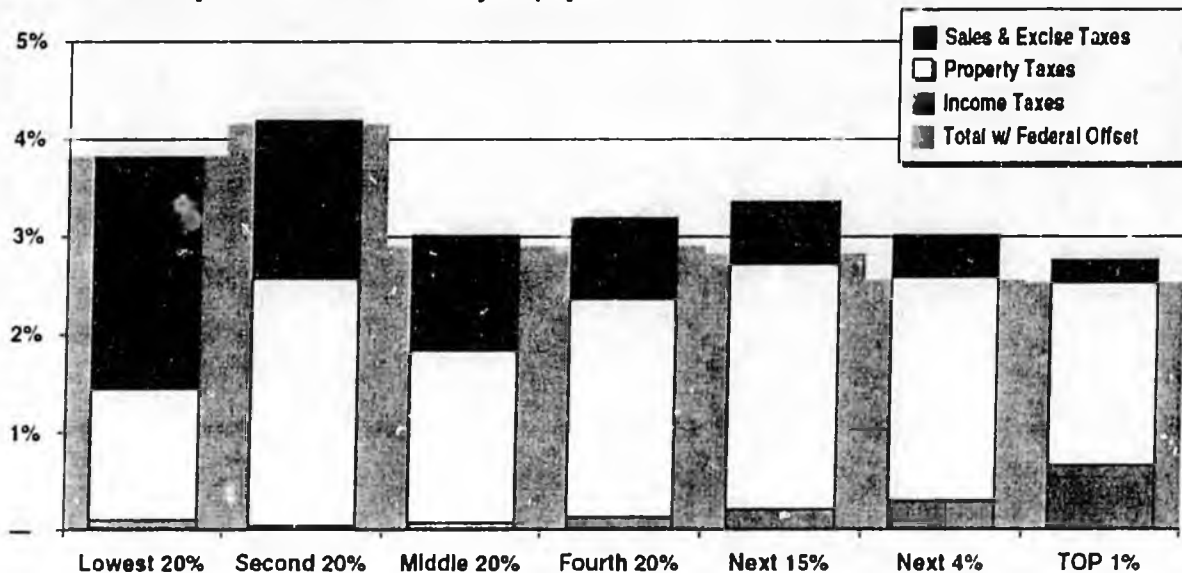
<sup>1</sup> As of December 2005

Source: U.S. Department of Labor, Bureau of Labor Statistics

# Alaska

## State & Local Taxes in 2002

Shares of family income for non-elderly taxpayers



Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$15,000	\$15,000 - \$31,000	\$31,000 - \$50,000	\$51,000 - \$80,000	\$80,000 - \$142,000	\$142,000 - \$273,000	\$273,000 or more
Average Income in Group	\$9,900	\$22,600	\$38,500	\$62,300	\$101,000	\$181,000	\$590,000
<b>Sales &amp; Excise Taxes</b>	2.4%	1.6%	1.2%	0.8%	0.6%	0.4%	0.2%
General Sales—Individuals	0.7%	0.6%	0.5%	0.4%	0.3%	0.2%	0.1%
Other Sales & Excise—Ind.	1.3%	0.7%	0.4%	0.3%	0.2%	0.1%	0.0%
Sales & Excise on Business	0.3%	0.3%	0.2%	0.2%	0.1%	0.1%	0.1%
<b>Property Taxes</b>	1.3%	2.5%	1.8%	2.2%	2.5%	2.3%	1.9%
Property Taxes on Families	1.1%	2.4%	1.6%	2.0%	2.1%	1.8%	0.7%
Other Property Taxes	0.2%	0.1%	0.1%	0.2%	0.4%	0.5%	1.2%
<b>Income Taxes</b>	0.1%	0.1%	0.1%	0.1%	0.2%	0.3%	0.7%
Personal Income Tax	—	—	—	—	—	—	—
Corporate Income Tax	0.1%	0.1%	0.1%	0.1%	0.2%	0.3%	0.7%
<b>TOTAL TAXES</b>	3.8%	4.2%	3.0%	3.2%	3.4%	3.0%	2.8%
Federal Deduction Offset	—	-0.0%	-0.1%	-0.3%	-0.5%	-0.5%	-0.2%
<b>TOTAL AFTER OFFSET</b>	3.8%	4.1%	2.9%	2.9%	2.8%	2.5%	2.5%

Note: Table shows 2002 tax law at 2000 income levels.

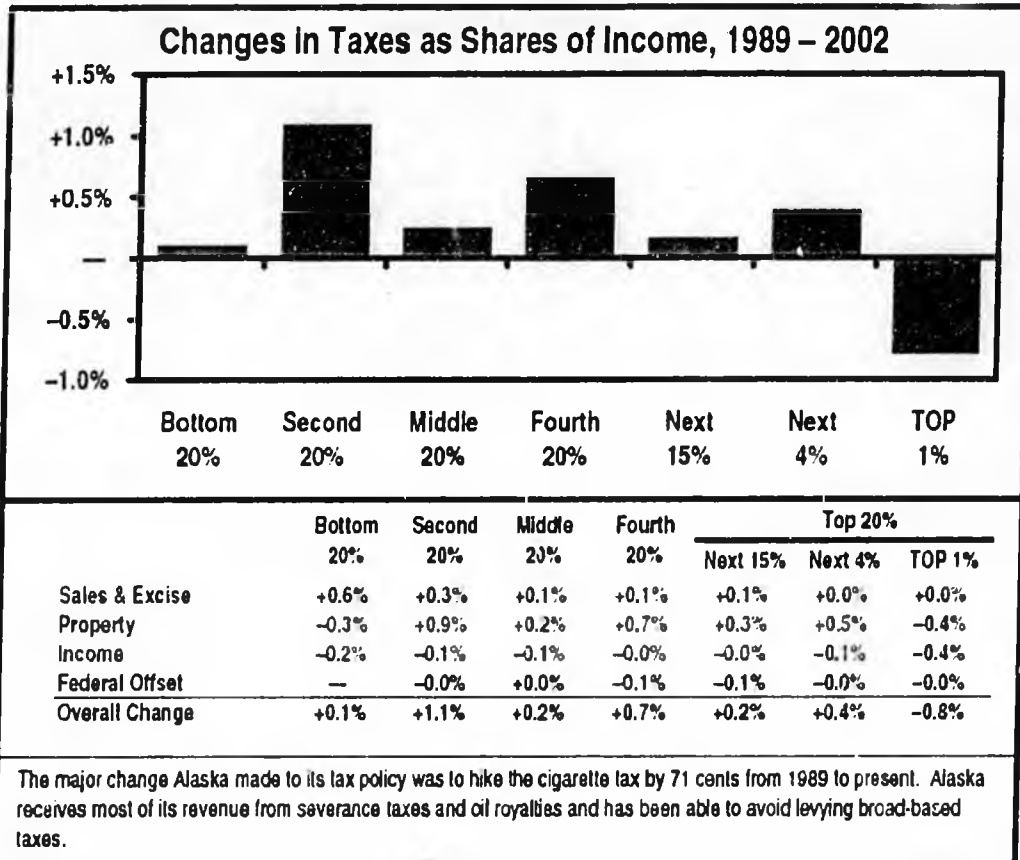
# Alaska Tax Trends

## Progressive Features

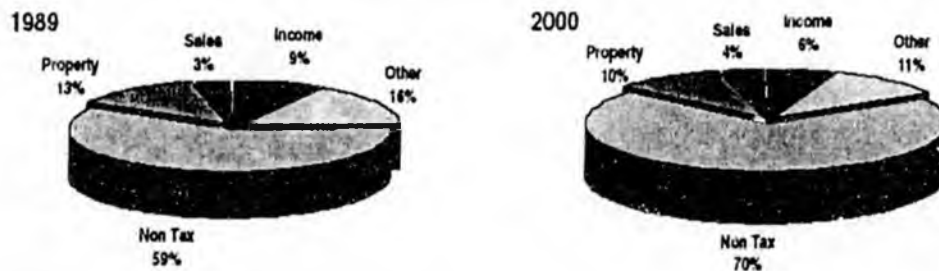
- ✓ No statewide sales tax though many localities apply a local sales tax

## Regressive Features

- ✗ No personal income tax



## Composition of Revenues



Source: Government Finances, US Department of Census

**TABLE 3**  
**2005 Local Property and Oil & Gas Property Tax Revenues**

Municipality	Property Tax Revenues	Oil & Gas Property Tax Revenues	Total Property Tax Revenues	Chg. From Previous Year	Population	Municipal Per Capita Revenue	**Per Capita Revenue City & Boro
Municipality of Anchorage	\$338,815,503	\$764,324	\$340,579,827	5.65%	277,498	\$1,227	
Bristol Bay Borough	\$1,763,700	\$0	\$1,763,700	0.93%	1,096	\$1,809	
Cordova	\$1,471,987	\$36,600	\$1,508,587	2.31%	2,288	\$656	
Craig	\$434,534	\$0	\$434,534	-1.21%	1,127	\$386	
Dillingham	\$1,551,955	\$0	\$1,551,955	15.83%	2,422	\$641	
Fairbanks, City*	\$10,457,533	\$0	\$10,457,533	20.41%	29,954	\$349	\$1,247
Fairbanks North Star Borough	\$71,987,722	\$4,286,797	\$78,274,519	6.85%	84,979	\$898	
Haines Borough	\$1,838,182	\$0	\$1,838,182	1.52%	2,245	\$819	
Homer*	\$1,797,165	\$0	\$1,797,165	3.14%	5,332	\$337	\$1,530
Houston*	\$178,379	\$0	\$178,379	-5.58%	1,368	\$130	
City & Borough of Juneau	\$32,806,333	\$0	\$32,806,333	8.90%	30,966	\$1,059	
Kachemak City*	\$68,258	\$0	\$68,258	117.93%	475	\$139	\$1,332
Kenai, City*	\$1,872,776	\$39,600	\$1,912,376	-3.23%	6,809	\$281	\$1,473
Kenai Peninsula Borough	\$53,290,034	\$7,510,354	\$60,800,388	33.05%	50,980	\$1,193	
Ketchikan, City*	\$3,432,361	\$0	\$3,432,361	-4.42%	7,691	\$446	\$1,056
Ketchikan Gateway Borough	\$7,941,125	\$0	\$7,941,125	23.00%	13,030	\$609	
Kodiak, City*	\$618,751	\$0	\$618,751	-3.03%	6,199	\$100	\$758
Kodiak Island Borough	\$8,860,125	\$0	\$8,860,125	3.28%	13,466	\$658	
Matanuska-Susitna Borough	\$64,042,524	\$42,917	\$64,085,441	15.32%	70,148	\$914	
Nenana	\$218,527	\$0	\$218,527	-5.81%	394	\$555	
Nome	\$2,109,534	\$0	\$2,109,534	-12.49%	3,473	\$607	
North Pole*	\$796,808	\$0	\$796,808	2.28%	1,532	\$520	\$1,418
North Slope Borough	\$2,317,232	\$188,969,166	\$191,286,398	-4.26%	7,104	\$26,927	
Palmer*	\$768,988	\$0	\$768,988	23.46%	5,197	\$148	\$1,062
Pelican	\$58,148	\$0	\$58,148	7.28%	118	\$493	
Petersburg	\$2,147,532	\$0	\$2,147,532	13.16%	3,123	\$688	
Sedovia*	\$141,866	\$0	\$141,866	-3.13%	426	\$333	\$1,526
Seward*	\$745,901	\$0	\$745,901	11.28%	2,540	\$294	
City & Borough of Sitka	\$4,401,399	\$0	\$4,401,399	9.09%	8,605	\$500	
Skagway	\$1,338,097	\$0	\$1,338,097	16.54%	870	\$1,538	
Soldotna*	\$546,326	\$0	\$546,326	4.32%	3,767	\$145	\$1,338
Talaska	\$4,024,654	\$0	\$4,024,654	-4.69%	4,366	\$922	
Valdez	\$17,890,361	\$13,049,409	\$30,939,709	47.04%	3,749	\$8,253	
Wasilla*	\$330,766	\$0	\$330,766	20.89%	6,109	\$54	\$968
Whitier	\$188,183	\$2,402	\$190,586	-25.32%	172	\$1,108	
Wrangell	\$1,201,688	\$0	\$1,201,688	2.82%	2,023	\$524	
City & Borough of Yakutat	\$296,942	\$0	\$296,942	-1.56%	680	\$437	
<b>Total Property Taxes</b>	<b>\$643,749,839</b>	<b>\$214,701,569</b>	<b>\$858,451,409</b>	<b>6.85%</b>	<b>Overall *</b>	<b>\$1,467</b>	<b>per capita</b>
<b>Overall Chg from Prior Year</b>	<b>10.44%</b>	<b>-2.84%</b>	<b>6.85%</b>		<b>Average **</b>	<b>\$1,108</b>	<b>property taxes</b>

Total Local Tax Revenues Generated		
Sales Tax Revenues	\$157,246,911	18.37%
Special Tax Revenues	\$52,839,551	20.80%
Local Property Tax Revenues	\$643,749,839	14.78%
Oil & Gas Property Tax Revenues	\$214,701,569	-2.79%
<b>Total Local Tax Revenues</b>	<b>\$1,068,537,871</b>	<b>11.50%</b>

\*Includes North Slope & Valdez  
 \*\*Excludes North Slope & Valdez  
 The average per capita values are based upon populations only in municipalities that levy a property tax.

\* indicates that city is located within a borough that also levies a property tax  
 \*\*This column adds the borough and city per capita revenues to more accurately reflect the actual per capita tax that a property owner would pay on property located within a city and a borough, both of which levy a property tax.

# 10 The Cost of Single-Family Homes

## Prices in Anchorage surpass Juneau

Average sales prices for July to December 2005



Sources: Alaska Department of Labor & Workforce Development, Research and Analysis Section; and the Alaska Housing Finance Corporation's 2005 Survey of Lender's Activity

# 11 Housing Affordability

## Wage earners needed to buy average house

For July to December 2005



Sources: Alaska Department of Labor & Workforce Development, Research and Analysis Section; and the Alaska Housing Finance Corporation's 2005 Alaska Affordability Index

# The Consumer Price Index in Anchorage and the U.S.

## Annual averages for selected components, 1983 to 2005

# 3

Year	ALL ITEMS EXCEPT SHELTER				HOUSING				TRANSPORTATION			
	U.S. Average	Percent Change from Prev. Year	Anchor-age Average	Percent Change from Prev. Year	U.S. Average	Percent Change from Prev. Year	Anchor-age Average	Percent Change from Prev. Year	U.S. Average	Percent Change from Prev. Year	Anchor-age Average	Percent Change from Prev. Year
1983	99.8	3.7%	99.9	3.7%	99.5	2.7%	99.0	0.8%	99.3	2.4%	99.5	1.8%
1984	103.9	4.1%	103.8	3.9%	103.6	4.1%	102.7	3.7%	103.7	4.4%	104.6	6.2%
1985	107.0	3.0%	107.5	3.6%	107.7	4.0%	103.0	0.3%	106.4	2.6%	108.2	3.4%
1986	108.0	0.9%	111.2	3.4%	110.9	3.0%	102.6	-0.4%	102.3	-3.9%	107.8	-0.4%
1987	111.6	3.3%	115.1	3.5%	114.2	3.0%	97.5	-5.0%	105.4	3.0%	111.3	3.2%
1988	115.8	3.9%	117.8	2.3%	118.5	3.8%	95.4	-2.2%	108.7	3.1%	113.0	1.5%
1989	121.6	4.9%	122.3	3.8%	123.0	3.8%	96.3	0.9%	114.1	5.0%	118.7	3.3%
1990	128.2	5.4%	128.0	4.7%	128.5	4.5%	103.9	7.9%	120.5	5.6%	120.7	3.4%
1991	133.5	4.1%	131.9	3.0%	133.8	4.0%	111.2	7.0%	123.8	2.7%	121.7	0.8%
1992	137.3	2.8%	134.6	2.0%	137.5	2.9%	116.6	4.9%	126.5	2.2%	123.1	1.3%
1993	141.4	3.0%	137.9	2.5%	141.2	2.7%	121.1	3.9%	130.4	3.1%	128.8	4.5%
1994	144.8	2.4%	140.3	1.7%	144.8	2.5%	122.9	1.5%	134.3	3.0%	136.9	6.3%
1995	148.6	2.6%	144.6	3.1%	148.5	2.6%	124.9	1.6%	139.1	3.6%	143.8	5.0%
1996	152.8	2.8%	148.4	2.6%	152.8	2.9%	127.9	2.4%	143.0	2.8%	147.2	2.4%
1997	155.9	2.0%	150.6	1.5%	156.8	2.6%	129.4	1.2%	144.3	0.9%	147.0	-0.1%
1998	157.2	0.8%	152.6	1.3%	160.4	2.3%	131.0	1.2%	141.6	-1.9%	144.9	-1.4%
1999	160.2	1.9%	163.5	0.6%	163.9	2.2%	132.7	1.3%	144.4	2.0%	143.7	-0.6%
2000	185.7	3.4%	158.1	1.7%	169.6	3.5%	134.2	1.1%	153.3	6.2%	150.5	4.7%
2001	169.7	2.4%	160.6	2.9%	176.4	4.0%	139.0	3.6%	154.3	0.7%	153.0	1.7%
2002	170.8	0.6%	162.2	1.0%	180.3	2.2%	143.5	3.2%	152.9	-1.0%	151.5	-1.0%
2003	174.6	2.2%	168.5	2.7%	184.8	2.5%	146.8	2.3%	157.6	3.1%	158.3	4.5%
2004	179.3	2.7%	171.7	3.1%	189.5	2.5%	149.1	1.6%	163.1	3.5%	162.7	2.8%
2005	186.1	3.8%	177.5	3.4%	195.7	3.3%	153.1	2.7%	173.9	6.6%	171.7	5.5%

Year	FOOD and BEVERAGES				MEDICAL CARE <sup>1</sup>				APPAREL and UPKEEP			
	U.S. Average	Percent Change from Prev. Year	Anchor-age Average	Percent Change from Prev. Year	U.S. Average	Percent Change from Prev. Year	Anchor-age Average	Percent Change from Prev. Year	U.S. Average	Percent Change from Prev. Year	Anchor-age Average	Percent Change from Prev. Year
1983	99.5	2.3%	99.7	2.6%	100.6	8.8%	99.7	5.2%	100.2	2.5%	101.6	5.2%
1984	103.2	3.7%	103.2	3.5%	106.8	6.2%	105.5	5.8%	102.1	1.9%	101.7	0.1%
1985	105.6	2.3%	106.2	2.9%	113.5	6.3%	110.9	5.1%	105.0	2.8%	105.8	4.0%
1986	109.1	3.3%	110.8	4.3%	122.0	7.5%	127.8	15.2%	105.9	0.9%	109.0	3.0%
1987	113.5	4.0%	113.1	2.1%	130.1	6.6%	137.0	7.2%	110.6	4.4%	116.6	7.0%
1988	118.2	4.1%	113.8	0.6%	138.6	6.5%	145.8	6.4%	115.4	4.3%	119.1	2.1%
1989	124.9	5.7%	117.2	3.0%	149.3	7.7%	154.4	5.9%	118.6	2.8%	125.0	5.0%
1990	132.1	5.8%	123.7	5.5%	162.8	9.0%	161.2	4.4%	124.1	4.6%	127.7	2.2%
1991	136.8	3.6%	127.7	3.2%	177.0	8.7%	173.5	7.6%	128.7	3.7%	126.6	-0.9%
1992	138.7	1.4%	130.3	2.0%	190.1	7.4%	183.0	5.5%	131.9	2.5%	130.2	2.8%
1993	141.6	2.1%	131.2	0.7%	201.4	5.9%	189.6	3.8%	133.7	1.4%	131.2	0.6%
1994	144.9	2.3%	131.9	0.5%	211.0	4.8%	197.8	4.3%	133.4	-0.2%	128.9	-1.8%
1995	148.9	2.8%	138.5	5.0%	220.5	4.5%	211.5	7.0%	132.0	-1.0%	130.0	0.9%
1996	153.7	3.2%	143.4	3.5%	228.2	3.5%	231.1	9.2%	131.7	-0.2%	128.7	-1.0%
1997	157.7	2.6%	145.8	1.7%	234.6	2.8%	248.9	7.7%	132.9	0.9%	127.0	-1.3%
1998	151.1	2.2%	147.3	1.0%	242.1	3.2%	255.7	2.7%	133.0	0.1%	125.6	-1.1%
1999	164.6	2.2%	148.4	0.7%	250.6	3.5%	260.8	2.0%	131.3	-1.3%	125.8	0.2%
2000	168.4	2.3%	151.7	2.2%	260.8	4.1%	272.1	4.3%	129.6	-1.3%	124.5	-1.0%
2001	173.6	3.1%	156.4	3.1%	272.8	4.6%	282.9	4.0%	127.3	-1.8%	131.1	5.3%
2002	176.8	1.8%	157.9	1.0%	285.6	4.7%	-----	-----	124.0	-2.6%	126.7	-3.4%
2003	180.5	2.1%	161.8	2.5%	297.1	4.0%	-----	-----	120.9	-2.5%	123.2	-2.8%
2004	188.6	3.4%	168.9	4.4%	310.1	4.4%	-----	-----	120.4	-0.4%	123.9	0.6%
2005	191.2	2.5%	173.1	2.5%	323.2	4.2%	344.2	-----	119.5	-0.1%	121.3	-2.1%

<sup>1</sup> No index was created for medical care for Anchorage for the years 2002 to 2004.

Source: U. S. Department of Labor, Bureau of Labor Statistics

## *Income Growth Versus Property Tax Growth 1990-2004*

Fiscal Year	Percent Change In Personal Income	Percent Change in Property Tax Collections
1990	6.78%	9.28%
1991	4.94	7.96
1992	4.61	7.34
1993	5.32	5.22
1994	4.16	3.90
1995	5.86%	3.20%
1996	4.99	2.94
1997	6.18	4.48
1998	6.81	5.17
1999	6.27	4.14
2000	6.61%	3.97%
2001	6.22	5.82
2002	2.02	5.88
2003	2.19	6.27
2004	4.66	7.27

Note: Tax payments are actual collections as reported to the Census Bureau by state and local governments. Business and other property taxes included along with residential real estate taxes.

Sources: *Survey of Government Finances*, U.S. Census Bureau; Bureau of Economic Analysis; and Tax Foundation calculations.

### **Build-a-Benchmark**

When he could not find a long-running index of house prices for the United States, Robert J. Shiller built one. He combined government surveys that stretch back decades with for-sale listings that his students found in old newspapers. The index is adjusted for inflation.



Source: *National Endowment for Research on Housing*

Source: <http://www.nytimes.com/imagepages/2005/08/21/business/21real.graphic.html>

## **Average selling price for houses highest in Anchorage**

Prices for single-family homes have skyrocketed in recent years. Another survey conducted for AHFC shows that the average sale price rose 9 percent from the second half of 2004 to the second half of 2005. For the first time, Anchorage had the highest average sales price at \$294,000, bumping

Juneau down to second at \$281,000. (See Exhibit 10.) Strong economic growth and a shrinking inventory of undeveloped land help explain the 11 percent increase in Anchorage's numbers.

It is important to recognize, however, that average sales price data do not necessarily represent the average prices for an area's total single-family housing stock, but merely the portion that was sold in the given time period. Average sales prices were lowest among the specific areas surveyed in the Kenai Peninsula Borough (\$195,000) and Fairbanks (\$200,000).

## **Housing is among the most affordable in Fairbanks**

Housing affordability indexes combine the sales price data above with average wages in the same area to determine how many wage earners are necessary to afford the average home. In Fairbanks, for example, it takes 1.3 wage earners to buy an average-priced single-family Fairbanks home. (See Exhibit 11.) Higher index numbers represent less affordable housing.

Although housing in the Matanuska-Susitna Borough is relatively inexpensive, lower than average wages make housing less affordable for those who live and work there than it is in many other areas of the state. At the other end of the spectrum, Anchorage's high housing costs are partially offset by higher than average wages, making housing slightly more affordable for those who live and work there.

Not surprisingly, many Mat-Su residents commute to Anchorage to get the best of both worlds – inexpensive housing and high wages. This group shares honors with Fairbanks for the most affordable housing in the state. Housing in Bethel is the least affordable among the areas studied due to a combination of high average housing costs and relatively low average wages.

Statewide, the affordability index rose to 1.5 in the second half of 2005, up from 1.4 a year earlier. The last time the index was as high as 1.5 was in 2000. With the exception of Kodiak, all areas surveyed saw increases in their index numbers. Kodiak enjoyed an improvement in housing affordability due to a higher than average increase in wages – 7 percent compared to the statewide average of 4 percent.

# FISCAL NOTE

**STATE OF ALASKA**  
**2007 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: HB 60  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Commerce  
 Title Municipal Property Tax Exemption RDU Community Assist & Ec Dev (405)  
 Component Community Advocacy  
 Sponsor Kohring, Neuman, Gruenberg, Kawasaki  
 Requester House Community & Regional Affairs Component No. 2703

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**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)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2007) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This legislation would increase the mandatory exemption under AS 29.45.030(e) for senior citizens and disabled veterans from the current \$150,000 to \$250,000. The state is required to reimburse the revenues lost to municipalities for this program under AS 29.45.030(g) but has not done so since 1996. For 2005 this program cost municipalities \$39.8 million. Passage of this legislation would add an estimated \$14 million tax obligation to local governments. If the state were to fund the reimbursement program to the municipalities, the cost from general funds would be approximately \$54 million for the 2006 tax year.

This legislation will not create a fiscal impact on the operations of the department, unless the funding appropriation is made under AS 29.45.030(g).

Prepared by: Mike Black, Director Phone (907) 269-4535  
 Division Community Advocacy Date/Time 2/5/07 10:57 AM  
 Approved by: Emil Notti, Commissioner Date 2/5/2007  
 Agency Commerce, Community, and Economic Development

# ALASKA STATE LEGISLATURE

**Interim:**

600 East Railroad Avenue  
Wasilla, Alaska 99654  
Phone (907) 373-1842  
Fax: (907) 373-4729\*



**Session:**

State Capitol Building  
Juneau, Alaska 99801-1182  
Phone: (907) 465-2186  
Fax: (907) 465-3818

## REPRESENTATIVE VIC KOHRING DISTRICT 14

### MEMO

To: Members, House Community & Regional Affairs Committee

Fm: Representative Vic Kohring

Date: May 2, 2007

Re: Support for House Bill 60

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Attached, please find letters and e-mails from Alaska's Senior's and Disabled Veterans supporting the property tax exemption increase proposed in House Bill 60. The language before you is very simple; it increases the property tax exemption from \$150,000 to \$250,000. In 1985 when this body determined that we needed to help our seniors and disabled veterans we had in place, a longevity bonus program, the average price for a home was under \$150,000, most doctors accepted Medicare for medical costs, and the VA worked hard to help the men and women who served our country and state. Much of that is gone.

House Bill 60 will help our seniors and disabled veterans. It will have little or no effect on municipalities which are enjoying the increased revenues from a booming housing market. Today's housing prices along with the increase in the number of units built since 1985 means the funds from property taxes more than balances out the quote "loss" end-quote, the municipalities will see from this exemption. Seniors and disabled veterans are not reaping benefits as they are on a fixed income surrounded by ever rising costs.

I ask that you please take a moment and read the small sample of support letters we have provided and then tomorrow vote to move House Bill 60 out of Committee.

Thank you

E-Mail: [Representative\\_Vic\\_Kohring@legis.state.ak.us](mailto:Representative_Vic_Kohring@legis.state.ak.us)  
Call Juneau Toll free: (800) 468-2186  
Website: [www.akRepublicans.org/kohring/](http://www.akRepublicans.org/kohring/)

**From:** Roy Daw [mailto:roydawak@yahoo.com]  
**Sent:** Monday, February 05, 2007 3:00 PM  
**To:** Jim Pound  
**Subject:** HB 60

Thank you for supporting HB 60.

I support HB 60 since it will give something back to veterans instead of take more from them. The government has broken so many promises made to the veterans, and even benefits received continue to be decreased. Many veterans feel unappreciated by our government. HB 60 would be a real shot in the arm for veterans.

Thanks again and God bless,

Roy Daw  
U. S. Army, Retired

**From:** Sherman [mailto:gensherm@aginet.com]

**Sent:** Monday, February 05, 2007 11:55 AM

**To:** Jim Pound

**Subject:** HB 60

Sir I hope you will strongly support HB 60. As an U.S. Army veteran this bill will afford me the ability to retire in the great state of Alaska on Army retirement pay.

Respectfully,

Sherman H. Williford

**From:** Summers, Patrick S [mailto:Patrick.Summers@va.gov]  
**Sent:** Monday, February 05, 2007 12:07 PM  
**To:** Jim Pound  
**Subject:** HB

Dear Mr. Pound,

I am a disabled veteran who spent 30 years serving our country. Yes, that was my choice and I was proud to do it. I survived Vietnam because God decided I didn't need to be one of the ones sent. I enlisted while Vietnam was on-going, but three different times my orders were cancelled with no help from me. During my duty I supported Miami during one of the most devastating hurricanes at that time. No comparison of course to the more recent New Orleans. I was sent to the Gulf to support our country in 1990. I served proudly and was part of the 1<sup>st</sup> Tactical Fighter Wing. Without question I put my life on the line because I believed I was there to serve our country.

I decided upon retirement to stay in Alaska not only that I love this great state, but I believe that our legislation really cares about their veterans. I have seen this from the programs that are there for us. I fully support HB 60 because I feel it is the right thing to do. I have watched my property taxes increasing over the years to where this new proposal would once again realign with the intention of the original proposition. I pray that the rest of the legislature stands behind the HB 60 this time. It is the right thing to do and today we don't seem to get the chance to do that as much as we need to. Thank you for your support!

Patrick Summers  
Retired Chief Master Sergeant

**From:** lablover [mailto:lablover@ptialaska.net]  
**Sent:** Monday, February 05, 2007 4:45 PM  
**To:** Jim Pound  
**Subject:** Hb60

Jim, I fully support Hb60. 10 years ago I retired from Federal Civil Service. My payment per month was \$4,000 net. Increased in health benefits through the Feds over the years have reduced my monthly check to \$3200(+). The increase in exemption to 250,000 would be large help in meeting my monthly expensive. My wife is getting heart surgery this coming Friday. Those medical expenses with the deductible I pay on my health insurance (20-25%) is forcing me to re-mortgage the house when I was due to pay off the old mortgage in 16 months. I am a 50% disabled military combat vet. The savings from the 250,000 adjustment could mean the difference in selling the home I have lived in for 20 years and may make the difference in staying in Alaska or moving out side to a small apartment. We are too old to restart.

William E Fisher & Carol T Fisher,  
9502 Puffin Circle,  
Eagle River AK 99577.  
20 year Eagle River residents and want to stay that way

**From:** bernard schuyler [mailto:radioman@mtaonline.net]  
**Sent:** Monday, February 05, 2007 8:04 PM  
**To:** Jim Pound  
**Subject:** HB60

Mr. Pound, I want to voice my support for HB60. I am retired and need all the help I can get in order to stay in Alaska. The taxes and the cost of living I have to pay are stretching our budget so much we have considered leaving our home and moving to somewhere that is less expensive. Please do all you can to get this bill passed.

Thank You

Bernie Schuyler

-----Original Message-----

From: Hendrix, Robert, LEANCH [mailto:robert.hendrix1@va.gov]

Sent: Monday, February 05, 2007 5:32 PM

To: Jim Pound

Subject: HB 60

I support HB 60 because of the rise in house property taxes I can not afford the raising cost. This bill would help with that expense and as a 20 year veteran this is a good incentive to stay in this state because they take care of their veterans.

Robert "Bob" P. Hendrix, Sr.  
Service Officer  
The American Legion  
Department of Alaska Service Office  
Phone: 276-8211            Fax: 258-0756

**From:** Harold I. Rodgers [mailto:hroddgers@gci.net]

**Sent:** Monday, February 05, 2007 2:07 PM

**To:** Jim Pound

**Subject:** HB 60

I support HB 60 because I am a 73 year old retired 60% disabled vet. As you may know retired military pay, disability pay and SS do not keep up with inflation. A part time job is out of the question. Increasing the property tax exemption would make life more manageable. I know many, many other people that are in my same situation. Property assessment in the Anchorage Borough has increased so much in the past few years that I pay more property taxes now than I did before I was eligible for the current \$150,000 exemption. We need the additional help..

Sincerely,  
Harold L. Rodgers

**From:** John & Lynn Mattison [mailto:mattison@ak.net]

**Sent:** Tuesday, February 06, 2007 11:42 PM

**To:** Jim Pound

**Subject:** FW: URGENT!!!~~~~~HB 60 increases the property tax exemption from \$150,000 to \$250,000

Jim,

You've got my vote

John

**From:** John Wilkins [mailto:anpetu@ak.net]

**Sent:** Tuesday, February 06, 2007 3:00 PM

**To:** Alan Walker; 'Bill and Deanna Walton'; Boyde Fagan; Bruce Hale; Bruce Schneider; Cheryle Cary; Clayton Love; Cliff Dean; Connie Wilkins; Damien Lawrence; Dick hand; Doak Walker; Eileen Nally; Eugene Dau; Evelyn Russell; George Hausermann; 'George Messerschmidt'; Howard Colbert; Jana Hendershot; Jim Pisa; Lamberto Sazon; 'Larry Corbin'; Larry Zendle; Marcie Mulloy; Mike Dobson; Mike Lopez; Mike Walsh; Orval & Brenda Wieber; Robert A. Clauder; Robert Barton; Robert Clauder; Robert L. Francis ; 'Robert Sherwood '; Ron Barnett; Ron Hilbert; Russ Dalton; Ryan C Murphy; Seong S. Kim ; Susan Macaulay; Tim Armstrong; Tim Stoll; Tony Mauk; VETBOAT; Vic Perez; Bill Farling; Brian Wilson; Earl Valentine; Francis Boisseau; George Hausermann; Jimmey Mayo; Maurice Bailey; Michael Schwemley; Robert Boles; Thomas Snell; James Smith; Noel H Gast; timothy moore; Tom Schanrock; William Bartlett

**Subject:** FW: HB 60

**After getting some clarification on this new bill I am in favor of the increase. I am now under the understanding that we, Disabled veterans and Seniors, will not lose the present exemption whether this bill passes or not. Let's support Jim and Rep. Kohring for thinking of us veterans.**

*John E Wilkins Jr*

**From:** Zona Gregg [mailto:rzgregg@aptalaska.net]  
**Sent:** Tuesday, February 06, 2007 11:56 AM  
**To:** Jim Pound  
**Subject:** HB 60

I support HB 60 because Alaska needs to show support for the veterans living in our state. Hopefully this bill also includes not only the retiring veterans but our active duty Alaskan military personal. If it doesn't, then please amend so it does.

Every year the property tax in my community goes up so this is a major concern and can be the item that decides if a veteran & family remain in Alaska or leave for a state who will support veteran on this issue.

Thanks for listening.

Roger Gregg  
569 Evergreen Ave.  
Wrangell, AK 99929

**From:** Fred N [mailto:luknbear@yahoo.com]

**Sent:** Tuesday, February 06, 2007 7:06 PM

**To:** Jim Pound

**Subject:** HB 60 Testimony

Dear State Legislators,

My name is Fred Nolan, I am a retired Viet Nam era veteran and spent 34 years of active military service. I support HB60 because I am 80% disabled now and always hoped to live out my life in Alaska, the State I love and have been a resident in for over 22 years. My wife and I are living on my fixed income and our annual costs to live have skyrocketed in the past few years. Our property taxes, natural gas, gasoline, heating oil and electricity costs are cumulatively reaching the breaking point for us, and many other Alaskan veterans and seniors we have spoken to. Hb60 would allow us to continue to live in this Great State.

Sincerely,

Fred

**From:** Tim-Jerri [mailto:tim-jerri@gci.net]  
**Sent:** Tuesday, February 06, 2007 8:05 PM  
**To:** Jim Pound  
**Subject:** Re: HB60

Jim -

What's the scoop on HB60? It's my understanding that the Legislature has been trying to get this unfunded monkey off its back for six years now, and turn the property tax exemption issue over to the municipalities. We (American Legion, Veterans of Foreign Wars & Disabled American Veterans) have lobbied to keep it at the state level for many years, knowing the municipalities would cease to honor it if it were up to them. I'm a bit surprised to hear the Legislature is actually considering increasing it, instead of dumping it. Thanks for any info you can provide.

Tim Armstrong  
8169 Thunder Street  
Juneau, Alaska 99801

**From:** Shirley Reifel [mailto:reifel@hotmail.com]  
**Sent:** Wednesday, February 07, 2007 8:53 AM  
**To:** Jim Pound  
**Subject:** HB 60

As a 37 yr resident of Alaska, with a combat veteran husband, it would greatly affect our ability to remain in Alaska now that we have reached retirement age if the tax credit was increased. In this economy, on a fixed income, every penny counts. We want to die in Alaska ... support for this bill will help us stay home!

**From:** russell reifel [mailto:yitrium@pci.net]  
**Sent:** Wednesday, February 07, 2007 9:57 AM  
**To:** Jim Pound  
**Subject:** HB 60

I support HB 60. The cost of living in Alaska is high enough and any bill that would help keep money in veterans pockets would be greatly appreciated.

Russ Reifel

EUGENE & SHIRLEY GOSNELL  
TALKEETNA, AK. 99676

2/12/07

Rep. VIC KOHRING :

Our property values have increased tremendously the last few years due to inflation and other economic factors.

We are on a fixed income and the current \$150,000 property tax exemption no longer gives us enough relief. We urge you to sign into law the \$250,000 property tax exemption.

This is our home, & we don't plan to sell it. We wish to stay here the rest of our lives, but the taxes and the stove oil costs make it more difficult than ever.

We are 68 years old and 72 years old and would sincerely appreciate your assistance, please pass HB60.

Respectfully,  
Eugene Gosnell  
Shirley J. Louise-Gosnell

**From:** gene hansen [mailto:mr.mebbl@gci.net]  
**Sent:** Monday, February 19, 2007 10:26 PM  
**To:** Jim Pound  
**Subject:** HB60

Jim.  
Please forward to the legislators involved!!

I SUPPORT HB60 BECAUSE WITHOUT IT PASSING, I VERY LIKELY WILL HAVE TO LEAVE ALASKA. AS A NAVY VETERAN, (1955-1599) AND NOW A RETIREE ON A FIXED INCOME ATTEMPTING TO DEAL WITH THE INCREASED TAX LOAD IN THE FAIRBANKS NORTHSTAR BOROUGH, THIS BILL WILL HELP ME CONTINUE TO LIVE A DECENT LIFE IN ALASKA. MY TAXES HAVE GONE UP THIS YEAR THREE TIMES GREATER THAN THE COST OF LIVING INCREASE IN MY SS PAYMENT AND I DON'T QUALIFY FOR THE NON-EXISTANT LONGEVITY BONUS.

D.E."GENE" HANSEN, USN  
SERVICE # 471-27-23  
1YR VR-2  
3Yrs USSFRANKLIN D. ROOSEVELT, CVA-42



February 21, 2007

To: Rep. Vic Kohring

From: Anchorage Chapter 7, Disabled American Veterans

Re: House Bill 60

*"An Act relating to and increasing the municipal property tax exemption on residences of certain seniors and others; and providing for an effective date."*

Dear Representative Kohring:

We would like to go on the record as supporting House Bill 60 ~~and~~ to thank you and the bills co-sponsors for your efforts on behalf of disabled veterans in the state of Alaska.

The past few years have seen housing prices in Anchorage rise over 40%. It is time to bring the intent of the initial legislation into to the current market place. The Elderly and Disabled Veterans both need and deserve your help.

Chapter 7, Disabled American Veterans voted unanimously at our last meeting to support this legislation to bring needed relief to our elderly and disabled veterans.

Sincerely,

Chuck Achberger, Legislative Chair

## **Anchorage Daily News letters**

Published: January 23, 2007

### **Raise vets' property tax exemption**

Alaska Statute 29.45.030 (e) brought about the senior and disabled veterans property tax exemption for the first \$150,000 of assessed property value. I believe this was first approved in 1973. It is a great break for those people, but doesn't anyone think it is time to increase that number, as the average price for a single-family home in Anchorage is around \$300,000? With increasing energy costs and the loss of the longevity bonus, I believe this is an appropriate measure; and it's time to think about an increase of the exemption to at least \$200,000 or perhaps even \$250,000.

---- Eddie Thomas

Eagle River

### **There is no justification for values municipality places on real estate**

Regarding the article on the city sending out property tax assessment notices, I went to the municipal Web site to see what my home was valued at ("For first time, appraisal notices to include tax estimate," Jan. 13). I just bought it last summer and the city has it valued at a lot more than what I paid for it. The article reports that the average value of a single-family home went up 11 percent from last year. Well, they raised the value of the lot my house sits on 36 percent. There simply is no rhyme or reason to how the municipality comes up with these values.

It used to be that you could sell a home for as much as 10 percent more than the municipal assessment. Not anymore. Here is an example: A house is for sale at 9170 Parkview Terrace Loop and is listed for \$295,000. The municipality has it assessed on its Web site at \$337,100.

Then there is the part about the city's chief fiscal officer stating our taxes will probably go down 3 percent from last year if the state chips in for relief at the same rate as last year. This is pure trickery on the part of the municipality. Having your estimated tax on the cards is just a smoke screen.

---- Kevin R. Boyce

Eagle River

**adn.com**

Anchorage Daily News

Print Page

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**Tax man beckons for Kenai seniors****PROPERTY: Cap would replace unlimited exemption on Peninsula.**By BRANDON LOOMIS  
Anchorage Daily News*(Published: February 17, 2007)*

SOLDOTNA -- The Kenai Peninsula's land-rich seniors may soon find something unfamiliar in their mailbox: a tax bill.

Kenai Peninsula Borough Mayor John Williams has introduced a measure that would end the 20-year-old unlimited property tax exemption for seniors. In its place would be a \$300,000 cap on exempted property value, still generous by state standards, which mandate a \$150,000 exemption for Alaskans age 65 and older.

The long-discussed change carries particular significance in a borough that bucks Alaska's trend of out-migration among retirees. A recent study by the Institute of Social and Economic Research at the University of Alaska Anchorage found that 379 seniors moved to the Peninsula between 1995 and 2000, while 329 left. Since 1999 the number of exempt property owners has grown by 59 percent, to about 2,800, according to the borough administration.

Some of the newcomers build homes valued between \$500,000 and \$1 million, Williams said, and locals may start to resent paying for their services.

"If we continue to see million-dollar homes built all over the Peninsula with 100 percent exemptions, the local citizenry is going to revolt," Williams said.

A \$300,000 cap would impose a tax on 214 current property owners who are exempt from taxes, including 11 disabled veterans who also are covered by the exemption. They would pay roughly \$250,000 a year among them, Williams said. In all, the exemption last year cost the borough \$4.4 million.

The plan goes before the Borough Assembly on Tuesday and will get a public hearing in the spring. The Assembly rejected a call for a \$250,000 cap on the exemption last year, though some members say that was a matter of timing -- the borough also was grappling with contentious sales-tax issues last year.

"I think it's reasonable," said Assemblywoman Grace Merkes, of Sterling. "A \$300,000 home is a pretty nice home, and seniors generally have some kind of retirement funds (and) they can afford to pay some tax."

Merkes said she expects the Assembly will impose a cap, though it may also put the question to voters. If there is a cap, she said, she hopes to find a way to help homesteaders who have modest homes on large land holdings that have escalated in value.

Others have seen small properties rise in value because of their recreational potential or views. Retired college professor Byron Bondurant moved to the Funny River area east of Soldotna in 1987. He bought his riverfront home for \$120,000, and now figures it's worth \$700,000.

At 82, he's thinking about leaving Alaska's winters behind anyway. If he starts receiving a tax bill, he said, he may be eager to get out sooner.

"I could afford it better than some people, but I know some people who would have a real serious problem," Bondurant said.

The seniors who suffer most are those on fixed incomes but with properties that have soared in value, he said. The value increase is of little help to them unless they sell out, he said, and once they do, they take with them year-round spending power that often is replaced by part-time residents.

"I admit I have a nice advantage, a nice home on the river," he said. "But I would think about leaving sooner for a more moderate climate to get away from the cost."

Others whose homes are valued just over \$300,000 have mixed feelings.

"As someone who is not quite 65 and not quite eligible, it's a shame that just as I get there they're taking it away," said Jim Fassler, a retired telephone company employee. "But I'm certainly willing to pay my share. I have no problem with them capping it there. We have folks who are sitting on million-dollar properties who are paying nothing."

Williams said the cap shouldn't price anyone off of the Peninsula because Alaska law allows residents who demonstrate a hardship to limit their tax payments to 2 percent of income.

---

Daily News reporter Brandon Loomis can be reached in the newspaper's Soldotna bureau at [bloomis@adn.com](mailto:bloomis@adn.com) or 907-260-5215, ext. 24.

Print Page

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# oice of the Times

A CONSERVATIVE VOICE FOR ALASKANS

WILLIAM J. TOBIN  
Senior editor

## Funding tax break makes better sense

By PAUL JENKINS

Have you heard all the buzz about a legislative proposal in Juneau that would increase to \$250,000 the property tax exemption for our older citizens and disabled vets? Me neither.

The measure in question, House Bill 60, was sponsored by Reps. Vic Kobring, Mark Neuman and Max Gruenberg, and has been shuffled off to various committees. It would grant the increased exclusion to disabled veterans, and residents 65 and older and their widows or widowers. Remarkably, there has been little public discussion, although it could cost the state a bundle if passed. Cities and boroughs appear lined up against the measure, but there has been little from the folks it would most affect.

In the early 1970s, the Legislature exempted from property taxes those making \$10,000 a year or less. Lawmakers in 1985 shielded from property taxes \$150,000 of the value of a qualified home, and they made up the difference to local governments. That did not last long. The reimbursement amount

started to decline the next year and lawmakers stopped paying altogether in 1997, leaving cities and boroughs holding the bag for the state's largesse. It since has been a bone of contention and frustration across the state, with the Haines Borough in 1999 sending the Department of Revenue a bill for \$869,000 for taxes the borough claimed it had lost since 1985. Unsurprisingly, the state balked.



Jenkins

With Alaska's aging population, the exemption is turning into an expensive proposition. The tab in Anchorage last year was \$19.8 million, with the exempted amount being spread among other taxpayers in the city. Across the state, the exemption nowadays totals \$40.3 million, says Steven Van Sant, the state's tax assessor. If the Legislature were to approve the new exemption, it could cost a little more than \$56 million.

Recognizing that property values have skyrocketed in recent years and that a \$150,000 exemption does not go as far as it used to, maybe it is well beyond time to have a discussion about the size of the exemption.



Mayor Mark Begich says the \$150,000 exclusion is a way of life by now and he could support bumping the amount to \$200,000, with inflation-proofing or periodic increases tied to the cost of living or the housing cost index. Or the system, he says, could be changed to a local-option program where voters would decide when to increase the \$150,000 base amount. The Legislature, he says, should fund the program or give cities the option.

If the idea is to keep our older population here, and it's a good idea, then, as Begich suggests, the \$150,000 base must remain intact. There should be no nonsense about need or anything else. If you meet the current criteria, you should get the exemption. The Legislature, facing the worrisome prospect of likely being in the red sometime next year if oil prices do not rebound, should at least talk about funding the obligation it dumped on taxpayers in cities and boroughs. It should also strongly consider making any increase in the exemption — and it should be increased — a local option because other taxpayers eventually have to foot the bill.

As the state, at Gov. Sarah Palin's behest, takes a look at reinstating the longevity bonus at a cost of \$30 million or \$40 million, depending on the approach and figures used, perhaps it instead should think it through. The inherent problems, the anticipated lawsuits and general nastiness involved might make it less attractive.

The longevity program, when it ended, was above all else unfair. It was socialism at its finest, a subjective government giveaway that targeted Alaska's pioneers and then quickly got out of hand because of the courts. About half the seniors in the state never were allowed to be a part of the program. It was modified and then rightly killed as Alaska slipped into a sea of red ink a few years back.

Instead of buying into certain trouble with a new longevity bonus sure to set off fireworks, the governor and lawmakers could fund the property tax exclusion at the \$150,000 level, the \$250,000 level, or someplace in between for slightly more money than reinstating the longevity program. That would right a wrong, put the state's money where its mouth is and help cities and boroughs, and their taxpayers. It also would help many older folks and disabled veterans — unable to participate in the old longevity bonus travesty — to keep their primary residences.

No matter how you cut it, the question is complex, but ignoring the burden — to cities, to boroughs, to the elderly, to other taxpayers — is short-sighted.

Instead of just doing nothing, it's time to do something, and do it right.

Paul Jenkins is an editor of The Anchorage Times.

### The Anchorage Times

Editors: TOM BRENNAN 264-8191 PAUL JENKINS 264-8192 WILLIAM J. TOBIN 264-8193

The Voice of the Times does not represent the

**HB**

**67**

**Sonya Hymer**

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**From:** Rep. Gabrielle LeDoux  
**Sent:** Thursday, February 08, 2007 8:16 AM  
**To:** sonya\_hymer@legis.state.ak.us  
**Subject:** FW: HB67 Additional Information Request

Suzanne Hancock, Chief of Staff  
Representative Gabrielle LeDoux  
State Capitol  
District 36  
Juneau, AK 99801-1121  
phone: (907) 465-2487 (office)  
(907) 465-4230 (direct)  
fax: (907) 465-4956

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**From:** Rep. Anna Fairclough  
**Sent:** Wednesday, February 07, 2007 7:17 PM  
**To:** Rep. Max Gruenberg; Rep. Gabrielle LeDoux  
**Cc:** Renee Limoge  
**Subject:** HB67 Additional Information Request

Representative Gruenberg,

Below is the list of questions that I passed by committee members to make sure I had captured everyone's questions.

My schedule today has been extremely busy, I apologize for the delay.

It is my intent to schedule your bill again under "previous bills heard" on Tuesday, February 20<sup>th</sup> at 8:00 a.m. Since I failed to close the public hearing we will allow testimony (brief), it is my expectation that your bill will move on that day pending others asking question. It will not be necessary (we did have members absent that may want you to speak-your call) for you to present an overview, but it would be helpful if you were available for any questions that might arise. I will discuss any further informational needs or request directly with you if possible (schedules) prior to Monday, February 19<sup>th</sup> at 5:00 p.m.

**HB67**

What is the states definition of "law enforcement officer"?  
How is the exemption spread geographically? (How are the boundaries drawn?)  
Does the committee agree with two exemptions per household?  
What is the fiscal note to local communities?

Enjoy your day!

*Representative Anna Fairclough*

2/13/2007

State Capitol: 907.465.3777

Eagle River: 907.694.8944

Representative Anna Fairclough@legis.state.ak.us



# Alaska State Legislature

## HOUSE OF REPRESENTATIVES

Official Business

State Capitol  
Juneau, AK 99801-1182

**Representative Mike Chenault**

**Representative Max Gruenberg**

Sponsor Statement and Sectional Analysis

HB 67 – Municipal Property Tax Exemption

### Sponsor Statement

The purpose of the bill is to encourage law enforcement officers to purchase homes and live in high crime areas. It allows a municipality to pass an ordinance giving an exemption up to \$150,000 of assessed valuation for a permanent residence owned and occupied by a law enforcement officer in a high crime area.

### Sectional Analysis

A municipality is a political subdivision incorporated under the laws of the state that is a home rule or general law city, a home rule or general law borough, or as a unified municipality. A municipality may, by ordinance, designate certain areas in which permanent residences owned and occupied by law officers are exempt from taxation up to \$150,000 of assessed value.

The areas so designated must be areas prescribed under a federal program in need of special assistance for urban development, neighborhood revitalization, or law enforcement. There is no requirement that such a program actually be utilized in order to meet this requirement. In the alternative, the areas may be delineated by ordinance on the basis of crime statistics maintained by the municipality.

The municipality may not request state funds to cover any shortfall created by this ordinance.

The municipality is given the latitude to define the term "law enforcement officer" by ordinance.

**House Bill 67**

**Potential witnesses and interested parties**

1. John Cyr – Executive Director, Public Safety Employees Association
2. Everett Robbins – President, Anchorage Police Department Employees Association
3. Rob Heun – Police Chief, Municipality of Anchorage
4. Steve Van Sant – State Assessor, DCCED

# ALASKA STATE LEGISLATURE

## REPRESENTATIVE KURT OLSON

- Chair, Labor and Commerce
- Vice-Chair, Oil and Gas
- Member, Community and Regional Affairs

Session: January – May  
State Capitol  
Juneau, AK 99801-1182  
Phone: 907-465-2693  
Fax: 907-465-3835



Interim: May – December  
145 Main Street Loop, Ste 221  
Kenai, AK 99611  
Phone: 907-283-2690  
Fax: 907-283-2763

Official Business

### Draft CSHB 67 (CRA)

This CS would make it optional for municipalities and boroughs to exempt certain organizations from property taxes. Assuming they are exempt from federal taxes under 26 U.S.C. 501(c) (8) or (10) (Internal Revenue Code).

Fraternal organizations around our state are responsible for donating many hundreds of thousands of dollars to worthy causes. From students of the month, to college scholarships, to aid for families in need, to handicapped individuals needing specialized equipment, to school groups needing travel money. Buildings are made available for local fundraisers run by volunteers. Groups like the Cub Scouts and Boy Scouts meet on a regular basis. The list of beneficiaries from these organizations is long.

For example, over the course of the year ending March 31, 2006, the Benevolent and Protective Order of Elks (Elks) in Alaska contributed \$566,561.00 in cash and \$84,424 in non-cash items. In addition, 20,839 miles were driven and 695,099 hours were worked in the course of raising these monies.

When calculated, using the Federal Government's determination that work done by charitable organizations costs an average of \$18.04 per hour, and mileage charged at \$ 0.45 per mile, the total contributions by Alaska Elks Lodges amount to \$ 1,366,924.19.

This is no small sum. The value of fraternal organizations to communities is very obvious. A break on property taxes seems small in comparison.



# Municipality of Anchorage

P.O. Box 196850 • Anchorage, Alaska 99519-6850 • Telephone: (907) 343-4431 • Fax: (907) 343-4409 <http://www.nunat.org>

*Mayor Mark Begich*

**Office of the Mayor**

March 22, 2005

The Honorable Max Gruenberg  
Alaska State House  
State Capitol, Room 112  
Juneau, AK 99801-1182  
VIA fax: 465-3766

Dear Max,

Thank you for your introduction of House Bill 27, which seeks to improve public safety in Alaska communities where high rates of crime may occur. My administration and the Municipality applaud the intent behind this legislation and will continue to work with you and your colleagues in the Legislature to make Anchorage and other communities safer. As you know, Anchorage already encourages police officers to drive their police cruisers home to increase the physical presence of police officers on our neighborhood streets.

We were pleased the bill was amended by the House Community and Regional Affairs Committee to expand the potential tax credit to \$150,000 and make the exemption subject to local approval. We also are pleased by the strong support the bill has received by the Mountain View Community Council, potentially one of the parts of our city which may benefit most from it.

Again, thank you for working to make our neighborhoods safer.

Sincerely,

Mark Begich  
Mayor

*Community, Security, Prosperity*

**Mountain View Community Council  
Resolution \_\_\_\_\_**

**A RESOLUTION SUPPORTING THE PASSAGE OF HB 27**

**WHEREAS, neighborhoods are safer when law enforcement officers live, as well as work, within them, because crime rates decrease,**

**WHEREAS, for these reasons, Mountain View would benefit if more law enforcement officers lived in Mountain View,**

**WHEREAS, HB 27 would encourage law enforcement officers to live in Mountain View by changing state law to allow municipalities to adopt ordinances giving law enforcement officers a tax exemption on part of the property value of their primary permanent residence, if their residence is in a designated area in need of special assistance for urban development, neighborhood revitalization or law enforcement,**

**WHEREAS, HB 27 currently would exempt \$10,000 in assessed valuation, a tax savings of only about \$150 annually per residence, hardly enough to attract law enforcement officers to move into designated neighborhoods, but the Community Council understands an amendment will be offered to increase the exemption to \$150,000 annually, a tax savings of about \$2250 per residence, which will provide much more encouragement for police officers to live in such neighborhoods,**

**WHEREAS, the Community Council believes a few police officers may well take advantage of such a program, particularly in conjunction with federal programs that provide low cost loans to law enforcement officers who live in areas that need additional protection,**

**WHEREAS, the annual cost to the Anchorage Municipality should be no more than \$22,500, if ten officers take advantage of the program, but the cost savings to Anchorage residents will far outweigh that, if even a few major crimes are deterred and lives and property are saved,**

**WHEREAS, the presence of law enforcement officers' homes will also increase property values in such neighborhoods and encourage economic and residential growth, both of which will increase the municipal tax base,**

**WHEREAS, the Community Council understands that the mayor, the chief of police, and the Anchorage Police Department Employees Association support this legislation, but that the Anchorage Municipal Assembly has not yet taken a position on it.**

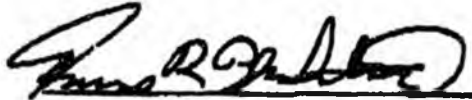
**NOW THEREFORE BE IT RESOLVED** by the Mountain View Community Council:

That the Council supports the passage of HB 27 and any similar legislation that would encourage law enforcement officers to live in areas needing additional police protection.

That the Council supports an amendment increasing the tax exemption in the bill from \$10,000 to \$150,000 of assessed valuation per residence, and

That the Council urges the Anchorage Municipality to pass an ordinance implementing HB 27 as soon as possible after the bill has passed.

Passed at Anchorage, Alaska this 14<sup>th</sup> day of March 2005 by the Mountain View Community Council.

  
Name

President  
Title



# Municipality of Anchorage

P.O. Box 196650 • Anchorage, Alaska 99519-6650 • Telephone: (907) 343-4431 • Fax: (907) 343-4499 <http://www.muni.org>

Mayor Mark Begich

Office of the Mayor

February 2, 2007

The Honorable Max Gruenberg  
Alaska State House  
State Capitol, Room 110  
Juneau, AK 99801-1182

Dear Max,

Thank you for your introduction of House Bill 67, which seeks to improve public safety in Alaska communities where high rates of crime may occur. I understand this bill duplicates a similar measure you introduced two years ago.

My administration and the Municipality applaud the intent behind this legislation and will continue to work with you and your colleagues in the Legislature to make Anchorage and other communities safer. As you know, Anchorage already encourages police officers to drive their police cruisers home to increase the physical presence of police officers on our neighborhood streets.

We were pleased the bill expands the potential tax credit to \$150,000 and makes it subject to local approval.

Again, thank you for working to make our neighborhoods safer.

Sincerely,

Mark Begich  
Mayor

*Community, Security, Prosperity*

Sonya  
cc RA**Sonya Hymer**

**From:** jeffcurrier [jeff@lakeandpen.com]  
**Sent:** Monday, February 05, 2007 9:04 AM  
**To:** Sonya Hymer  
**Subject:** RE: Property tax bills up for hearing next week

Hi Sonya – although Lake and Peninsula Borough has no property tax, real or personal, I still want to weigh in on these two bills. Senior citizen exemptions are a wonderful idea but these exemptions mean lost revenues for taxing authorities and either a reduction in services or budget cuts IF they are mandated by the State and not funded in some manner. Most communities allow some form of SC property tax rebate or exemption but at a far lesser amount.

Tax exemptions for public safety officers in certain neighborhoods– good idea, but again must be funded to offset costs to municipalities.  
Thanks for the opportunity to input. Jeff

responded 2/5

**Norman Cohen**

---

**From:** Everett Robbins [president@apdea.org]  
**Sent:** Monday, February 05, 2007 1:54 PM  
**To:** Norman Cohen  
**Subject:** RE: HB 67 - Municipal Property Tax Exemption for Law Enforcement Officers

Rep. Max Gruenberg  
State Capitol, Room 110  
Juneau, AK 99801

Dear Representative Gruenberg:

I am writing in support of the municipal tax exemption for law enforcement officers (House Bill 67). This legislation would allow a municipality to enact an ordinance designating eligible parcels of property exempt from taxation up to \$150,000 of the assessed value of the property. Eligible parcels of property are those (1) that are owned by and constitute the primary residence of a law enforcement officer; (2) that meet the eligibility requirements under a federal program of special assistance; and (3) that have a statistically higher occurrence of crime than the municipality as a whole.

We believe this bill would be instrumental in helping to reduce crime throughout Anchorage while also recognizing the contributions that law enforcement officers make in our communities. This bill would help to foster the concept of community policing by providing an incentive for law enforcement officers to work and live in neighborhoods most in need of police interaction and intervention. This bill may well help to relieve the economic costs to the municipalities, as well as private employers and individuals, that are generally associated with high-crime neighborhoods by encouraging law enforcement officers to insert themselves into their communities and assume a personal stake in the future of the neighborhood. The bill is also an important recognition of the services provided by individual law enforcement officers. In short, we believe this bill would be beneficial from both the public's perspective and any individual law enforcement officer who participates in the program.

Thank you for introducing this bill into the Alaska legislature. If it passes, Alaska will lead the way in recognizing the contributions that law enforcement officers make in our communities and the benefit that can be derived from permitting a property exemption for those officers who demonstrate their commitment to community policing. Please convey my wholehearted support for its passage to the relevant legislative committees and leaders of each chamber.

Sincerely,

Everett Robbins  
President  
Anchorage Police Department Employee's Association

2/5/2007

**Suzanne Hancock**

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**From:** Rep. Anna Fairclough  
**Date:** Tuesday, February 06, 2007 10:26 AM  
**To:** Rep. Gabrielle LeDoux  
**Cc:** Rep. Kurt Olson; Rep. Woodie Salmon; Rep. Mark Neuman  
**Subject:** C&RA Committee Meeting, February 6, 2007

**Representative LeDoux, Representative Neuman, Representative Olson, and Representative Salmon,**

Thank you for attending today's Community and Regional Affairs meeting. I appreciate your support, it was my first opportunity to Chair a meeting in this legislative session and already I have learned a lot. Thank you for your patience. Your questions were thought provoking and insightful. I am inspired to work with each of you and appreciate any feedback you might have for me after today's committee meeting.

I heard several questions that I would like to refine prior to speaking with HB60 and HB67 bill sponsors.

#### **HB60**

What is the statute site for the hardship exemption? (I will provide the committee a copy of the statute) Steve VanSant

What is the states statutory responsibility in 29.45 "shall reimburse communities"? Talus Colberg

What is the local impact to this legislation? (Fiscal note)

How are mill rates effected by those who would receive the exemption and those who do?

**HB67**  
 What is the states definition of "law enforcement officer"?

How is the exemption spread geographically? (How are the boundaries drawn?)

Does the committee agree with two exemptions per household?

What is the fiscal note to local communities?

Do committee members have any questions that I have not covered? Please advise me as soon as possible, the sponsors of these bills would like to see the committee pass forward these bills.

*Representative Anna Fairclough*

State Capitol: 907.465.3777

Eagle River: 907.694.8944

[Representative Anna Fairclough@legis.state.ak.us](mailto:Representative_Anna_Fairclough@legis.state.ak.us)



**Suzanne Hancock**

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**From:** Rep. Anna Fairclough  
**Sent:** Tuesday, February 06, 2007 10:30 AM  
**To:** Rep. Gabrielle LeDoux  
**Subject:** FW: HB67

Forgot to cc you on this Representative LeDoux.

*Representative Anna Fairclough*

State Capitol: 907.465.3777  
Eagle River: 907.694.8944  
[Representative\\_Anna\\_Fairclough@legis.state.ak.us](mailto:Representative_Anna_Fairclough@legis.state.ak.us)

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**From:** Rep. Anna Fairclough  
**Sent:** Tuesday, February 06, 2007 10:30 AM  
**To:** Rep. Max Gruenberg  
**Cc:** Rep. Mike Chenault  
**Subject:** HB67

Rep. Gruenberg,

I have sent my questions to committee members for further refinement and should have those to you later today or tomorrow. Representative LeDoux and I have agreed to acquire the additional information, pass on the answers to the committee members and review your bill again in short order.

Thank you for personally appearing before the committee today to advocate for your community.

*Representative Anna Fairclough*

State Capitol: 907.465.3777  
Eagle River: 907.694.8944  
[Representative\\_Anna\\_Fairclough@legis.state.ak.us](mailto:Representative_Anna_Fairclough@legis.state.ak.us)

**Sonya Hymer**

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**From:** Rep. Gabrielle LeDoux  
**Sent:** Thursday, February 08, 2007 8:16 AM  
**To:** sonya\_hymer@legis.state.ak.us  
**Subject:** FW: HB67 Additional Information Request

Suzanne Hancock, Chief of Staff  
 Representative Gabrielle LeDoux  
 State Capitol  
 District 36  
 Juneau, AK 99801-1121  
 phone: (907) 465-2487 (office)  
 (907) 465-4230 (direct)  
 fax: (907) 465-4956

---

**From:** Rep. Anna Fairclough  
**Sent:** Wednesday, February 07, 2007 7:17 PM  
**To:** Rep. Max Gruenberg; Rep. Gabrielle LeDoux  
**Cc:** Renee Limoge  
**Subject:** HB67 Additional Information Request

Representative Gruenberg,

Below is the list of questions that I passed by committee members to make sure I had captured everyone's questions.

My schedule today has been extremely busy, I apologize for the delay.

It is my intent to schedule your bill again under "previous bills heard" on Tuesday, February 20<sup>th</sup> at 8:00 a.m. Since I failed to close the public hearing we will allow testimony (brief), it is my expectation that your bill will move on that day pending others asking question. It will not be necessary (we did have members absent that may want you to speak-your call) for you to present an overview, but it would be helpful if you were available for any questions that might arise. I will discuss any further informational needs or request directly with you if possible (schedules) prior to Monday, February 19<sup>th</sup> at 5:00 p.m.

**HB67**

What is the states definition of "law enforcement officer"?  
 How is the exemption spread geographically? (How are the boundaries drawn?)  
 Does the committee agree with two exemptions per household?  
 What is the fiscal note to local communities?

Enjoy your day!

*Representative Anna Fairclough*

State Capitol: 907.465.3777

Eagle River: 907.694.8944

Representative Anna Fairclough@legis.state.ak.us

print out for her

Suzanne Hancock, Chief of Staff  
Representative Gabrielle LeDoux  
State Capitol  
District 36  
Juneau, AK 99801-1121  
phone: (907) 465-2487 (office)  
(907) 465-4230 (direct)  
fax: (907) 465-4956

---

**From:** Renee Limoge **On Behalf Of** Rep. Anna Fairclough  
**Sent:** Tuesday, February 13, 2007 5:08 PM  
**To:** Rep. Max Gruenberg  
**Cc:** Rep. Gabrielle LeDoux; Rep. Kurt Olson; Rep. Mark Neuman; Rep. Nancy Dahlstrom; Rep. Sharon Cissna; Rep. Woodie Salmon  
**Subject:** FW: HB 67

Representative Gruenberg,

Thank you for response. I have reviewed your answers and will recommend that we move the bill out of committee.

I appreciate the extra effort of you and your staff.

Representative Fairclough

---

**From:** Rep. Max Gruenberg  
**Sent:** Tuesday, February 13, 2007 3:01 PM  
**To:** Rep. Anna Fairclough; Rep. Gabrielle LeDoux; House Community and Regional Affairs  
**Subject:** HB 67

Please find attached a letter.

Max F. Gruenberg, Jr  
State Representative  
House District 20  
(907) 465-4940 Phone  
(907) 465-3766 Fax  
1-866-465-4940 Toll Free  
[Rep.Max.Gruenberg@legis.state.ak.us](mailto:Rep.Max.Gruenberg@legis.state.ak.us)  
[www.akdemocrats.org](http://www.akdemocrats.org)

**Alaska State Legislature  
House of Representatives**



**Representative Max F. Gruenberg, Jr.  
House District 20**

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

*Member*

*Standing Committees:*  
Judiciary  
State Affairs

*House Special Committee:*  
Ways & Means

*Finance Subcommittees:*  
Administration  
Courts

*Interim:*  
716 W 4<sup>th</sup> Avenue, Rm 350  
Anchorage, Alaska 99501-2133  
*Phone:* (907) 269-0123  
*Fax:* (907) 269-0124

*Session:*  
Alaska State Capitol, Rm 110  
Juneau, Alaska 99801-1182  
*Phone:* (907) 465-4940  
*Toll Free:* (866) 465-4940  
*Fax:* (907) 465-3766

*Email:*  
rcp.max.gruenberg@legis.state.ak.us

February 13, 2007

To: Representative Anna Fairclough, Co-Chair  
Representative Gabrielle LeDoux, Co-Chair  
House Community and Regional Affairs Committee

From: Representative Max Gruenberg

Subject: HB 67

Thank you for hearing HB 67 in the House Community and Regional Affairs Committee. I am providing to you answers to your questions concerning four aspects of the bill. My responses are found below:

1. What is the state's definition of "law enforcement officer"?

My intention is to include the definitions of "peace officer" in AS 01.10.060(7) and "police officer" in AS 18.65.290(7) within the definition of "law enforcement officer." I will draft an amendment for the committee to consider that will include this new definition. The amendment will give the municipality the authority to include any or all of those categories. (The definitions are attached on page 3 of this memorandum.)

2. How is the exemption spread geographically? (How are the boundaries drawn?)

Either 1) it is an area that fits within a federal program for special assistance for urban development, neighborhood revitalization, or law enforcement, whether or not it is receiving federal funding for this reason, or 2) an area with a statistically higher level of crime than the municipality as a whole. Either or both would be sufficient.

3. Does the committee agree with two exemptions per household?

The sponsors suggest that two exemptions per residence is appropriate, because 1) it provides more of an incentive for married officers or others sharing a residence to participate in the programs, 2) it does not penalize two eligible law enforcement officers who are married from losing an exemption for a residence that they own together, and 3) it limits the financial impact to the municipality and the potential for abuse.

4. What is the fiscal note to local communities?

The Alaska Municipal League placed a zero fiscal on the bill, because the program is discretionary with each municipality. If a municipality implements the program, the number of officers taking advantage of it would probably be less than 10. Multiplying this by the cost, approximately \$2,200 per exemption in Anchorage, for example, the impact would probably be less than \$25,000. This pales in comparison to the benefits that could result from lower crime in high crime areas.

AS 01.10.060. Definitions.

(7) "peace officer" means

- (A) an officer of the state troopers;
- (B) a member of the police force of a municipality;
- (C) a village public safety officer;
- (D) a regional public safety officer;
- (E) a United States marshal or deputy marshal; and
- (F) an officer whose duty it is to enforce and preserve the public peace;

AS 18.65.290(7) "police officer" means

(A) a full-time employee of the state or a municipal police department with the authority to arrest and issue citations; detain a person taken into custody until that person can be arraigned before a judge or magistrate; conduct investigations of violations of and enforce criminal laws, regulations, and traffic laws; search with or without a warrant persons, dwellings, and other forms of property for evidence of a crime; and take other action consistent with exercise of these enumerated powers when necessary to maintain the public peace;

(B) an officer or employee of the Department of Transportation and Public Facilities who is stationed at an international airport and has been designated to have the general police powers authorized under AS 02.15.230(a);

(C) a University of Alaska public safety officer with general police powers authorized under AS 14.40.043 ;

print out for her

Suzanne Hancock, Chief of Staff  
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State Capitol  
District 36  
Juneau, AK 99801-1121  
phone: (907) 465-2487 (office)  
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fax: (907) 465-4956

---

**From:** Renee Limoge **On Behalf Of** Rep. Anna Fairclough  
**Sent:** Tuesday, February 13, 2007 5:08 PM  
**To:** Rep. Max Gruenberg  
**Cc:** Rep. Gabrielle LeDoux; Rep. Kurt Olson; Rep. Mark Neuman; Rep. Nancy Dahlstrom; Rep. Sharon Cissna; Rep. Woodie Salmon  
**Subject:** FW: HB 67

Representative Gruenberg,

Thank you for response. I have reviewed your answers and will recommend that we move the bill out of committee.

I appreciate the extra effort of you and your staff.

Representative Fairclough

---

**From:** Rep. Max Gruenberg  
**Sent:** Tuesday, February 13, 2007 3:01 PM  
**To:** Rep. Anna Fairclough; Rep. Gabrielle LeDoux; House Community and Regional Affairs  
**Subject:** HB 67

Please find attached a letter.

Max F. Gruenberg, Jr  
State Representative  
House District 20  
(907) 465-4940 Phone  
(907) 465-3766 Fax  
1-866-465-4940 Toll Free  
[Rep.Max.Gruenberg@legis.state.ak.us](mailto:Rep.Max.Gruenberg@legis.state.ak.us)  
[www.akdemocrats.org](http://www.akdemocrats.org)

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE GRUENBERG

TO: HB 67

1 Page 1, line 14:

2 Delete all material.

3 Insert "ordinance must contain a definition of "law enforcement officer" that includes  
4 only some or all positions identified in the definition of "peace officer" set out in  
5 AS 01.10.060 or in the definition of "police officer" set out in AS 18.65.290. The ordinance  
6 must"

Amend AS29.45.050 by adding a new subsection to read:

**(t)A municipality may by ordinance exempt from taxation the property of a fraternal society, order or association that is exempt from federal taxes under 26 U.S.C. 501(c) (8) or (10) (Internal Revenue Code) if the property is used predominantly for one or more of the following purposes:**

- (1) religious;**
- (2) charitable;**
- (3) scientific;**
- (4) literary;**
- (5) educational; or**
- (6) fraternal.**

**Renee Limoge**

---

**From:** Steve VanSant [steve\_vansant@commerce.state.ak.us]  
**Sent:** Tuesday, February 20, 2007 1:58 PM  
**To:** Renee Limoge  
**Cc:** sally\_saddler@commerce.state.ak.us  
**Subject:** Re: Questions from the Co-Chairs  
**Attachments:** 2006 SC-DAV Totals.xls; steve\_vansant.vcf

Renee,

In *theory*, if the SC/DAV exemption was funded, municipalities could lower mill rates to reflect that revenue. I have attached a spreadsheet that shows you how much revenue the exemption costs municipalities across the state, by municipality. The spreadsheet also answers your second question regarding the number of applicants by city/borough.

You will note that this program costs the Municipality of Anchorage about 5.4% of total property tax revenue. So, in *theory* the municipality could lower its mill rate to reflect this increase in state revenue. Whether or not they will actually do that, I can not answer.

I hope this helps you out, if you need more information let me know and I will get it for you. Sorry I didn't get this to you earlier, but my phone has been ringing non-stop, and my boss believes I should take those calls and answer them! Can you imagine that? (Ha)

Anyway, let me know if you need something else.  
Steve

Renee Limoge wrote:

Steve,

During a recent meeting of the co-chairs of C&RA, a number of questions came up that we were hoping that you might be able to help us with.

1. If the Senior Tax Exemption were actually funded (as is, not with the increase proposed by HB 60), would property taxes across the board actually go down for all property tax payers?
2. How many families across Alaska are actually receiving the senior citizen/disabled veteran tax exemption? Is it possible to break out the numbers for the following areas: Anchorage, Mat-Su, Kenai?

Any information you can provide to us would be appreciated. And thank you for being available so often during committee and to us for help with these issues. Your expertise is valued.

Best,  
Renee Limoge  
Ext. 3768

**2006 Senior Citizen /Disabled Veteran Homeowner Exemption Program**

Municipality	2006 Senior Citizen /Disabled Veteran Homeowner Exemption Program									% of
	Senior Citizens # Applicants	Senior Citizens Exempt Value	Senior Citizens Taxes Exempt	DAV # Applicants	Disabled Veterans Exempt Value	Disabled Veterans Taxes Exempt	SC/DAV Total App.	SC/DAV Total Value	SC/DAV Total Taxes	Total Property Tax Revenue
Municipality of Anchorage	7,943	\$1,091,763,811	\$16,727,467	1,407	\$203,873,885	\$3,054,791	9,350	\$1,295,637,696	\$19,782,258	5.36%
Bristol Bay Borough	23	\$2,117,178	\$27,523	1	\$43,900	\$571	24	\$2,161,078	\$28,094	1.51%
Fairbanks North Star Borough	2,737	\$310,991,236	\$5,608,462	486	\$65,410,754	\$1,121,785	3,223	\$376,401,990	\$6,730,117	8.27%
Haines Borough	153	\$17,552,343	\$210,346	7	\$972,215	\$12,177	130	\$19,524,558	\$231,524	11.35%
City & Borough of Juneau	1,096	\$152,764,275	\$1,553,056	46	\$6,270,200	\$63,768	1,142	\$159,034,475	\$1,616,824	4.50%
Kenai Peninsula Borough	2,605	\$302,088,300	\$3,472,540	171	\$19,349,600	\$222,022	2,776	\$321,437,900	\$3,694,562	7.40%
Ketchikan Gateway Borough	618	\$73,460,700	\$893,183	16	\$2,097,100	\$25,075	634	\$75,557,800	\$918,258	11.72%
Kodiak Island Borough	293	\$33,766,350	\$428,455	30	\$3,988,200	\$52,411	323	\$37,754,550	\$480,866	4.91%
Matanuska-Susitna Borough	2,873	\$350,370,340	\$4,532,703	514	\$65,634,200	\$851,074	3,387	\$416,004,540	\$5,383,777	7.00%
North Slope Borough	74	\$5,603,800	\$106,752	0	\$0	\$0	74	\$5,603,800	\$106,752	0.05%
City & Borough of Sitka	425	\$56,161,810	\$336,971	10	\$1,033,700	\$6,202	435	\$57,195,510	\$343,173	7.73%
City & Borough of Yakutat	24	\$1,625,550	\$16,181	0	\$0	\$0	24	\$1,625,550	\$16,181	4.65%
Cordova	81	\$10,263,937	\$135,262	1	\$136,100	\$1,817	82	\$10,400,037	\$137,079	8.64%
Craig	33	\$2,995,500	\$17,973	1	\$129,000	\$774	34	\$3,124,500	\$18,747	4.25%
Dillingham	37	\$4,312,300	\$56,059	2	\$500,000	\$3,900	39	\$4,612,300	\$59,959	3.49%
Eagle - No taxes in 2006	0	\$0	\$0	0	\$0	\$0	0	\$0	\$0	0.00%
Nenana	23	\$1,059,699	\$12,716	1	\$27,700	\$332	24	\$1,087,399	\$13,048	7.72%
Nome	90	\$9,787,794	\$107,666	0	\$0	\$0	90	\$9,787,794	\$107,666	5.02%
Pelican	5	\$387,500	\$2,325	0	\$0	\$0	5	\$387,500	\$2,325	3.62%
Petersburg	143	\$18,780,000	\$210,524	2	\$196,000	\$2,197	145	\$18,976,000	\$212,721	9.95%
Skagway	51	\$7,206,275	\$49,417	0	\$0	\$0	51	\$7,206,275	\$49,417	3.00%
Unalaska	8	\$744,496	\$8,770	0	\$0	\$0	8	\$744,496	\$8,770	0.22%
Valdez	64	\$6,850,933	\$137,019	7	\$612,175	\$12,244	71	\$7,463,108	\$149,262	0.51%
Whittier	14	\$444,950	\$2,240	0	\$0	\$0	14	\$444,950	\$2,240	0.83%
Wrangell	145	\$16,070,294	\$192,844	1	\$83,600	\$1,003	146	\$16,153,894	\$193,847	14.82%
<b>Totals</b>	<b>19,558</b>	<b>2,477,169,371</b>	<b>34,855,454</b>	<b>2,703</b>	<b>370,158,329</b>	<b>5,432,143</b>	<b>22,261</b>	<b>\$2,847,327,700</b>	<b>\$40,287,597</b>	<b>4.57%</b>

# FISCAL NOTE

**STATE OF ALASKA**  
**2007 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: HB 67  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Commerce  
 Title Muni Prop Tax Exemption For Police Homes RDU Community Assist & Ec Dev (405)  
 Component Community Advocacy  
 Sponsor Chenault, Gruenberg, Lynn  
 Requester House Community & Regional Affairs Component No. 2703

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**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)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2007) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This legislation permits a municipality by ordinance to offer an optional exemption, not to exceed \$150,000 of the assessed value of real property, from municipal property taxes on certain residences of law enforcement officers. This legislation has no impact on the operations of the division.

Prepared by: Mike Black, Director  
 Division: Community Advocacy  
 Approved by: Emil Notti, Commissioner  
 Agency: Commerce, Community, and Economic Development

Phone (907) 269-4535  
 Date/Time 2/5/07 11:17 AM  
 Date 2/5/2007



# MUNICIPAL FISCAL NOTES

Title: MUNI PROP TAX EXEMPTION FOR POLICE HOMES

Sponsor: Gruenberg

Bill Version: HB 67

Publish Date: 01/16/2007

Effect on Municipalities:

Operating Expenditures: (0)

Operating Revenues: (0)

Capital Expenditures: (0)

Capital Revenues: (0)

Change in Revenues: (0)

Analysis:

This legislation would allow municipalities to exempt, through ordinance, an area within its boundaries that meets eligibility requirements (is eligible under a federal program of special assistance for urban development, neighborhood revitalization, or law enforcement, or has a statistically higher occurrence of crime than the municipality as a whole) from taxation of up to \$150,000 per residence on a residence owned and occupied as the primary place of residence by a law enforcement officer. Up to two exemptions (\$300,000) may be granted if two law enforcement officers occupy the same residence.

The Alaska Municipal League does not oppose optional property tax exemptions. HB 67 will only affect those municipalities that choose to participate in this optional program.

formed in connection  
v Rul 74-187 (1974)

apply where husband  
payment in divorce  
marital rights, since 26  
tax treatment of pay-  
ment of marital or family  
assets (1975, CA3 Pa) 510  
35 AFTR 2d 710.

applicable to install-  
ment purchase to another under  
agreement. Gammill v  
23, afd (1982, CA10)  
14, 50 AFTR 2d 5469.  
It apply to taxpayer's  
solely taxpayer is not  
sole interest attributable  
to him. McCormick v  
10 1987-418, RIA TC  
M 242 (criticized in  
ND Ga) 70 F Supp 2d  
AFTR 2d 1268).

III. Qualified

Parts III, IV.

action  
activity-

(7), or

"504. Status after organization ceases to qualify for exemption under section 501(c)(3) because of substantial lobbying."

In 1984, P.L. 98-369, Sec. 513(b), added the item for Code Sec. 505.

In 1976, P.L. 94-455, Sec. 1307(d)(3)(B), added the item for Code Sec. 504.

In 1969, P.L. 91-172, Sec. 101(j)(61), repealed item 504 relating to denial of exemption.

**§ 501. Exemption from tax on corporations, certain trusts, etc. [Caution: See prospective amendment note below.]**

(a) **Exemption from taxation.** An organization described in subsection (c) or (d) or section 401(a) [26 USCS § 401(a)] shall be exempt from taxation under this subtitle [26 USCS §§ 1 et seq.] unless such exemption is denied under section 502 or 503 [26 USCS § 502 or 503].

(b) **Tax on unrelated business income and certain other activities.** An organization exempt from taxation under subsection (a) shall be subject to tax to the extent provided in parts II, III, and VI of this subchapter [26 USCS §§ 507 et seq., 511 et seq., and 527], but (notwithstanding parts II, III, and VI of this subchapter [26 USCS §§ 507 et seq., 511 et seq., and 527]) shall be considered an organization exempt from income taxes for the purpose of any law which refers to organizations exempt from income taxes.

(c) **List of exempt organizations.** The following organizations are referred to in subsection (a):

(1) Any corporation organized under the Act of Congress which is an instrumentality of the United States but only if such corporation—

(A) is exempt from Federal income taxes—

(i) under such Act as amended and supplemented before July 18, 1984, or

(ii) under this title without regard to any provision of law which is not contained in this title and which is not contained in a revenue Act, or

(B) is described in subsection (1).

(2) Corporations organized for the exclusive purpose of holding title to property, collecting income therefrom, and turning over the entire amount thereof, less expenses, to an organization which itself is exempt under this section. Rules similar to the rules of subparagraph (G) of paragraph (25) shall apply for purposes of this paragraph.

(3) Corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation (except as otherwise provided in subsection (h)), and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.

(4)(A) Civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare, or local associations of employees, the membership of which is limited to the employees of a designated person or persons in a particular municipality, and the net earnings of which are devoted exclusively to charitable, educational, or recreational purposes.

(B) Subparagraph (A) shall not apply to an entity unless no part of the net earnings of such entity inures to the benefit of any private shareholder or individual.

(5) Labor, agricultural, or horticultural organizations

(6) Business leagues, chambers of commerce, real-estate boards, boards of trade, or professional football leagues (whether or not administering a pension fund for football players), not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual.

(7) Clubs organized for pleasure, recreation, and other nonprofitable purposes, substantially all of the activities of which are for such purposes and no part of the net earnings of which inures to the benefit of any private shareholder.

(8) Fraternal beneficiary societies, orders, or associations—

(A) operating under the lodge system or for the exclusive benefit of the members of a fraternity itself operating under the lodge system, and

(B) providing for the payment of life, sick, accident, or other benefits to the members of such society, order, or association or their dependents.

(9) Voluntary employees' beneficiary associations providing for the payment of life, sick, accident, or other benefits to the members of such association or their dependents or designated beneficiaries, if no part of the net earnings of such association inures (other than through such payments) to the benefit of any private shareholder or individual.

- (10) Domestic fraternal societies, orders, or associations, operating under the lodge system—  
 (A) the net earnings of which are devoted exclusively to religious, charitable, scientific, literary, educational, and fraternal purposes, and  
 (B) which do not provide for the payment of life, sick, accident, or other benefits.
- (11) Teachers' retirement fund associations of a purely local character, if—  
 (A) no part of their net earnings inures (other than through payment of retirement benefits) to the benefit of any private shareholder or individual, and  
 (B) the income consists solely of amounts received from public taxation, amounts received from assessments on the teaching salaries of members, and income in respect of investments.
- (12)(A) Benevolent life insurance associations of a purely local character, mutual ditch or irrigation companies, mutual or cooperative telephone companies, or like organizations; but only if 85 percent or more of the income consists of amounts collected from members for the sole purpose of meeting losses and expenses.  
 (B) In the case of a mutual or cooperative telephone company, subparagraph (A) shall be applied without taking into account any income received or accrued—  
 (i) from a nonmember telephone company for the performance of communication services which involve members of the mutual or cooperative telephone company,  
 (ii) from qualified pole rentals,  
 (iii) from the sale of display listings in a directory furnished to the members of the mutual or cooperative telephone company, or  
 (iv) from the prepayment of a loan under section 306A, 306B, or 311 of the Rural Electrification Act of 1936 (7 USCS § 936a, 936b, or 940a) (as in effect on January 1, 1987).  
 (C) In the case of a mutual or cooperative electric company, subparagraph (A) shall be applied without taking into account any income received or accrued—  
 (i) from qualified pole rentals, or  
 (ii) from any provision or sale of electric energy transmission services or ancillary services if such services are provided on a nondiscriminatory open access basis under an open access transmission tariff approved or accepted by FERC or under an independent transmission provider agreement approved or accepted by FERC (other than income received or accrued directly or indirectly from a member),  
 (iii) from the provision or sale of electric energy distribution services or ancillary services if such services are provided on a nondiscriminatory open access basis to distribute electric energy not owned by the mutual or electric cooperative company—  
 (I) to end-users who are served by distribution facilities not owned by such company or any of its members (other than income received or accrued directly or indirectly from a member), or  
 (II) generated by a generation facility not owned or leased by such company or any of its members and which is directly connected to distribution facilities owned by such company or any of its members (other than income received or accrued directly or indirectly from a member),  
 (iv) from any nuclear decommissioning transaction, or  
 (v) from any asset exchange or conversion transaction.
- (D) For purposes of this paragraph, the term "qualified pole rental" means any rental of a pole (or other structure used to support wires) if such pole (or other structure)—  
 (i) is used by the telephone or electric company to support one or more wires which are used by such company in providing telephone or electric services to its members, and  
 (ii) is used pursuant to the rental to support one or more wires (in addition to the wires described in clause (i)) for use in connection with the transmission by wire of electricity or of telephone or other communications.
- For purposes of the preceding sentence, the term "rental" includes any sale of the right to use the pole (or other structure).
- (E) For purposes of subparagraph (C)(iii), the term "FERC" means the Federal Energy Regulatory Commission and references to such term shall be treated as including the Public Utility Commission of Texas with respect to any ERCOT utility (as defined in section 212(k)(2)(B) of the Federal Power Act (16 U.S.C. 824k(k)(2)(B))).
- (F) For purposes of subparagraph (C)(iii), the term "nuclear decommissioning transaction" means—  
 (i) any transfer into a trust, fund, or instrument established to pay any nuclear decommissioning costs if the transfer is in connection with the transfer of the mutual or cooperative electric company's interest in a nuclear power plant or nuclear power plant unit,

Member

Standing Committees:  
Judiciary  
State Affairs

House Special Committee:  
Ways & Means

Finance Subcommittees:  
Administration  
Courts

# Alaska State Legislature

## House of Representatives



**Representative Max F. Gruenberg, Jr.**  
**House District 20**

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

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February 13, 2007

To: Representative Anna Fairclough, Co-Chair  
Representative Gabrielle LeDoux, Co-Chair  
House Community and Regional Affairs Committee

From: Representative Max Gruenberg

Subject: HB 67

Thank you for hearing HB 67 in the House Community and Regional Affairs Committee. I am providing to you answers to your questions concerning four aspects of the bill. My responses are found below:

1. What is the state's definition of "law enforcement officer"?

My intention is to include the definitions of "peace officer" in AS 01.10.060(7) and "police officer" in AS 18.65.290(7) within the definition of "law enforcement officer." I will draft an amendment for the committee to consider that will include this new definition. The amendment will give the municipality the authority to include any or all of those categories. (The definitions are attached on page 3 of this memorandum.)

2. How is the exemption spread geographically? (How are the boundaries drawn?)

Either 1) it is an area that fits within a federal program for special assistance for urban development, neighborhood revitalization, or law enforcement, whether or not it is receiving federal funding for this reason, or 2) an area with a statistically higher level of crime than the municipality as a whole. Either or both would be sufficient.

3. Does the committee agree with two exemptions per household?

The sponsors suggest that two exemptions per residence is appropriate, because 1) it provides more of an incentive for married officers or others sharing a residence to participate in the programs, 2) it does not penalize two eligible law enforcement officers who are married from losing an exemption for a residence that they own together, and 3) it limits the financial impact to the municipality and the potential for abuse.

4. What is the fiscal note to local communities?

The Alaska Municipal League placed a zero fiscal on the bill, because the program is discretionary with each municipality. If a municipality implements the program, the number of officers taking advantage of it would probably be less than 10. Multiplying this by the cost, approximately \$2,200 per exemption in Anchorage, for example, the impact would probably be less than \$25,000. This pales in comparison to the benefits that could result from lower crime in high crime areas.

AS 01.10.060. Definitions.

(7) "peace officer" means

- (A) an officer of the state troopers;
- (B) a member of the police force of a municipality;
- (C) a village public safety officer;
- (D) a regional public safety officer;
- (E) a United States marshal or deputy marshal; and
- (F) an officer whose duty it is to enforce and preserve the public peace;

AS 18.65.290(7) "police officer" means

(A) a full-time employee of the state or a municipal police department with the authority to arrest and issue citations; detain a person taken into custody until that person can be arraigned before a judge or magistrate; conduct investigations of violations of and enforce criminal laws, regulations, and traffic laws; search with or without a warrant persons, dwellings, and other forms of property for evidence of a crime; and take other action consistent with exercise of these enumerated powers when necessary to maintain the public peace;

(B) an officer or employee of the Department of Transportation and Public Facilities who is stationed at an international airport and has been designated to have the general police powers authorized under AS 02.15.230(a);

(C) a University of Alaska public safety officer with general police powers authorized under AS 14.40.043;

**HB**

**101**

# Alaska State Legislature

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**Representative Carl Gatto**  
Co-Chair, House Resources Committee  
District 13 - Palmer

## SPONSOR STATEMENT

### HB 101

*"An Act relating to uniform traffic laws."*

The ignition interlock law was enacted in 2004 as a tool to reduce the number of alcohol related deaths. Ignition interlock devices are required for DUI offenders whose Blood Alcohol Content (BAC) registers twice the legal limit. Of the alcohol related vehicle deaths that occurred in Alaska in 2005, 77% of those involved had BAC levels that were over the legal limit and 30% of those drivers had BAC levels of .10 or greater.

This bill inserts language that closes a loophole in statute whereby municipalities may disregard enforcement of the ignition interlock law due to a lack of clarity in statutes. For example, currently the Municipality of Anchorage does not enforce the ignition interlock law.

This law is part of the State of Alaska's Uniform Traffic Laws and it is essential to insert clarifying language that compels enforcement of the ignition interlock law. I urge your support for HB 101.

# LEGAL SERVICES

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## MEMORANDUM

October 30, 2006

**SUBJECT:** Requirement of Ignition Interlock Device for Drunk Drivers Not Being Enforced in Anchorage (Work Order No. 25-LS0143)

**TO:** Representative Carl Gatto  
Attn: Cody Rice

**FROM:** Gerald P. Luckhaupt   
Legislative Counsel

AS 28.35.030(r) provides that courts must require the use of ignition interlock devices by persons who are convicted of drunk driving with a blood alcohol level of .16 or higher. The requirement applies when the person regains the privilege to drive, including any limited privilege, and applies for a minimum of six months or one year depending upon the offender's actual blood alcohol level. Apparently this requirement is not being applied or enforced in Anchorage, and you have asked if the failure to apply or enforce this requirement is justified. With regard to your request you have provided me a copy of an email from John McConnaughy, Deputy Anchorage Municipal Attorney, who states that Anchorage is not violating state law by failing to require ignition interlock devices because

[w]e asked the courts to order the use of ignition interlock devices pursuant to AS 28.35.030(r), but they ruled that the subsection does not apply in Municipal cases. There are no similar provisions under the Municipal Code.

Mr. McConnaughy then continues and states, "that we discussed asking the Assembly to enact similar requirements into the Municipal Code, but decided not to after reviewing AS 28.35.030(r)." Mr. McConnaughy then states that he does not like the way the section is drafted and believes it could cause problems in the courts "because it is procedurally unclear and confusing." He further states that he is concerned because the legislature chose to apply the requirement only to DUI cases and not to refusal cases and that he didn't want to create additional problems by incorporating these requirements into the Municipal Code. Mr. McConnaughy expounds on his concerns in a further email in which he states that he is puzzled by how AS 28.35.030(r) is written and that he is "concerned that the subsection has the potential to create confusion and lengthen trials."<sup>1</sup>

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<sup>1</sup> Cody Rice will remember that I also had serious concerns with the bill that gave rise to this provision and the amendments that were made to the bill as it proceeded through the

While I can sympathize with Mr. McConnaughy's concerns, those concerns are irrelevant to the question of whether the AS 28.35.030(r) is applicable to and within the Municipality of Anchorage. Neither I or Mr. McConnaughy have the authority to decide whether AS 28.35.030(r) will apply. The legislature has provided that the traffic laws of the state shall be uniform throughout the state and shall apply within all municipalities of the state. Therefore, I question the authority of a court or the Municipality of Anchorage to fail to apply or enforce this requirement. The failure to adopt or apply AS 28.35.030(r), can only arise from a misapprehension of the authority of a municipality vis-a-vis the legislature with regard to the traffic code in Alaska.

The legislature has adopted the Alaska Uniform Traffic Laws Act.<sup>2</sup> AS 28.01.010(a) of that Act provides:

**The provisions of this title and the regulations adopted under this title are applicable within all municipalities of the state. A municipality may not enact an ordinance that is inconsistent with the provisions of this title or the regulations adopted under this title. A municipality may not incorporate into a publication of traffic ordinances a provision of this title or the regulations adopted under this title without specifically identifying the provision or regulation as a state statute or regulation. [Emphasis added.]**

Notwithstanding AS 28.01.010(a), municipalities are given the authority under state law to "enact necessary ordinances to meet specific local requirements." Municipalities are required to forward copies of their traffic ordinances to the commissioner of public safety and must provide specific notice of any inconsistent ordinance. That a particular municipality is a home rule municipality has no bearing on whether an ordinance is inconsistent with a state traffic law, as the Act operates as a limitation on the powers of home rule cities and an inconsistent traffic ordinance is an exercise of home rule power that is expressly prohibited by the legislature. *Adkins v. Lester*, 530 P.2d 11 (Alaska 1974).<sup>3</sup>

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legislature. I questioned both the choices being made and how the bill was to be applied. In addition, Mr. McConnaughy's concerns about (r) not applying to refusals and therefore encouraging persons to refuse a chemical test are valid. The legislature, though, rejected similar concerns and chose not to apply this provision to refusals. The legislature has instead chosen to prohibit refusals from ever receiving a limited license under AS 28.15.201, therefore providing, apparently at least, a limited counterbalance.

<sup>2</sup> AS 28.01.

<sup>3</sup> The legislature has also allowed municipalities to deviate from state law with regard to the impoundment and forfeiture of motor vehicles. See AS 28.01.015. *McCormick v. Anchorage*, 999 P.2d 155 (Alaska App. 2000).

Representative Carl Gatto

October 30, 2006

Page 3

Concerns that the state law makes it harder to prosecute or lengthens trials are irrelevant to deciding whether or not a local ordinance is inconsistent with a state traffic law. For example, in *Simpson v. Municipality of Anchorage*, 635 P.2d 1197, 1204 (Alaska App. 1981) Anchorage's .10 per se under the influence law was found to be inconsistent with state law drunk driving laws that required a finding that a driver actually be under the influence of an intoxicating liquor. Anchorage argued that home rule authority and the high number of alcohol-related accidents in Anchorage authorized the use of this expediency (which necessarily would result in an ease in prosecution as we have subsequently found) as a deviation from state law. The court rejected Anchorage's arguments. The court found that the Anchorage ordinance was inconsistent with state law as it tended to frustrate a statewide policy enacted by the legislature. In examining a case where an inconsistency was not found (*Cremer v. Anchorage*, 575 P.2d 306 (Alaska 1978)) with a case where an ordinance was found to be inconsistent (*Adkins, supra*) the *Simpson* court said:

The holding of the court in *Cremer* is especially helpful, for it articulates specific standards by which the issue of inconsistency under AS 28.01.010(a) may be evaluated. The court stated, first, that an ordinance could be deemed inconsistent only if it was 'found that it directly or indirectly impeded implementation of a statute which sought to further a specific statewide policy.' 575 P.2d at 307 (footnote omitted). Second, in distinguishing its holding from the holding of *Adkins v. Lester*, the court indicated that an essential criterion of inconsistency under 28.01.010(a) is whether the ordinance in question seeks to proscribe conduct which, by statute, 'the legislature intended, as a matter of policy, to permit . . . ' 575 P.2d at 308 n.5. From these statements we infer that, when the question of inconsistency under AS 28.01.010(a) is raised, the issue is not whether there is a mere discrepancy between state law and local ordinance; rather, the inquiry must focus on whether any discrepancy in the ordinance impedes or frustrates policy expressed by state law.

In AS 28.35.030(r) the legislature has expressed the statewide policy that drunk drivers with a blood alcohol level of at least double the legal limit as found by the trier of fact must use an ignition interlock device for a minimum period of time when regaining the privilege to drive. The Anchorage ordinance that is being applied does not include this requirement and "impedes and frustrates" this statewide policy set by the legislature. The Anchorage ordinance therefore must give way so as to allow the statewide policy to be implemented and applied. Mr. McConnaughy's concerns should have been addressed to the legislature when HB 342 was being heard or to the Anchorage Assembly once HB 342 became law. The Anchorage Assembly conceivably could have addressed Mr. McConnaughy's concerns and made some changes to AS 28.35.030(r), provided those changes did not frustrate or impede the general state policy set by the legislature requiring the use of ignition interlock devices for this class of drivers.

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**Motor Vehicle Traffic Fatalities by Age and the Highest BAC in the Crash - 2000**

2000 FARS-ARF

Age	BAC .00		BAC .01-.09		BAC .10+		Total Killed in Alcohol-Related Crashes		Total Killed	
	#	%	#	%	#	%	#	%	#	%
<5	550	77.9	62	8.7	94	13.3	156	22.1	706	100.0
5-9	580	80.5	44	6.1	97	13.4	141	19.5	721	100.0
10-14	738	80.6	64	6.9	114	12.5	178	19.4	916	100.0
15-19	3,408	65.8	565	10.9	1,207	23.3	1,772	34.2	5,180	100.0
20-24	2,423	46.3	648	12.4	2,162	41.3	1,810	53.7	5,233	100.0
25-29	1,673	45.9	370	10.2	1,602	44	1,973	54.1	3,646	100.0
30-34	1,435	45.2	290	9.1	1,448	45.6	1,739	54.8	3,174	100.0
35-39	1,595	46.1	339	9.8	1,527	44.1	1,867	53.9	3,462	100.0
40-44	1,609	49	312	9.5	1,363	41.5	1,676	51	3,285	100.0
45-49	1,571	55.1	219	7.7	1,059	37.2	1,277	44.9	2,848	100.0
50-54	1,449	61.9	207	8.8	85	29.3	892	38.1	2,341	100.0
55-59	1,216	66.7	132	7.2	475	26	607	33.3	1,823	100.0
60-64	1,081	73.6	114	7.8	274	18.7	388	26.4	1,469	100.0
65-69	1,011	77.3	86	6.6	210	16.1	297	22.7	1,308	100.0
70-74	1,221	82.8	90	6.1	163	11.1	253	17.2	1,474	100.0
75+	3,416	88.5	175	4.5	269	7	445	11.5	3,861	100.0
Unknown	190	50.8	44	11.7	140	37.4	104	49.2	374	100.0
<b>Total</b>	<b>25,168</b>	<b>80.2</b>	<b>3,761</b>	<b>9</b>	<b>12,892</b>	<b>30.8</b>	<b>16,653</b>	<b>39.8</b>	<b>41,821</b>	<b>100.0</b>

\*Source - National Highway Traffic Safety Administration FARS data