

ALASKA LEGISLATURE COMMITTEE FILES 2007-2008 SCRA 12428

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

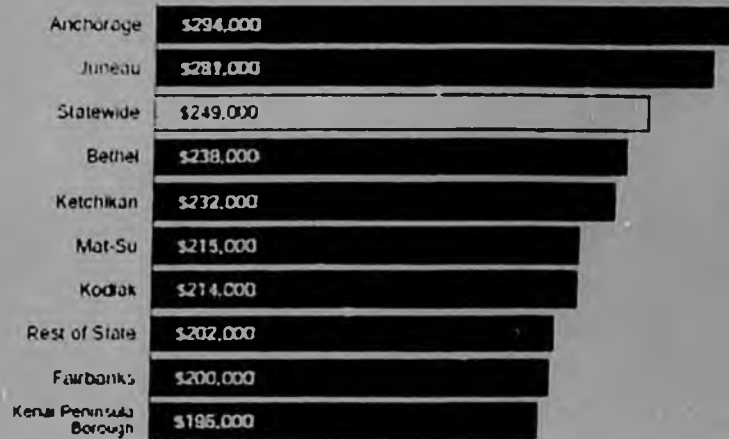
Municipality	Property Tax Revenues	Oil & Gas Property Tax Revenues	Total Property Tax Revenues	Chg. From Previous Year	Population	Municipal Per Capita Revenue	**Per Capita Revenue City & Boro
Municipality of Anchorage	\$339,815,503	\$784,324	\$340,579,827	5.65%	277,498	\$1,227	
Bristol Bay Borough	\$1,763,700	\$0	\$1,763,700	0.93%	1,096	\$1,609	
Cordova	\$1,471,987	\$36,600	\$1,508,587	2.31%	2,298	\$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	\$76,274,519	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*	\$66,258	\$0	\$66,258	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%	7,891	\$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	\$1,419
North Slope Borough	\$2,317,232	\$188,969,188	\$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	
Seldovia*	\$141,866	\$0	\$141,866	-3.13%	426	\$333	\$1,528
Seward*	\$745,901	\$0	\$745,901	11.28%	2,540	\$294	
City & Borough of Sitka	\$4,401,399	\$0	\$4,401,399	9.09%	8,805	\$500	
Skagway	\$1,338,097	\$0	\$1,338,097	16.54%	870	\$1,538	
Sudaina*	\$546,326	\$0	\$546,326	4.32%	3,787	\$145	\$1,338
Unalaska	\$4,024,654	\$0	\$4,024,654	-4.69%	4,366	\$922	
Valdez	\$17,890,301	\$13,049,409	\$30,939,709	47.04%	3,749	\$8,253	
Wasilla*	\$330,786	\$0	\$330,786	20.89%	6,109	\$54	\$968
Whittier	\$188,183	\$2,402	\$190,586	-25.32%	172	\$1,108	
Wrangell	\$1,201,688	\$0	\$1,201,688	2.82%	2,023	\$594	
City & Borough of Yakutat	\$296,942	\$0	\$296,942	-1.56%	680	\$437	
Total Property Taxes	\$643,749,839	\$214,701,569	\$858,451,409	6.85%	Overall *	\$1,367	per capita
Overall Chg from Prior Year	10.44%	-2.64%	6.85%		Average **	\$1,108	property taxes
Total Local Tax Revenues Generated							
Sales Tax Revenues	\$157,246,911			18.37%	Percent Change		
Special Tax Revenues	\$52,839,551			20.80%	From		
Local Property Tax Revenues	\$643,749,839			14.78%	Previous		
Oil & Gas Property Tax Revenues	\$214,701,569			-2.79%	Year		
Total Local Tax Revenues	\$1,068,537,871			11.50%			

*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 Lenders 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

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Year	ALL ITEMS EXCEPT SHELTER				HOUSING				TRANSPORTATION			
	U.S. Average	Percent Change from Prev. Year	Anchorage Average	Percent Change from Prev. Year	U.S. Average	Percent Change from Prev. Year	Anchorage Average	Percent Change from Prev. Year	U.S. Average	Percent Change from Prev. Year	Anchorage 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%	98.5	1.8%
1984	103.9	4.1%	103.8	3.9%	103.8	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	-5.4%	102.3	-3.3%	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	115.9	3.9%	117.8	2.3%	118.5	3.8%	95.4	-2.2%	108.7	3.1%	113.0	1.5%
1989	121.5	4.9%	122.3	3.3%	123.0	3.8%	96.3	0.9%	114.1	5.0%	116.7	3.3%
1990	126.2	5.4%	129.0	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%	133.6	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%	123.3	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%	144.6	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%	156.6	2.5%	129.4	1.2%	144.3	0.9%	147.0	-0.1%
1998	157.2	0.8%	152.8	1.3%	160.4	2.3%	131.0	1.2%	141.6	-1.9%	144.9	-1.4%
1999	160.2	1.9%	153.5	0.6%	163.9	2.2%	132.7	1.3%	144.4	2.0%	143.7	-0.8%
2000	165.7	3.4%	156.1	1.7%	169.6	3.5%	134.2	1.1%	153.3	6.2%	150.5	4.7%
2001	159.7	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%	166.5	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	1.8%	163.1	3.5%	152.7	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				APPAREL and UPKEEP			
	U.S. Average	Percent Change from Prev. Year	Anchorage Average	Percent Change from Prev. Year	U.S. Average	Percent Change from Prev. Year	Anchorage Average	Percent Change from Prev. Year	U.S. Average	Percent Change from Prev. Year	Anchorage 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	1.8%	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%	118.5	2.8%	125.0	5.0%
1990	132.1	5.8%	123.7	5.5%	162.6	9.0%	161.2	4.4%	124.1	4.6%	127.7	2.2%
1991	136.3	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	141.4	2.1%	131.2	0.7%	201.4	5.9%	189.6	3.6%	133.7	1.4%	131.2	0.5%
1994	144.9	2.3%	131.9	0.5%	211.0	4.8%	197.3	4.3%	133.4	-0.2%	129.9	-1.8%
1995	148.9	2.8%	138.5	5.0%	220.5	4.5%	211.6	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%	285.8	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	186.6	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%

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 5 1990-2004

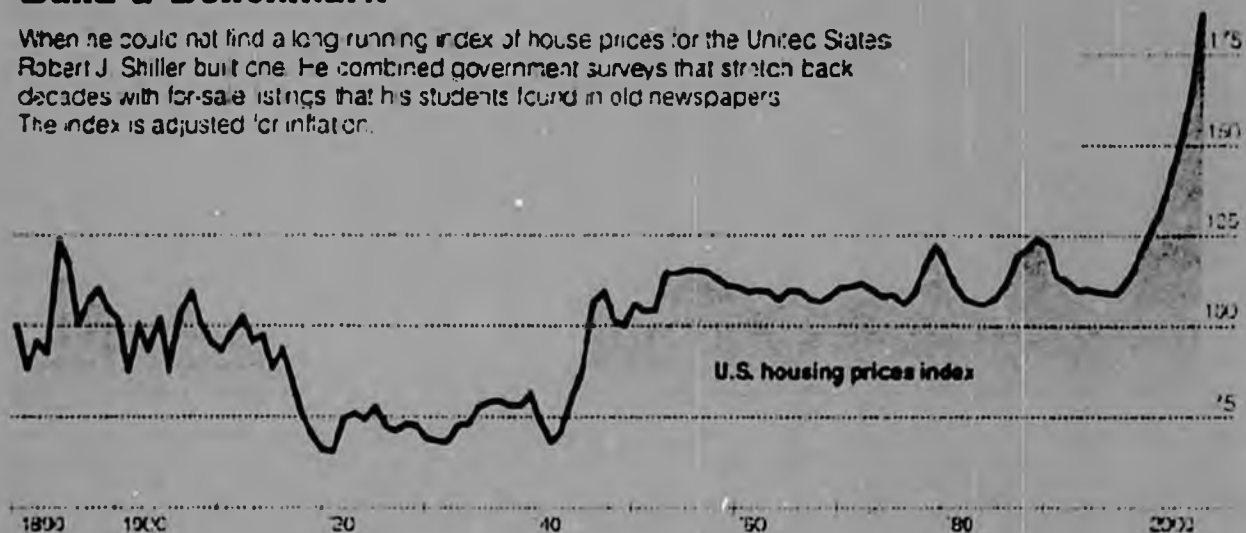
Fiscal Year	Percent Change in Personal Income	Percent Change in Property Tax Collections
1990	6.78%	9.28%
1991	4.94	7.96
1992	4.61	7.34
1993	5.32	5.22
1994	4.16	3.90
1995	5.86%	3.20%
1996	4.99	2.94
1997	6.18	4.48
1998	6.81	5.17
1999	6.27	4.14
2000	6.61%	3.97%
2001	6.22	5.82
2002	2.02	5.88
2003	2.19	6.27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

Source: http://www.nvtimes.com/Imagepages/2005/08/21/business/21real_graphic.html

adn.com

Anchorage Daily News

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In Alaska, tax woes are for other folks

NO. 1: Anchorage families shoulder nation's smallest tax burden among cities.

By GEORGE BRYSON
Anchorage Daily News

(Published: April 17, 2007)

If all you want out of a big city in America is to pay as little in taxes as humanly possible, then Anchorage is the place for you.

So says a study that compares tax rates in the largest cities in each state (plus Washington, D.C.) as reported this month in Kiplinger's Personal Finance magazine.

As Americans prepared to pay their federal taxes, the periodical ranked Anchorage No. 1 on its list of "The 10 Most Tax Friendly Cities" in America in terms of state and local taxes.

Credit Alaska's standing as the only state in the nation in which residents pay neither an income tax nor a state sales tax, said Kiplinger assistant managing editor Magali Rheault.

"It's hard to beat Alaska when it comes to paying taxes," Rheault said.

Her magazine based its ranking on a congressionally mandated study of 2005 tax burdens that was conducted last fall by the District of Columbia.

It compared how much residents pay for four types of state and city levies -- income tax, sales tax, auto tax and property tax -- for a middle class family of three that makes \$75,000 a year.

After avoiding any taxes at all in the first two categories, an Anchorage family at that income level paid an average of \$176 in auto tax (\$342 below the national average) and \$2,872 in property tax (\$231 above the national average).

Adding it all up, the Anchorage family paid \$3,048 -- or 4.1 percent of annual income -- in state and local taxes, the study reported.

That was less than half the national-average tax rate of 8.8 percent for the same income, and only one-fifth the rate paid by residents in Bridgeport, Conn. -- which topped the nation with a tax rate of 20.5 percent, mostly due to a combination of high home values and hefty property taxes.

The study assumed that a family in the \$75,000-a-year income bracket in Anchorage owned a home worth \$195,876 in 2005, while a similar family in Bridgeport owned a home valued at \$352,930.

"That's something that the people in Bridgeport have to understand," Rheault said. "If you're going to live there, you're going to have to pay a lot in property taxes."



Doug Clinger waves to motorists outside Liberty Tax Service in Midtown, April, 16, 2007. Taxpayers had extra time to file and pay because April 15 fell on a Sunday, and Monday was Emancipation Day, a legal holiday in the District of Columbia. (BILL ROTH / Anchorage Daily News)

In Anchorage, by comparison, the city's more modest property taxes are further offset by the state's oil wealth.

The study listed Alaska as one of only seven states in the nation with no income tax (the others were Florida, Nevada, South Dakota, Texas, Washington and Wyoming) and one of only four with no state sales tax (along with Montana, Oregon and Delaware).

The listing of tax-friendly cities in the May issue of Kiplinger's Personal Finance appeared as a sidebar to a package of stories on people who relocate at mid-career, and Anchorage's No. 1 ranking didn't surprise her, Rheault said.

"Every time we do tax stories, Alaska always comes up as the best place to live because you don't have an income tax and you have the Permanent Fund," she said. "So residents can end up ahead, thanks to the oil revenues."

The article noted that Alaskans receive an additional bonus of a yearly Permanent Fund dividend. However, the District of Columbia study didn't use it to calculate the Anchorage tax burden.

Had it done so, factoring in three 2005 dividends worth \$845 apiece, the same hypothetical family of three making \$75,000 a year only would have owed a balance of \$510 on its 2005 state and city tax bill -- and may have even made money in 2006, when dividends rose to \$1,106.96 apiece.

The study also found that Anchorage imposed the lowest tax rate in the nation (2.8 percent of gross income) on families making \$150,000 a year but much more (8.9 percent) on families that make only \$25,000 a year -- because a portion of rent that low-income people pay adds to their landlord's property taxes.

Daily News reporter George Bryson can be reached at gbryson@adn.com.

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SB

122

**SENATE COMMITTEE REPORT
First Committee of Referral**

DATE: 3/16/07

FURTHER: Finance

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: Feb. 6, 2008

Community and Regional Affairs Committee considered SENATE BILL NO. 122

SB 122 MUNICIPAL PROPERTY TAX EXEMPTION

"An Act relating to an optional exemption from municipal property taxes for residential property."

and recommends:

- be replaced with SCS or CS _____ (_____)
- adopt previous SCS or CS _____ (_____)
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

SENATE BILL:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	New Title
<hr/>	
HOUSE BILL:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Index	Zero	FN#
CED	2/4/08		✓		

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Index	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS	PRINTED LAST NAME	DO NOT PASS	DO NOT	NO RE	AMEND
	WAGONER	✓	✓		
	Thomas	✓			
	Koolman	✓			
	Steiner			✓	
CHAIR:	OLSON			X	

ALASKA STATE LEGISLATURE



SENATOR JOE THOMAS

Sponsor Statement

SB 122 – Residential Property Tax Exemption

Senate Bill 122 increases the *optional* municipal property tax exemption for a private residence from \$20,000 to up to \$100,000. This bill *does not mandate* any action by municipalities. This bill only allows local governments the option of increasing their residential property tax exemption.

Currently there are 12 boroughs and 13 cities - with a combined population of over 590,000 Alaskans - which levy property taxes. Each of these is attempting to respond to homeowners struggling under the rising cost of energy across the state. In some instances these issues are coupled with rapidly rising assessed values of private residences. Across the state, these citizens are crying for relief.

SB 122 would not affect a smaller, revenue-strapped community's sources of tax income. Instead, it would give those municipalities with a large enough population the ability to relieve the tax burden largely borne by homeowners. SB 122 would allow local control in setting the allowable exemption at any amount *up to \$100,000*. A local ordinance would then require voter approval before enactment.

The original option of exempting up to \$20,000 was a good idea when it passed both houses of the Alaska Legislature unanimously in 2004, and has been a valuable tool for the municipalities which exercised this option.

As municipalities around our state attempt to diversify their income base and respond to the needs of private citizens struggling under today's rising energy costs, I urge you to support the timely passage Senate Bill 122.

Allowable Municipal Property Tax Exemption Increase

**Prepared 1 February 2008 by Jennifer Yuhas,
Special Assistant to Fairbanks North Star Borough Mayor / FNSB Legislative Liaison
907.388.7951 / jyuhas@co.fairbanks.ak.us**

Purpose:

- Allows municipalities to exempt the first \$100K from the value of a residential property before levying taxes upon that property.
- Requested by Fairbanks North Star Borough to offset rising cost of energy paired with rapidly rising property valuations in response to public concern.

Optional:

- Each municipality would acquire the option to increase the allowable exemption to \$100K only by municipal vote.
- Option already exists for up to \$20K
- Change only affects the amount allowable, increasing it from \$20K to \$100K

Other:

- Each municipality will have the burden to manage diversification of revenue or retraction of services associated with implementation of an increased exemption.
 - Options include but are not limited to the following:
 - Reduction of services / decreased budget
 - Shifting tax burden to non-residential properties
 - Implementing sales, gross receipts, or other taxes
- Issues associated with implementation will be discussed at the local level through the election process prior to adoption
- Similar legislation passed unanimously 2004 increasing \$10K to \$20K
- The FNSB Assembly has allocated \$150K to ballot initiative 2008.
Support: Anchorage, et al
- Only community on record opposing = Kenai Peninsula Borough:
testimony (H)C&RA = cited fear voters would insist on option if option existed.

Grier Hopkins

From: Steve VanSant (steve_vansant@commerce.state.ak.us)
Sent: Tuesday, March 27, 2007 11:23 AM
To: Grier Hopkins
Subject: Re: municipal property exemptions
Attachments: Table 2 -2006.pdf; Table 1 -2006.pdf; steve_vansant.vcf

Grier,

The following municipalities have authorized the \$20K residential exemption:

North Slope Borough - A flat \$20K exemption regardless of value - 2006 cost \$1,796,276

Fairbanks North Star Borough - 20% of assessed value up to \$20K - 2006 cost \$261,583,315

Municipality of Anchorage - 10% of assessed value up to \$20K - 2006 cost \$917,909,785

City of Valdez - 30% of assessed value up to \$20K - 2006 cost \$9,339,771

Kenai Peninsula Borough A flat \$20K exemption regardless of value 2006 cost \$182,351,500

Bristol Bay Borough - A flat \$10K exemption regardless of value 2006 cost \$750,000 (This is the only borough to limit the exemption to \$10K)

As far as the mill rates go, all I have is last years rates which are in Alaska Taxable, Table 5 which reflect the following:

Anchorage	15.28 mills
Bristol Bay Borough	13 mills
FNSB (city of Fairbanks)	19.623 mills
Kenai Pen. Bor (City of Kenai)	12.10 mills
North Slope Borough	19.05 mills
City of Valdez	20 Mills

Municipalities with sales taxes are listed in Table 1 & 2 of Alaska Taxable. I have attached copies of those two tables. I hope this helps and if you need more info, please feel free to contact me.

Steve

Grier Hopkins wrote:

KENAI PENINSULA BOROUGH

EFFECTS OF INCREASED RESIDENTIAL EXEMPTIONS

Assessed Residential Values 2007 (not certified)				Taxable Values After Exemption			
<u>Count</u>	<u>Imp</u>	<u>Land</u>	<u>Total</u>	<u>20K</u>	<u>50K</u>	<u>75K</u>	<u>100K</u>
9,303	1,370,400,300	239,113,600	<u>1,609,513,900</u>	1,424,391,100	1,157,083,700	947,915,600	754,040,900
				Exempted Values			
				<u>20K</u>	<u>50K</u>	<u>75K</u>	<u>100K</u>
				185,122,800	452,430,200	661,598,300	855,473,000

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By: Charlie Rex
Tim Beck
Luke Hopkins
Mike Musick
Nadine Winters
Hank Bartos
Torle Foote
Valerie Therrien
Introduced: 02/22/07
Adopted: 02/22/07

FAIRBANKS NORTH STAR BOROUGH
RESOLUTION NO. 2007 - 08

**A RESOLUTION REQUESTING THE ALASKA STATE LEGISLATURE TO AMEND
AS29.45.050(A) TO INCREASE THE RESIDENTIAL PROPERTY TAX EXEMPTION
ALLOWABLE TO \$50,000**

WHEREAS, AS29.45.050(a) states "A municipality may exclude or exempt or partially exempt residential property from taxation by ordinance ratified by the voters at an election. An exclusion or exemption authorized by this subsection may be applied with respect to taxes levied in a service area to fund the special services. An exclusion or exemption authorized by this subsection may not exceed the assessed value of \$20,000 for any one residence" and

WHEREAS, property owners in the Fairbanks North Star Borough have seen substantial increases in assessed valuations, thereby increasing their tax bills; and

WHEREAS, along with increased assessments, residents have also faced skyrocketing heating fuel and gasoline prices; and

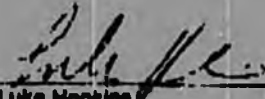
WHEREAS, an increase to the residential property tax exemption would help to ease the rising costs associated with owning a home in the Fairbanks North Star Borough; and

WHEREAS, the local tax base needs to be diversified so residential property taxes can be reduced; and

NOW, THEREFORE, BE IT RESOLVED the Assembly of the Fairbanks North Star Borough respectfully requests the Alaska State Legislature to amend AS29.45.050(a) to increase the residential property tax exemption allowable to \$50,000.

46 BE IT FURTHER RESOLVED, that copies of this resolution shall be sent
47 to the Alaska Interior Delegation.

48
49 PASSED AND APPROVED THIS 22ND DAY OF FEBRUARY 2007.



Luke Hopkins
Presiding Officer

ATTEST



Mona Lisa Drexler, CMC
Municipal Borough Clerk

50
51 Ayes: Bartos, Beck, Fouts, Winters, Musick, Therrien, Rex, Hopkins
52 Noes: Frank



Daily News - Miner

A fair tax break

Published April 1, 2007

Giving local governments the flexibility to raise property tax exemptions for homeowners if they so desire seems like it would be a welcome idea in any community, but according to some who have debated the issue over the years that's just not the case in Alaska.

Not every community taxes people the same way, yet we are all connected by at least one other funding source, that being taxes levied against oil and gas industry infrastructure statewide.

That tax money goes into the state's general fund and communities get a cut based on the amount of that sort of infrastructure in their area. For example the biggest chunk for the Fairbanks North Star Borough comes because of the trans-Alaska pipeline.

So, if Fairbanks-area residents get a break on property taxes and the mill rate climbs to offset that break, targeting industry, then more of that general fund money might be directed to Fairbanks and other oil-and-gas heavy towns who might choose to increase exemptions.

That doesn't go over so well in other communities where there is less oil and gas infrastructure — and where they may pay both property and sales taxes to make ends meet.

It's part of the reason why the allowable property tax exemption has only increased from \$10,000 to \$20,000 over its decades in existence. Logically, the exemption should have been going up with inflation. That would only be fair. But, realistically, there are some who would prefer that it didn't exist in the first place.

That shouldn't stop our delegation from continuing to push for an increase to the exemption, however. Proposals are pending for increases to \$50,000 or \$100,000. If we have to accept less of an increase, so be it. The existing exemption is effective and there is no reason it should not be increased to at least some degree to mirror our changing economy.

A property-tax based system has worked well for the Fairbanks area for a long time as an efficient means of collecting taxes. That's why it's important for residents to continue to pay close attention to property tax issues, to push for reasonable exemptions and for local leaders to consider all options — possibly even tax rebates to homeowners — as part of any future tax picture.

It only makes sense to exercise all the creativity we can within our existing tax structure before we abandon it for what people might think are greener tax pastures. Lawmakers need our encouragement to continue pushing for adjustments to the exemption and local officials need support in exploring all other options within the property tax framework.

This article may be accessed online at <http://newsminer.com/2007/04/01/6251/>.

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	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X
1	TAX YEAR 2005																							
2	FNSB Breakeven Analysis If Change Residential Exemption From \$10k To \$20k											** Prior Analysis **												
3																								
4	Residential Exemption Amount	Tax Year 2005 TAV before ResEx	Residential Ex	NTAV	Rev Needs	Mill Rate	Exemption	BreakEven TAV																
5	10,000	5,392,586,395	134,460,375	5,258,126,020	69,505,130	0.013219	132.19																	
6	20,000	5,392,586,395	268,920,750	5,123,665,645	69,505,130	0.013566	271.31																	
7												<u>0.000347 / \$ 139.12 = \$401,054</u>												
8																								
9																								
10																								
11	Preliminary - For Budget Development																							
12	TAX YEAR 2007																							
13	FNSB Breakeven Analysis																							
14																								
15																								
16	Residential Exemption Amount	Tax Year 2007 TAV before Residential Exemption	Residential Exemption *	NTAV	Revenue Needs	Mill Rate	Exempted Tax	Cumulative Mill Rate Increase	Cumulative Exempted Tax Increase	BreakEven TAV	<u>Breakeven Proof</u>			<u>Less than Breakeven Proof</u>			<u>More than Breakeven Proof</u>							
17	Input	Input	Input for \$20,000	+B-C	Input	+E/D*1000	+A*F/1000	F Increase	H Increase	+K/J*1000	Home Value	Taxable Home Value	Tax	+O*F/1000	Home Value	Taxable Home Value	Tax	+R-A	+S*F/1000	Home Value	Taxable Home Value	Tax	+V-A	+W*F/1000
18	Input	Input	Input for \$20,000	+B-C	Input	+E/D*1000	+A*F/1000	F Increase	H Increase	+K/J*1000	Home Value	Taxable Home Value	Tax	+O*F/1000	Home Value	Taxable Home Value	Tax	+R-A	+S*F/1000	Home Value	Taxable Home Value	Tax	+V-A	+W*F/1000
19	5,000	6,641,433,289	2,771,175	6,373,714,536	77,719,680	12.194	243.89				496,150	466,150	5,806		496,150	466,150	5,806			600,000	570,000	7,100		
20	10,000	6,641,433,289	4,311,578,130	6,239,855,160	77,719,680	12.455	373.66	0.262	129.79	496,150	496,150	466,150	5,806	400,000	360,000	4,582	800,000	560,000	7,128					
21	15,000	6,641,433,289	5,351,437,506	6,105,995,783	77,719,680	12.720	509.14	0.535	265.26	496,150	496,150	456,150	5,806	400,000	350,000	4,555	600,000	550,000	7,158					
22	20,000	6,641,433,289	6,192,96,883	5,972,136,407	77,719,680	13.014	650.69	0.820	406.81	496,150	496,150	446,150	5,806	400,000	340,000	4,526	600,000	540,000	7,189					
23	25,000	6,641,433,289	8,031,156,259	5,838,277,030	77,719,680	13.312	798.73	1.118	554.85	496,150	496,150	436,150	5,806	400,000	330,000	4,496	600,000	530,000	7,221					
24	30,000	6,641,433,289	9,317,015,636	5,704,417,654	77,719,680	13.624	953.71	1.431	709.84	496,150	496,150	426,150	5,806	400,000	320,000	4,465	600,000	520,000	7,255					
25	35,000	6,641,433,289	1,070,875,012	5,570,558,277	77,719,680	13.952	1,116.15	1.758	872.27	496,150	496,150	416,150	5,806	400,000	310,000	4,432	600,000	510,000	7,291					
26	40,000	6,641,433,289	1,214,734,389	5,438,698,901	77,719,680	14.295	1,286.58	2.102	1,042.71	496,150	496,150	406,150	5,806	400,000	300,000	4,397	600,000	500,000	7,328					
27	100,000	6,641,433,289	1,338,593,765	5,302,939,524	77,719,680	14.656	1,465.82	2.462	1,221.75	496,150	496,150	396,150	5,806	400,000	300,000	4,397	600,000	500,000	7,328					
28																								
29																								
30																								
31	* Linear application of residential exemption; assumes that all property that uses the \$20,000 exemption would also use the entire \$100,000 exemption, although that would not be the case.																							
32																								
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39	W:\Financial Services\Admin\ASSISCFO\08Budget\ExemptionBreakEven.xls Tax Year 2007																							
40	1/28/08 3:59 PM																							

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SB 122
 () Publish Date: _____

Identifier (file name): SB122-CED-CRA-02-04-08 Dept. Affected: DCCED
 Title: Municipal Property Tax Exemption RDU: Comm Asst & Ec Dev (405)
 Component: Community & Regional Affairs
 Sponsor: Thomas
 Requester: Senate Community & Regional Affairs Component Number: 2879

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING		0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES (1004)	0.0	0.0	**	**	**	**	**
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

This legislation would grant municipalities the option to exempt from taxation up to \$100,000 of residential property value. The current amount of the optional exemption is \$20,000 of property value. The option would need to be implemented by ordinance ratified by voters at an election. Any fiscal impacts to municipalities would depend on how they write the ordinance and how much exemption they choose. This bill will have no fiscal impact on the Division.

If municipalities with oil and gas properties increase their mill rates to offset revenue losses resulting from the increased residential property tax exemptions, the Division estimates that this legislation could cost the State up to \$3 million annually in lost oil and gas property tax revenues.

Prepared by: Tara Jollie, Director
 Division: Community and Regional Affairs
 Approved by: Emil R. Notti, Commissioner
Commerce, Community, and Economic Development

Phone: 907.269.7959
 Date/Time: 2/4/08 7:42 PM
 Date: 2/4/2008

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: SB122-COM-DCA-04-17-07
 Bill Version: SB 122
 () Publish Date: _____

Revision Date/Time (Note if correction):
 Title Municipal Property Tax Exemption

Dept. Affected: Commerce
 RDU Community Assist & Ec Dev (405)
 Component Community Advocacy

Sponsor Thomas
 Requester Senate 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						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

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

Estimate of any current year (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 grant municipalities the option to exempt from taxation up to \$100,000 of property value. The current amount of the optional exemption is \$20,000 of property value. The option would need to be implemented by ordinance and ratified by election.

Any fiscal impacts to municipalities would depend on how they write the ordinance and how much exemption they choose to allow.

This bill will have no fiscal impact on this 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 4/17/07 5:28 PM
 Date 4/17/2007

TABLE 1

2006 Municipalities: Class, Populations and Tax Types

Municipality	Type of Municipality	Population	Property Tax	Sales Tax	Special Tax
Adak	Second Class City	167	No	NR	NR
Akhiok	Second Class City	41	No*	NR	NR
Akiak	Second Class City	378	No	NR	NR
Akutan	Second Class City	773	No	No	1.0 raw fish tax
Alakanuk	Second Class City	678	No	4%	No
Aleknagik	Second Class City	241	No	5%	5% Bed Tax
Alutians East Borough	Second Class Borough	2,659	No	No	2% Raw Fish Tax
Allakaket	Second Class City	87	No	NR	NR
Ambler	Second Class City	283	No	NR	NR
Anaktuvuk Pass	Second Class City	308	No*	NR	NR
Municipality of Anchorage	Unified Home Rule	278,241	Yes	No	8% Bed Tx & Car Rental/5.5ml Tobacco Tax
Anderson	Second Class City	280	No	No	8% Utility Tax
Angoon	Second Class City	497	No	NR	NR
Aniak	Second Class City	528	No	2%	No
Anvik	Second Class City	99	No	No	No
Atka	Second Class City	90	No	No	2% Raw Fish Tax/ 10% Bed Tax
Atkasuk	Second Class City	227	No*	No	No
Barrow	First Class City	4,199	No*	NR	NR
Bethel	Second Class City	5,960	No	NR	NR
Bettles	Second Class City	31	No	No	\$.02/gal. Fuel Transfer Tax
Brevig Mission	Second Class City	327	No	3%	No
Bristol Bay Borough	Second Class Borough	1,073	Yes	No	3% Raw Fish Tax/10% Bed Tax
Buckland	Second Class City	434	No	6%	No
Chefornak	Second Class City	457	No	2%	2% Raw Fish Tax
Chevak	Second Class City	918	No	NR	NR
Chignik	Second Class City	95	No	No	2% Landing tax/2% Processing tax
Chuathbaluk	Second Class City	93	No	NR	NR
Clarks Point	Second Class City	65	No	NR	NR
Coffman Cove	Second Class City	156	No	No	No
Cold Bay	Second Class City	89	No	No	10% Bed Tax/\$.04/gal. Fuel Tax
Cordova	Home Rule City	2,288	Yes	6%	6% Bed Tax/6% Vehicle Rental Tax
Craig	First Class City	1,102	Yes	5%	6% Liquor Tax
Deering	Second Class City	139	No	3%	No
Delta Junction	Second Class City	1,047	No	No	No
Denali Borough	Home Rule Borough	1,823	No	No	Sev. Tax \$.05/yr grvt-\$.05 ton-coat; Bed Tax 7%
Dillingham	First Class City	2,370	Yes	6%	10% Bed & Liquor Tax/6% Gaming Tax
Diomedes	Second Class City	132	No	3%	No
Eagle	Second Class City	137	Yes	No	No
Eek	Second Class City	291	No	2%	No
Egegik	Second Class City	81	No	No	2% Raw Fish Tax
Ekwok	Second Class City	118	No	NR	NR
Elim	Second Class City	302	No	2%	No
Emmonak	Second Class City	740	No	3%	NR
Fairbanks	Home Rule City	31,182	Yes	No	8% Bed Tax/ 5% Alcohol Tax/ 8% Tobacco Tax
Fairbanks North Star Borough	Second Class Borough	87,650	Yes	No	8% Bed Tax/ 5% Alcohol Tax/ 8% Tobacco Tax
False Pass	Second Class City	63	No	3%	6% Bed Tax
Fort Yukon	Second Class City	570	No	3%	No
Galena	First Class City	654	No	NR	NR
Gambell	Second Class City	660	No	3%	No
Golovin	Second Class City	150	No	NR	NR
Goodnews Bay	Second Class City	238	No	No	No
Grayling	Second Class City	171	No	NR	NR
Gustavus	Second Class City	473	No	2%	4% Bed Tax
Haines Borough**	Home Rule Borough	2,207	Yes	5.5%	4% Bed Tax
Holy Cross	Second Class City	205	No	No	No
Homer	First Class City	5,435	Yes	4.50%	No

Note: Municipal populations are from the State Department of Labor

*Indicates that City does not levy property tax, but Borough in which City is located does

** The City of Haines and the Haines Borough consolidated in 2002, into a single Home Rule Government

TABLE 1

2006 Municipalities: Class, Populations and Tax Types - continued

Municipality	Type of Municipality	Population	Property Tax	Sales Tax	Special Tax
Hoonah	First Class City	861	No	NR	NR
Hooper Bay	Second Class City	1,133	No	4%	No
Houston	Second Class City	1,447	Yes	2%	No
Hughes	Second Class City	89	No	No	No
Huslia	Second Class City	265	No	No	No
Hydaburg	First Class City	369	No	4%	No
Juneau, City & Borough of	Unified Home Rule	31,193	Yes	5%	7% Bed Tax/ 3% Liquor Tax/ \$.30/peck Tobacco Tx
Kachemak	Second Class City	457	Yes	No	No
Kake	First Class City	598	No	5%	No
Kaktovik	Second Class City	276	No*	No	No
Kaitag	Second Class City	227	No	No	No
Kasaan	Second Class City	61	No	No	No
Kenai	Home Rule City	6,777	Yes	3%	No
Kenai Peninsula Borough	Second Class Borough	51,224	Yes	2%	No
Ketchikan	Home Rule City	7,685	Yes	3.50%	7% Bed Tax
Ketchikan Gateway Borough	Second Class Borough	13,125	Yes	2.5%	4% Bed Tax
Kiana	Second Class City	380	No	NR	NR
King Cove	First Class City	723	No	4%	2% Fisheries Tax/Business Impact tax-flat rate
Kivalina	Second Class City	385	No	NR	NR
Klawock	First Class City	780	No	5.50%	6% Bed Tax
Kobuk	Second Class City	130	No	NR	NR
Kodiak	Home Rule City	6,088	Yes	6%	5% Bed Tax
Kodiak Island Borough	Second Class Borough	13,638	Yes	No	10.25 mill Severance Tax/5% Bed Tax
Kotlik	Second Class City	609	No	3%	No
Kotzebue	Second Class City	3,120	No	6%	6% Bed Tax/ 6% Alcohol Tax
Koyuk	Second Class City	350	No	2%	NR
Koyukuk	Second Class City	97	No	No	No
Kupreanof	Second Class City	37	No	No	No
Kwethluk	Second Class City	695	No	5%	No
Lake & Peninsula Borough	Home Rule Borough	1,620	No	No	2% Raw Fish Tax/Guide Fees/6% Bed Tax
Larsen Bay	Second Class City	97	No*	3%	No
Lower Kalskag	Second Class City	252	No	NR	NR
Manokotak	Second Class City	437	No	2%	No
Marshall	Second Class City	370	No	4%	No
Matanuska-Susitna Borough	Second Class Borough	74,041	Yes	No	5% Bed Tax, Tobacco Excise Tax 5.09%
McGrath	Second Class City	347	No	No	10% Bed Tax
Mekoryuk	Second Class City	192	No	2%	No
Mettakattla	Federal Law	1,397	No	No	No
Mountain Village	Second Class City	786	No	3%	No
Napakiaik	Second Class City	373	No	3%	No
Napaskiak	Second Class City	428	No	No	No
Nenana	Home Rule City	353	Yes	4%	Motor Vehicle Tax
New Stuyahok	Second Class City	461	No	NR	NR
Newhalen	Second Class City	180	No	2%	The City does not collect its tax
Nightmute	Second Class City	234	No	NR	NR
Nikolai	Second Class City	109	No	NR	NR
Nome	First Class City	3,508	Yes	5%	4% Bed Tax
Nondalton	Second Class City	203	No	NR	NR
Noorvik	Second Class City	628	No	NR	NR
North Pole	Home Rule City	1,595	Yes	4%	No
North Slope Borough	Home Rule Borough	6,894	Yes	No	No
Northwest Arctic Borough	Home Rule Borough	7,323	No	No	No
Nuiqsut	Second Class City	411	No*	No	No

Note: Municipal populations are from the State Department of Labor

* Indicates that City does not levy property tax, but Borough in which City is located does

TABLE 1
2006 Municipalities: Class, Populations and Tax Types - continued

Municipality	Type of Municipality	Population	Property Tax	Sales Tax	Special Tax
Nulato	Second Class City	310	No	NR	NR
Nunam Iqua (Sheldon Point)	Second Class City	158	No	4%	No
Nunapitchuk	Second Class City	518	No	3%	No
Old Harbor	Second Class City	200	No*	3%	5 %Bed Tax
Ouzinkie	Second Class City	191	No*	3%	No
Palmer	Home Rule City	5,382	Yes	3%	No
Pelican	First Class City	115	Yes	4%	10% Bed Tax
Petersburg	Home Rule City	3,155	Yes	6%	4% Bed Tax
Pilot Point	Second Class City	73	No	NR	NR
Pilot Station	Second Class City	565	No	4%	No
Platinum	Second Class City	38	No	NR	NR
Point Hope	Second Class City	702	No*	3%	No
Port Alexander	Second Class City	75	No	4%	6% Bed Tax
Port Heiden	Second Class City	69	No	NR	NR
Port Lions	Second Class City	220	No*	No	No
Quinhagak	Second Class City	642	No	3%	No
Ruby	Second Class City	185	No	NR	NR
Russian Mission	Second Class City	329	No	NR	NR
St. George	Second Class City	128	No	NR	NR
St. Mary's	First Class City	570	No	3%	NR
St. Michael	Second Class City	427	No	NR	NR
Saint Paul	Second Class City	488	No	3%	Fish Tax 3%
Sand Point	First Class City	939	No	3%	7% Bed Tax/2% Raw Fish Tax
Savoonga	Second Class City	695	No	3%	No
Saxman	Second Class City	405	No*	3.5%	No
Scammon Bay	Second Class City	509	No	2%	No
Selawik	Second Class City	830	No	5%	No
Seldovia	First Class City	243	Yes	2%/4.5%	No
Seward	Home Rule City	2,808	Yes	4%	4% Bed Tax
Shageluk	Second Class City	129	No	NR	NR
Shaktodik	Second Class City	224	No	NR	NR
Shishmaref	Second Class City	581	No	NR	NR
Shungnak	Second Class City	259	No	2%	No
Sitka, City & Borough of	Unified Home Rule	8,947	Yes	5%/6%	6% Bed Tax/ \$.02/gal Fuel Tax
Skagway	First Class City	834	Yes	4%	8% Bed Tax
Soldotna	First Class City	3,869	Yes	3%	No
Stebbins	Second Class City	598	No	3%	No
Tanana	First Class City	281	No	2%	No
Teller	Second Class City	263	No	3%	No
Tenakee Springs	Second Class City	98	No	2%	Bed Tax 6%
Thorne Bay	Second Class City	486	No	5%	No
Togiak	Second Class City	779	No	2%	2% Raw Fish Tax
Toksook Bay	Second Class City	596	No	2%	No
Unalakleet	Second Class City	710	No	3%	5% Bed Tax/5% Alcohol Tax/Baler 2%
Unalaska	First Class City	4,297	Yes	3%	2% Raw Fish Tax/1% Capitol Sales Tax/ 5% Bed
Upper Kalskag	Second Class City	263	No	No	No
Valdez	Home Rule City	3,745	Yes	No	6% Bed Tax
Wainwright	Second Class City	520	No*	No	No
Wales	Second Class City	151	No	NR	NR
Wasilla	First Class City	6,413	Yes	2.5%	Alcohol tax, Aviation fuel tax
White Mountain	Second Class City	224	No	1%	No
Whittier	Second Class City	188	Yes	3%	3% Passenger Trans. Tax/3% Fuel Tax
Wrangell	Home Rule City	1,974	Yes	7%	\$4 per night Bed Tax
Yakutat, City & Borough of	Home Rule Borough	619	Yes	4%	1% Raw Fish Tax/8% Bed & Car Rental Tx

Note: Municipal populations are from the State Department of Labor

*Indicates that City does not levy property tax, but Borough in which City is located does

82 Municipalities (reporting) levy a General Sales Tax - Rates range from 1% to 7%

100 Municipalities (reporting) levy either a General Sales Tax, Special Tax (bed tax, fish tax, etc.) or a combination of the two

38 Municipalities (cities & boroughs) levy a property tax

39 Municipalities did not provide a report this year

12 Boroughs & 13 cities within boroughs, levy a property tax

13 Cities in the Unorganized Borough levy a property tax

TABLE 2

2006 Municipal Sales Tax, Special Tax and Revenues

Municipality	Sales Tax	Revenues	Special Tax	Revenues
Adak	NR		NR	
Akhik	NR		NR	
Akiak	NR		NR	
Akutan	No		1.0 raw fish tax	\$895,000
Alakanuk	4%	\$92,532	No	
Aleknagik	5%	\$80,358	5% Bed Tax	\$3,390
Aleutians East Borough	No		2% Raw Fish Tax	\$3,618,589
Aliakaket	NR		NR	
Ambler	NR		NR	
Anaktuvuk Pass	NR		NR	
Municipality of Anchorage	No		8% Bed Tx & Car Rental/5.5mil Tobacco Tax	\$11,836725/\$4,525,798/\$14,050603
Anderson	No		8% Utility Tax	\$43,141
Angoon	NR		NR	
Aniak	2%	\$47,465	No	
Anvik	No		No	
Atka	No		2% Raw Fish Tax/ 10% Bed Tax	\$22,350/\$4,723
Atkasuk	No		No	
Barrow	NR		NR	
Bethel	NR		NR	
Bettles	No		\$.02/gal. Fuel Transfer Tax	\$3,416
Brevig Mission	3%	\$29,000	No	
Bristol Bay Borough	No		3% Raw Fish Tax/10% Bed Tax	\$784465/\$55,836
Buckland	6%	\$71,469	No	
Chefornak	2%	\$2,788	2% Raw Fish Tax	
Chevak	NR		NR	
Chignik	No		2%Landing tax/2% Processing tax	\$70,000 \$60,000
Chuathbakuk	NR		NR	
Clarks Point	NR		NR	
Coffman Cove	No		No	
Cold Bay	No		10% Bed Tax/\$.04/gal. Fuel Tax	\$20,150/\$46,735
Cordova	6%	\$2,469,977	6% Bed Tax/8% Vehicle Rental Tax	\$84,091/\$17,080
Craig	5%	\$1,394,532	6% Liquor Tax	\$96,067
Deering	3%	\$13,398	No	
Delta Junction	No		No	
Denali Borough	No		Sev. Tax \$.05/yr grv-\$0.05 ton-coal; Bed Tax 7%	\$87,956/\$208282
Dillingham	6%	\$2,206,834	10% Bed & Liquor Tax/6% Gaming Tax	\$249,839/\$111,160
Diomede	3%	\$9,015	No	
Eagle	No		No	
Eek	2%	\$24,000	No	
Egegik	No		2% Raw Fish Tax	\$792,763
Ekwok	NR		NR	
Elim	2%	\$28,738	No	
Emmonak	3%	\$148,000	NR	
Fairbanks	No		8% Bed Tax/ 5% Alcohol Tax/ 8% Tobacco Tax	\$2,328,060/\$1,343,132/\$640,319
Fairbanks North Star Borough	No		8% Bed Tax/ 5% Alcohol Tax/ 8% Tobacco Tax	\$1,563,160/\$1,234,275/\$1,013,882
False Pass	3%	\$22,382	6% Bed Tax	
Fort Yukon	3%		No	
Galena	NR		NR	
Gambell	3%	\$68,810	No	
Golovin	NR		NR	
Goodnews Bay	No		No	
Grayling	NR		NR	
Gustavus	2%	\$188,537	4% Bed Tax	\$52,091
Haines Borough	5.5%	\$1,973,088	4% Bed Tax	\$56,650
Holy Cross	No		No	
Homer	4.50%	\$5,809,399	No	

TABLE 2 - continued

2006 Municipal Sales Tax, Special Tax and Revenues

Municipality	Sales Tax	Revenues	Special Tax	Revenues
Hoonah	NR		NR	
Hooper Bay	4%	\$200,879	No	
Houston	2%	\$172,484	No	
Hughes	No		No	
Huslia	No		No	
Hydaburg	4%	\$25,856	No	
Juneau, City & Borough of	5%	\$34,587,598	7% Bed Tax/ 3% Liquor Tax/ \$.30/peck Tobacco Tx	\$955,000/\$715,000/\$473,922
Kachemak	No		No	
Kake	5%	\$187,354	No	\$5,688
Kaktovik	No		No	
Kaitag	No		No	
Kasaan	No		No	
Kenai	3%	\$4,404,148	No	
Kenai Peninsula Borough	2%	\$18,701,322	No	
Ketchikan	3.5%	\$9,101,177	7% Bed Tax	\$395,074
Ketchikan Gateway Borough	2.5%	\$6,412,198	4% Bed Tax	\$42,834
Kiana	NR		NR	
King Cove	4%	\$1,636,507	2% Fisheries Tax/Business in.pact tax-flat	Fisheries tax incid in sales tax
Kivalina	NR		NR	
Klawock	5.5%	\$555,074	6% Bed Tax	\$7,690
Kobuk	NR		NR	
Kodiak	6%	\$7,814,820	5% Bed Tax	\$105,982
Kodiak Island Borough	No		10.25 mill Severance Tax/5% Bed Tax	\$1,186,908/\$47,845
Kotlik	3%	\$78,313	No	
Kotzebue	6%	\$2,727,047	6% Bed Tax/ 6% Alcohol Tax	\$37,514/\$43,574
Koyuk	2%	\$25,778	NR	
Koyukuk	No		No	
Kupreanof	No		No	
Kwethuk	5%	\$111,456	No	
Lake & Peninsula Borough	No		2% Raw Fish Tax/Guide Fees/6% Bed Tax	\$943,747/\$22,473/\$185,883
Larsen Bay	3%	\$8,183	No	
Lower Katskag	NR		NR	
Manokotak	2%	\$8,938	No	
Marshall	4%	\$54,008	No	
Matanuska-Susitna Borough	No		5% Bed Tax, Tobacco Excise Tax 5.09%	\$606,984/\$3,732,355
McGrath	No		10% Bed Tax	\$9,045
Mekoryuk	2%	\$170,502	No	
Metlakatla	No		No	
Mountain Village	3%	\$120,172	No	
Napakiak	3%	\$42,147	No	
Napaskiak	No		No	
Nenana	4%	\$129,687	Motor Vehicle Tax	\$7,225
New Stuyahok	NR		NR	
Newhalen	2%		The City does not collect any sales tax	
Nightmute	NR		NR	
Nikolski	NR		NR	
Nome	5%	\$3,669,608	4% Bed Tax	\$83,310
Nondalton	NR		NR	
Noorvik	NR		NR	
North Pole	4%	\$218,282	No	
North Slope Borough	No		No	
Northwest Arctic Borough	No		No	
Nuiqsut	No		No	

TABLE 2- continued

2006 Municipal Sales Tax, Special Tax and Revenues

Municipality	Sales Tax	Revenues	Special Tax	Revenues
Nulato	NR		NR	
Nunam Iqaa (Sheldon Point)	4%	\$1,384	No	
Nunapitchuk	3%	\$100,384	No	
Old Harbor	3%	\$19,904	5 % Bed Tax	\$729
Ouzinkie	3%	\$10,108	No	
Palmer	3%	\$3,829,234	No	
Pelican	4%	\$58,501	10% Bed Tax	\$4,537
Petersburg	6%	\$2,431,614	4% Bed Tax	\$40,489
Pilot Point	NR		NR	\$3,000
Pilot Station	4%	\$60,420	No	
Platinum	NR		NR	
Point Hope	3%	\$104,421	No	
Port Alexander	4%	\$24,683	8% Bed Tax	No revenue reported
Port Heiden	NR		NR	
Port Lions	No		No	
Quinhagak	3%	\$79,618	No	
Ruby	NR		NR	
Russian Mission	NR		NR	
St. George	NR		NR	
St. Mary's	3%	\$100,997	NR	
St. Michael	NR		NR	
Saint Paul	3%	\$366,581	Fish Tax 3%	\$562,490
Sand Point	3%	\$633,862	7% Bed Tax/2% Raw Fish Tax	\$17,003/\$605,291
Savoonga	3%	\$40,925	No	
Saxman	3.50%	\$50,914	No	
Scammon Bay	2%	\$30,034	No	
Selawik	5%	\$114,833	No	
Seldovia	2%/4.5%	\$122,090	No	
Seward	4%	\$3,413,087	4% Bed Tax	\$284,656
Shageluk	NR		NR	
Shaktoolik	NR		NR	
Shishmaref	NR		NR	
Shungnak	2%	\$11,522	No	
Sitka, City & Borough of	5%/6%	\$9,277,571	6% Bed Tax/ \$.02/gal Fuel Tax	\$355,870/\$5,121
Skagway	4%	\$4,866,950	8% Bed Tax	\$157,891
Soldotna	3%	\$6,348,529	No	
Stebbins	3%	\$47,190	No	
Tanana	2%	\$21,461	No	
Teller	3%	\$15,211	No	
Tenakee Springs	2%	\$13,092	Bed Tax 6%	\$521
Thorne Bay	5%	\$226,917	No	
Togiak	2%	\$98,089	2% Raw Fish Tax	\$35,398
Toksook Bay	2%	\$37,566	No	
Unalakleet	3%	\$143,988	5% Bed Tax/5% Alcohol Tax/Baler 2%	\$5,108/\$5,381/\$95,200
Unalaska	3%	\$6,049,831	2% Raw Fish Tax/1% Capitol Sales Tax/ 5	\$4,193,082/\$3,004,035/\$162,072
Upper Kalskag	No		No	
Valdez	No		6% Bed Tax	\$323,807
Wainwright	No		No	
Wales	NR		NR	
Wasilla	2.5%	\$10,433,805	Alcohol tax, Aviation fuel tax	\$100,725/\$17,500
White Mountain	1%	\$14,178	No	
Whittier	3%	\$248,256	1% Passenger Trans. Tax/3% Fuel Tax	\$126,181/\$17,147
Wrangell	7%	\$2,104,741	1/4 per night Bed Tax	\$24,380
Yakutat, City & Borough of	4%	\$748,490	1% Raw Fish Tax/8% Bed & Car Rental Tx	\$20,540/\$165,477
TOTAL SALES TAX REPORTED		\$ 156,170,368	TOTAL SPECIAL TAXES REPORTED	\$68,604,100

TABLE 3
2006 Local Property Tax 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	\$367,719,832	\$1,253,145	\$368,972,977	8.34%	278,241	\$1,328	
Bristol Bay Borough	\$1,860,299	\$0	\$1,860,299	5.48%	1,073	\$1,734	
Cordova	\$1,532,577	\$54,043	\$1,586,620	5.17%	2,288	\$693	
Craig	\$441,060	\$0	\$441,060	1.50%	1,102	\$400	
Dillingham	\$1,718,320	\$0	\$1,718,320	0.72%	2,370	\$725	
Fairbanks, City*	\$10,893,727	\$0	\$10,893,727	4.17%	31,182	\$349	\$1,278
Fairbanks North Star Borough	\$77,170,427	\$4,232,074	\$81,402,501	6.72%	87,650	\$929	
Haines Borough	\$2,039,108	\$0	\$2,039,108	10.93%	2,207	\$924	
Homer*	\$2,036,066	\$0	\$2,036,066	13.29%	5,435	\$375	\$1,330
Houston*	\$217,259	\$0	\$217,259	21.80%	1,447	\$150	
City & Borough of Juneau	\$35,882,243	\$0	\$35,882,243	9.32%	31,193	\$1,150	
Kachemak City*	\$82,458	\$0	\$82,458	24.45%	457	\$180	\$1,135
Kenai, City*	\$1,939,237	\$79,988	\$2,019,203	5.59%	6,777	\$298	\$1,253
Kenai Peninsula Borough	\$42,169,642	\$6,748,866	\$48,918,508	-19.54%	51,224	\$955	
Ketchikan, City*	\$3,575,937	\$0	\$3,575,937	4.18%	7,685	\$465	\$1,062
Ketchikan Gateway Borough	\$7,837,546	\$0	\$7,837,546	-1.30%	13,125	\$597	
Kodiak, City*	\$630,587	\$0	\$630,587	1.91%	6,088	\$104	\$822
Kodiak Island Borough	\$9,791,803	\$0	\$9,791,803	10.52%	13,638	\$718	
Matanuska-Susitna Borough	\$76,848,686	\$30,339	\$76,879,025	19.96%	74,041	\$1,038	
Nenana	\$169,057	\$0	\$169,057	-22.64%	353	\$479	
Nome	\$2,146,753	\$0	\$2,146,753	1.76%	3,508	\$612	
North Pole*	\$804,332	\$0	\$804,332	0.94%	1,595	\$504	\$1,433
North Slope Borough	\$5,654,022	\$192,819,476	\$198,473,498	3.76%	6,894	\$28,789	
Palmer*	\$1,252,536	\$0	\$1,252,536	62.88%	5,382	\$233	\$1,271
Pelican	\$64,210	\$0	\$64,210	10.43%	115	\$558	
Petersburg	\$2,137,679	\$0	\$2,137,679	-0.46%	3,155	\$678	
Seldovia*	\$143,609	\$0	\$143,609	1.23%	243	\$591	\$1,546
Seward*	\$787,503	\$0	\$787,503	5.58%	2,606	\$302	
City & Borough of Sitka	\$4,440,543	\$0	\$4,440,543	0.89%	8,947	\$496	
Skagway	\$1,646,427	\$0	\$1,646,427	23.04%	834	\$1,974	
Soldotna*	\$577,874	\$0	\$577,874	5.77%	3,869	\$149	\$1,104
Unalaska	\$4,013,161	\$0	\$4,013,161	-0.29%	4,297	\$934	
Valdez	\$10,762,763	\$18,307,095	\$29,069,858	-6.04%	3,745	\$7,762	
Wasilla*	\$179,547	\$0	\$179,547	-45.72%	6,413	\$28	\$1,066
Whittier	\$266,071	\$3,022	\$269,093	41.19%	188	\$1,431	
Wrangell	\$1,308,381	\$0	\$1,308,381	8.88%	1,974	\$663	
City & Borough of Yakutat	\$348,286	\$0	\$348,286	17.29%	619	\$563	
Total Property Taxes	\$681,069,546	\$223,528,025	\$904,597,571	5.38%	Overall *	\$1,526	per capita
Overall Chg from Prior Year	5.80%	4.11%	5.38%		Average **	\$1,163	property taxes

Total Local Tax Revenue Generated

Sales Tax Revenues	\$156,170,368	-0.68%	Percent Change
Special Tax Revenues	\$66,604,100	26.77%	from
Local Property Tax Revenue	\$681,069,546	5.80%	Previous
Oil & Gas Property Tax Revenues	\$223,528,025	4.11%	Year
Total Local Tax Revenue	\$1,127,372,039	5.54%	

*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.

Grier Hopkins

From: Steve VanSant [steve_vansant@commerce.state.ak.us]
Sent: Tuesday, March 27, 2007 11:23 AM
To: Grier Hopkins
Subject: Re: municipal property exemptions
Attachments: Table 2 -2006.pdf; Table 1 -2006.pdf; steve_vansant.vcf

Grier,

The following municipalities have authorized the \$20K residential exemption:

North Slope Borough - A flat \$20K exemption regardless of value - 2006 cost \$1,796,276

Fairbanks North Star Borough - 20% of assessed value up to \$20K - 2006 cost \$261,583,315

Municipality of Anchorage - 10% of assessed value up to \$20K - 2006 cost \$917,909,785

City of Valdez - 30% of assessed value up to \$20K - 2006 cost \$9,339,771

Kenai Peninsula Borough A flat \$20K exemption regardless of value 2006 cost \$182,351,500

Bristol Bay Borough - A flat \$10K exemption regardless of value 2006 cost \$750,000 (This is the only borough to limit the exemption to \$10K)

As far as the mill rates go, all I have is last years rates which are in Alaska Taxable, Table 5 which reflect the following:

Anchorage	15.28 mills
Bristol Bay Borough	13 mills
FNSB (city of Fairbanks)	19.623 mills
Kenai Pen. Bor (City of Kenai)	12.10 mills
North Slope Borough	19.05 mills
City of Valdez	20 Mills

Municipalities with sales taxes are listed in Table 1 & 2 of Alaska Taxable. I have attached copies of those two tables. I hope this helps and if you need more info, please feel free to contact me.

Steve

Grier Hopkins wrote:

3/27/2007

TABLE 3A
2006 Per Capita Tax Revenues

This table lists only those municipalities which levy a sales, severance, property or other type of local tax

Municipality	Property Tax (Inc. Oil & Gas)	Sales Tax	Other Taxes	Total Taxes Reported	Population	Per Capita Revenue	**Per Capita Revenue City & Boro
North Slope Borough	\$ 198,473,498	\$ -	\$ -	\$ 198,473,498	6,894	\$ 28,789	
Egegik	\$ -	\$ -	\$ 792,763	\$ 792,763	81	\$ 9,787	
Skagway	\$ 1,646,427	\$ 4,866,950	\$ 157,691	\$ 6,671,068	834	\$ 7,999	
Valdez	\$ 29,069,858	\$ -	\$ 323,907	\$ 29,393,765	3,745	\$ 7,849	
Unalaska	\$ 4,013,161	\$ 6,049,831	\$ 7,359,189	\$ 17,422,180	4,297	\$ 4,054	
Whittier	\$ 269,093	\$ 248,256	\$ 143,329	\$ 660,678	188	\$ 3,514	
Bristol Bay Borough	\$ 1,860,299	\$ -	\$ 840,301	\$ 2,700,599	1,073	\$ 2,517	
Juneau, City & Borough of	\$ 35,862,243	\$ 34,587,598	\$ 2,143,922	\$ 72,593,763	31,193	\$ 2,327	
King Cove	\$ -	\$ 1,638,507	\$ -	\$ 1,638,507	723	\$ 2,283	
Yakutat, City & Borough of	\$ 348,286	\$ 748,490	\$ 186,017	\$ 1,282,793	619	\$ 2,072	
Saint Paul	\$ -	\$ 366,581	\$ 562,490	\$ 929,071	488	\$ 1,904	
Haines Borough	\$ 2,039,108	\$ 1,973,088	\$ 56,650	\$ 4,068,846	2,207	\$ 1,844	
Cordova	\$ 1,586,620	\$ 2,469,977	\$ 101,171	\$ 4,157,768	2,288	\$ 1,817	
Dillingham	\$ 1,718,320	\$ 2,206,834	\$ 360,399	\$ 4,285,353	2,370	\$ 1,808	
Soldotna*	\$ 577,874	\$ 6,348,529	\$ -	\$ 6,926,402	3,869	\$ 1,780	\$ 3,071
Craig	\$ 441,060	\$ 1,394,532	\$ 96,087	\$ 1,931,659	1,102	\$ 1,753	
Wrangell	\$ 1,308,381	\$ 2,104,741	\$ 24,380	\$ 3,437,502	1,974	\$ 1,741	
Seward*	\$ 787,503	\$ 3,413,087	\$ 284,656	\$ 4,485,246	2,606	\$ 1,721	\$ 3,002
Ketchikan, City*	\$ 3,575,937	\$ 9,101,177	\$ 395,074	\$ 13,072,188	7,685	\$ 1,701	\$ 2,790
Nome	\$ 2,146,753	\$ 3,669,606	\$ 83,310	\$ 5,899,669	3,508	\$ 1,682	
Wasilla*	\$ 179,547	\$ 10,433,805	\$ -	\$ 10,613,352	6,413	\$ 1,655	\$ 2,752
Sitka, City & Borough of	\$ 4,440,543	\$ 9,277,571	\$ 360,991	\$ 14,079,105	8,947	\$ 1,574	
Petersburg	\$ 2,137,679	\$ 2,431,614	\$ 40,489	\$ 4,609,782	3,155	\$ 1,461	
Homer*	\$ 2,036,066	\$ 5,809,399	\$ -	\$ 7,845,465	5,435	\$ 1,444	\$ 2,725
Anchorage	\$ 368,972,977	\$ -	\$ 30,413,117	\$ 399,386,094	278,241	\$ 1,435	
Kodiak, City*	\$ 630,567	\$ 7,814,820	\$ 105,992	\$ 8,551,379	6,088	\$ 1,405	\$ 2,214
Chignik	\$ -	\$ -	\$ 130,000	\$ 130,000	95	\$ 1,368	
Aleutians East Borough	\$ -	\$ -	\$ 3,618,569	\$ 3,618,569	2,659	\$ 1,361	
Sand Point	\$ -	\$ 633,862	\$ 622,294	\$ 1,256,156	939	\$ 1,338	
Kenai Peninsula Borough	\$ 48,918,508	\$ 16,701,322	\$ -	\$ 65,619,830	51,224	\$ 1,281	
Denali Borough	\$ -	\$ -	\$ 2,170,840	\$ 2,170,840	1,823	\$ 1,191	
Akutan	\$ -	\$ -	\$ 895,000	\$ 895,000	773	\$ 1,158	
Pelican	\$ 64,210	\$ 58,501	\$ 4,537	\$ 127,248	115	\$ 1,107	
Matanuska-Susitna Borough	\$ 76,879,025	\$ -	\$ 4,339,339	\$ 81,218,364	74,041	\$ 1,097	
Seldovia*	\$ 143,609	\$ 122,090	\$ -	\$ 265,699	243	\$ 1,093	\$ 2,374
Ketchikan Gateway Borough	\$ 7,837,546	\$ 6,412,198	\$ 42,834	\$ 14,292,578	13,125	\$ 1,069	
Fairbanks North Star Borough	\$ 81,402,501	\$ -	\$ 2,700,327	\$ 84,102,828	87,650	\$ 960	
Kenai, City*	\$ 2,019,203	\$ 4,404,148	\$ -	\$ 6,423,351	6,777	\$ 948	\$ 2,229
Palmer*	\$ 1,252,536	\$ 3,829,234	\$ -	\$ 5,081,770	5,382	\$ 944	\$ 2,041
Kotzebue	\$ -	\$ 2,727,047	\$ 81,088	\$ 2,808,135	3,120	\$ 900	
Mekoryuk	\$ -	\$ 170,502	\$ -	\$ 170,502	192	\$ 888	
Nenana	\$ 169,057	\$ 129,687	\$ 7,225	\$ 305,969	353	\$ 867	
Kodiak Island Borough	\$ 9,791,803	\$ -	\$ 1,234,553	\$ 11,026,356	13,638	\$ 809	
Cold Bay	\$ -	\$ -	\$ 66,885	\$ 66,885	89	\$ 752	
Klawock	\$ -	\$ 555,074	\$ 7,690	\$ 562,763	780	\$ 721	
Lake & Peninsula Borough	\$ -	\$ -	\$ 1,132,103	\$ 1,132,103	1,620	\$ 699	
North Pole*	\$ 804,332	\$ 218,282	\$ -	\$ 1,022,614	1,595	\$ 641	\$ 1,601
Fairbanks, City*	\$ 10,893,727	\$ -	\$ 4,311,511	\$ 15,205,238	31,182	\$ 488	\$ 1,448
Thome Bay	\$ -	\$ 226,917	\$ -	\$ 226,917	486	\$ 467	
False Pass	\$ -	\$ 22,382	\$ -	\$ 22,382	63	\$ 355	
Unalakleet	\$ -	\$ 143,988	\$ 105,887	\$ 249,875	710	\$ 352	
Aleknagik	\$ -	\$ 80,358	\$ 3,390	\$ 83,748	241	\$ 348	
Port Alexander	\$ -	\$ 24,603	\$ -	\$ 24,683	75	\$ 329	
Atka	\$ -	\$ -	\$ 27,074	\$ 27,074	90	\$ 301	
Kake	\$ -	\$ 167,354	\$ 5,686	\$ 173,040	598	\$ 289	
Huston*	\$ 217,259	\$ 172,484	\$ -	\$ 389,743	1,447	\$ 269	\$ 1,366
Emmonak	\$ -	\$ 148,000	\$ -	\$ 148,000	740	\$ 200	
Nunapituk	\$ -	\$ 100,384	\$ -	\$ 100,384	516	\$ 195	
Kachemak*	\$ 82,458	\$ -	\$ -	\$ 82,458	457	\$ 180	\$ 1,461
St. Mary's	\$ -	\$ 100,997	\$ -	\$ 100,997	570	\$ 177	
Hooper Bay	\$ -	\$ 200,679	\$ -	\$ 200,679	1,133	\$ 177	

TABLE 3A- continued
2006 Per Capita Tax Revenues

This table lists only those municipalities which levy a sales, severance, property or other type of local tax

Municipality	Property Tax (Inc. Oil & Gas)	Sales Tax	Other Taxes	Total Taxes Reported	Population	Per Capita Revenue	**Per Capita Revenue City & Boro
Togiak	\$ -	\$ 98,069	\$ 35,396	\$ 133,466	779	\$ 171	
Buckland	\$ -	\$ 71,469	\$ -	\$ 71,469	434	\$ 165	
Kwethluk	\$ -	\$ 111,456	\$ -	\$ 111,456	695	\$ 160	
Anderson	\$ -	\$ -	\$ 43,141	\$ 43,141	280	\$ 154	
Mountain Village	\$ -	\$ 120,172	\$ -	\$ 120,172	786	\$ 153	
Marshall	\$ -	\$ 54,006	\$ -	\$ 54,006	370	\$ 146	
Tenakee Springs	\$ -	\$ 13,092	\$ 521	\$ 13,613	88	\$ 139	
Selawik	\$ -	\$ 114,833	\$ -	\$ 114,833	830	\$ 138	
Alakanuk	\$ -	\$ 92,532	\$ -	\$ 92,532	678	\$ 136	
Kotlik	\$ -	\$ 78,313	\$ -	\$ 78,313	609	\$ 129	
Saxman	\$ -	\$ 50,914	\$ -	\$ 50,914	405	\$ 126	
Quinhagak	\$ -	\$ 79,618	\$ -	\$ 79,618	642	\$ 124	
Chefomak	\$ -	\$ 52,788	\$ -	\$ 52,788	457	\$ 116	
Bettles	\$ -	\$ -	\$ 3,416	\$ 3,416	31	\$ 110	
Pilot Station	\$ -	\$ 60,420	\$ -	\$ 60,420	565	\$ 107	
Gambell	\$ -	\$ 68,810	\$ -	\$ 68,810	660	\$ 104	
Old Harbor	\$ -	\$ 19,904	\$ -	\$ 19,904	200	\$ 100	
Deering	\$ -	\$ 13,396	\$ -	\$ 13,396	139	\$ 96	
Elim	\$ -	\$ 28,738	\$ -	\$ 28,738	302	\$ 95	
Aniak	\$ -	\$ 47,465	\$ -	\$ 47,465	528	\$ 90	
Brevig Mission	\$ -	\$ 29,000	\$ -	\$ 29,000	327	\$ 89	
Eek	\$ -	\$ 24,000	\$ -	\$ 24,000	291	\$ 82	
Siebbins	\$ -	\$ 47,190	\$ -	\$ 47,190	596	\$ 79	
Tanana	\$ -	\$ 21,461	\$ -	\$ 21,461	281	\$ 76	
Hydaburg	\$ -	\$ 25,856	\$ -	\$ 25,856	369	\$ 70	
Diomedea	\$ -	\$ 9,015	\$ -	\$ 9,015	132	\$ 68	
White Mountain	\$ -	\$ 14,176	\$ -	\$ 14,176	224	\$ 63	
Toksook Bay	\$ -	\$ 37,566	\$ -	\$ 37,566	596	\$ 63	
Scammon Bay	\$ -	\$ 30,034	\$ -	\$ 30,034	509	\$ 59	
Savoonga	\$ -	\$ 40,925	\$ -	\$ 40,925	695	\$ 59	
Teller	\$ -	\$ 15,211	\$ -	\$ 15,211	263	\$ 58	
Ouzinkie*	\$ -	\$ 10,108	\$ -	\$ 10,108	191	\$ 53	\$ 862
Shungnak	\$ -	\$ 11,522	\$ -	\$ 11,522	259	\$ 44	
Pilot Point	\$ -	\$ -	\$ 3,000	\$ 3,000	73	\$ 41	
McGrath	\$ -	\$ -	\$ 9,045	\$ 9,045	347	\$ 26	
Manokotak	\$ -	\$ 8,938	\$ -	\$ 8,938	437	\$ 16	
Sheldon Point (Nunam Iqua)	\$ -	\$ 1,364	\$ -	\$ 1,364	158	\$ 9	
Average statewide per capita revenue (Excludes North Slope)						\$ 1,414	
Average statewide per capita revenue (Including North Slope)						\$ 1,698	

* indicates that city is located within a borough that also levies taxes. The revenue numbers listed only represent the revenues collected by the borough or the city.

**This column reflects a per capita revenue encompassing both city & borough taxes

KENAI PENINSULA BOROUGH

EFFECTS OF INCREASED RESIDENTIAL EXEMPTIONS

Assessed Residential Values 2007 (not certified)

<u>Count</u>	<u>Imp</u>	<u>Land</u>	<u>Total</u>
9,303	1,370,400,300	239,113,600	<u>1,609,513,900</u>

Taxable Values After Exemption

<u>20K</u>	<u>50K</u>	<u>75K</u>	<u>100K</u>
1,424,391,100	1,157,083,700	947,915,600	754,040,900

Exempted Values

<u>20K</u>	<u>50K</u>	<u>75K</u>	<u>100K</u>
185,122,800	452,430,200	661,598,300	855,473,000

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2	FNSB Breakeven Analysis If Change Residential Exemption From \$10k To \$20k ** Prior Analysis **																																																																																																																				
3																																																																																																																					
4	<table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;"></td> <td style="width: 10%;">Residential Exemption Amount</td> <td style="width: 10%;">Tax Year 2005 TAV before ResEx</td> <td style="width: 10%;">Residential Ex</td> <td style="width: 10%;">NTAV</td> <td style="width: 10%;">Rev Needs</td> <td style="width: 10%;">MM Rate</td> <td style="width: 10%;">Exemption</td> <td style="width: 10%;">Break Even TAV</td> <td colspan="15"></td> </tr> <tr> <td>5</td> <td>10,000</td> <td>5,392,586,395</td> <td>134,460,375</td> <td>5,258,126,020</td> <td>69,505,130</td> <td>0.013219</td> <td>132.19</td> <td colspan="15"></td> </tr> <tr> <td>6</td> <td>20,000</td> <td>5,392,586,395</td> <td>268,920,750</td> <td>5,123,665,645</td> <td>69,505,130</td> <td>0.013566</td> <td>271.31</td> <td colspan="15"></td> </tr> <tr> <td>7</td> <td colspan="7"></td> <td colspan="16" style="text-align: center;"><u>0.000347 / \$ 139.12 = \$401,054</u></td> </tr> </table>																								Residential Exemption Amount	Tax Year 2005 TAV before ResEx	Residential Ex	NTAV	Rev Needs	MM Rate	Exemption	Break Even TAV																5	10,000	5,392,586,395	134,460,375	5,258,126,020	69,505,130	0.013219	132.19																6	20,000	5,392,586,395	268,920,750	5,123,665,645	69,505,130	0.013566	271.31																7								<u>0.000347 / \$ 139.12 = \$401,054</u>															
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17	Input	Input	Input for \$20,000	+B-C	Input	+E/D*1000	+A*/1000	F increase	H increase	+K*/1000	+L	+N-A	+O*/1000	Input	+R-A	+S*/1000	Input	+V-A	+W*/1000																																																																																																		
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19	20,000	6,641,433,289	267,718,753	6,373,714,536	77,719,680	12.184	243.88			498,158	498,150	466,150	5,808	400,000	370,000	4,608	800,000	570,000	7,100																																																																																																		
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22	50,000	6,641,433,289	669,296,883	5,972,136,407	77,719,680	13.014	650.89	0.829	406.81	498,159	498,150	436,150	5,808	400,000	340,000	4,528	800,000	540,000	7,188																																																																																																		
23	60,000	6,641,433,289	803,156,259	5,838,277,030	77,719,680	13.312	798.73	1.118	554.85	498,158	498,150	426,150	5,808	400,000	330,000	4,498	800,000	530,000	7,221																																																																																																		
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25	80,000	6,641,433,289	1,070,875,012	5,570,558,277	77,719,680	13.952	1,116.15	1.768	872.27	498,158	498,150	406,150	5,808	400,000	310,000	4,432	800,000	510,000	7,291																																																																																																		
26	90,000	6,641,433,289	1,204,734,389	5,436,698,901	77,719,680	14.295	1,285.58	2.182	1,042.71	498,158	498,150	396,150	5,808	400,000	300,000	4,397	800,000	500,000	7,328																																																																																																		
27	100,000	6,641,433,289	1,338,593,765	5,302,839,524	77,719,680	14.658	1,465.52	2.462	1,221.75	498,158	498,150	386,150	5,808	400,000	290,000	4,362	800,000	490,000	7,368																																																																																																		
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31	* Linear application of residential exemption; assumes that all property that uses the \$20,000 exemption would also use the entire \$100,000 exemption, although that would not be the case.																																																																																																																				
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**CITY & BOROUGH of YAKUTAT**

P.O. Box 100
Yakutat, Alaska 99802
Phone (907) 704-3323
Fax (907) 704-3381

March 23, 2007

Senator Joe Thomas
State Capitol
Juneau, Alaska 99801

Senator Thomas,

I support Senate Bill 112, since the Yakutat voters will decide at the ballot box on the \$100,000 exemption.

I would like you to vote for revenue sharing, since it is desperately needed across Alaska.

The AML offered a proposal to fund revenue sharing with 6% of all natural resource revenues. There is Senate Bill 72, which takes a percentage of sand, gravel, timber, mineral revenues and other transportation revenues, but not oil and gas. This bill should be amended to include oil and gas.

Municipalities are bleeding a slow death with the price on energy, TRS, PERS, and other goods and services. Municipalities are providing services such as public safety, road maintenance, snow removal, school funding, harbor maintenance, and a multitude of other services, which the State sends millions to provide in unorganized boroughs.

Areas like Copper River Valley, Tok, and Delta Junction are prime examples of the State spending millions to support the services mentioned above. Municipalities should receive enough revenue from the State to properly provide the services they are mandated to provide.

Sincerely yours,

Dave Stone, Mayor
City and Borough of Yakutat



CITY OF FAIRBANKS

Steve M. Thompson, Mayor

800 CUSHMAN STREET
FAIRBANKS, ALASKA 99701-4615

OFFICE: 907-459-6793

FAX: 907-459-6787

smthompson@ci.fairbanks.ak.us

March 7, 2007

Representatives Coghill, Guttenberg, Kawasaki, Kelly & Ramras
Senators Therriault, Thomas & Wilken
Alaska State Legislature
Capitol Building
Juneau, Alaska 99801

RE Increased Residential Exemption


Dear Representatives and Senators:

While there is great diversity of opinion as to the "right" solution to local taxation, both the City Council and Fairbanks North Star Borough Assembly believe that providing the local option to increase the partial residential exemption from the current \$20,000 would be desirable. An increased residential exemption would shift the burden from homeowners who have been hard pressed by increased assessments.

Enclosed are copies of Resolutions passed by both the City and Borough. They differ as to the amount, but both endorse the concept.

Thank you all for your consideration of this change and for your service to our community.

Sincerely,


Steve M. Thompson,
City Mayor

CC: City Council Members
Jim Whitaker, Mayor, Fairbanks North Star Borough

Introduced by: Mayor Thompson
Finance Committee
Date: February 5, 2007

RESOLUTION NO. 4257

**A RESOLUTION URGING THE ALASKA STATE LEGISLATURE
TO AMEND STATE LAW TO INCREASE THE RESIDENTIAL
PROPERTY TAX EXEMPTION TO \$100,000**

WHEREAS, State law provides a comprehensive statutory scheme for the municipal taxation of real property which binds all municipalities in Alaska; and

WHEREAS, under A.S. 29.45.050(A), only \$20,000 of the assessed value of a qualified residence is exempt from taxes; and

WHEREAS, increasing the residential exemption will promote home ownership, offset the effect of recent property assessment increases and not affect the City's Tax Cap;

NOW, THEREFORE, BE IT RESOLVED by the City Council that the City of Fairbanks urges the Alaska Legislature to adopt appropriate legislation to amend A.S. 29.45.050(A) to increase the residential exemption to \$100,000.

PASSED AND APPROVED THIS 5TH DAY OF FEBRUARY, 2007.


STEVE M. THOMPSON, Mayor

AYES:

NAYS:

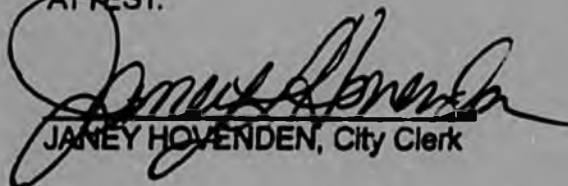
ABSTAIN:

ABSENT:

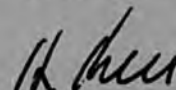
APPROVED:

PASSED ON CONSENT AGENDA

ATTEST:


JANEY HOVENDEN, City Clerk

APPROVED AS TO FORM:


Herbert P. Kuss, City Attorney

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By: Charlie Rex
Tim Beck
Luke Hopkins
Mike Musick
Nadine Winters
Hank Barros
Toria Foote
Valerie Therrien
Introduced: 02/22/07
Adopted: 02/22/07

FAIRBANKS NORTH STAR BOROUGH
RESOLUTION NO. 2007 - 08

**A RESOLUTION REQUESTING THE ALASKA STATE LEGISLATURE TO AMEND
AS29.45.050(A) TO INCREASE THE RESIDENTIAL PROPERTY TAX EXEMPTION
ALLOWABLE TO \$50,000**

WHEREAS, AS29.45.050(a) states "A municipality may exclude or exempt or partially exempt residential property from taxation by ordinance ratified by the voters at an election. An exclusion or exemption authorized by this subsection may be applied with respect to taxes levied in a service area to fund the special services. An exclusion or exemption authorized by this subsection may not exceed the assessed value of \$20,000 for any one residence" and

WHEREAS, property owners in the Fairbanks North Star Borough have seen substantial increases in assessed valuations, thereby increasing their tax bills; and

WHEREAS, along with increased assessments, residents have also faced skyrocketing heating fuel and gasoline prices; and


WHEREAS, an increase to the residential property tax exemption would help to ease the rising costs associated with owning a home in the Fairbanks North Star Borough; and

WHEREAS, the local tax base needs to be diversified so residential property taxes can be reduced; and

NOW, THEREFORE, BE IT RESOLVED the Assembly of the Fairbanks North Star Borough respectfully requests the Alaska State Legislature to amend AS29.45.050(a) to increase the residential property tax exemption allowable to \$50,000.

46 BE IT FURTHER RESOLVED, that copies of this resolution shall be sent
47 to the Alaska Interior Delegation.

48
49 PASSED AND APPROVED THIS 22nd DAY OF FEBRUARY 2007.



Luke Hopkins
Presiding Officer

ATTEST



Mona Lisa Dreiser, CMC
Municipal Borough Clerk

50
51 Ayes: Bartos, Beck, Fouts, Winters, Musick, Therrien, Rex, Hopkins
52 Nays: Frank



217 Second Street, Suite 200 • Juneau, Alaska 99801
Tel (907) 586-1325 • Fax (907) 463-5480 • www.akml.org

April 20, 2007

Senator Donny Olson
Senate C & RA Committee Members
Juneau, Alaska 99811

Dear Senator Olson, & Committee Members,

Due to other hearings at the same time, I was unable to attend the hearing on **SB122**. I have spoken briefly to Sen. Thomas' staff with regards to our position.

AML has been on record as being adamantly opposed to ANY mandatory unfunded exemption. However, proposed exemptions that include the word "may," do not give us cause for concern at this point. SB122 allows local control over whether a municipality will or will not implement property tax relief. This, if used correctly, can be a tool to allow municipalities a diversified revenue stream which in turn will allow a balanced program for taxation within each respective community.

The only concerns we have heard voiced within some communities is that Revenue Sharing should be part of the equation as municipalities and the Legislature looks at exemptions in the future. However, as stated above, the Alaska Municipal League would support this bill going forward.

Sincerely,

Kathie Wasserman
Alaska Municipal League

SB

128

**SENATE COMMITTEE REPORT
First Committee of Referral**

DATE: 3/19/07

FURTHER: Judiciary
Finance

Date of 5-Day Notice: March 22, 2007
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: March 28, 2007

Community and Regional Affairs Committee considered SENATE BILL NO. 128

SB 128 ALCOHOL LOCAL OPTION PROVISIONS

"An Act relating to the sale, distribution, and purchase of alcoholic beverages; relating to a state database for records of certain alcoholic purchases of alcoholic beverages; relating to procedures for local option elections for control of alcoholic beverages; and providing for an effective date."

and recommends:

- be replaced with SCS or CS 128 (CRA)
- adopt previous SCS or CS _____ (_____)
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

SENATE BILL:	
<input type="checkbox"/>	Same Title
<input checked="" type="checkbox"/>	New Title
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HOUSE BILL:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____


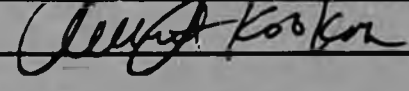
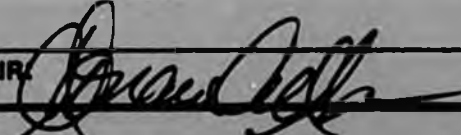
NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FNE
DPS	3/27/07		✓		

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	No REC	AMEND
	Thomas	✓			
	KOOKER	✓			
CHAIR 	Olson	✓			

ALASKA STATE LEGISLATURE

SENATOR DONALD C. OLSON



ALASKA
STATE CAPITOL
ROOM 514
JUNEAU, ALASKA 99801-1182

(907) 465-3707
FAX (907) 465-4821

Sponsor Statement Senate Bill 128

Alaska, along with many other states, finds itself in the position of needing to protect residents of rural communities from bootleggers of alcohol. Various alcohol abuse educational programs have been in place in rural Alaska for a number of years, but they have not served to halt the illegal importation and sale of alcohol to Alaska's rural communities. SB 128 curbs bootlegging by allowing the Alcoholic Beverage Control (ABC) Board, at the request of the communities of Bethel and Kotzebue, to establish pilot alcohol delivery sites. If opened, these sites would operate for a period of three years.

Senate Bill 128 is aimed at preventing bootleggers from ordering alcohol from numerous package stores in violation of the local option. Alcohol Local Option Provisions require that the ABC Board, in conjunction with package store licensees, create and maintain a database documenting the sale, distribution, and purchase of alcoholic beverages, ordered in writing, from persons residing in damp local option communities. The bill requires that a package store consult the database before filling a written order from a person residing in the local option area. The database will be available to package store licensees and their agents and employees, law enforcement officers, probation and parole officers, and the ABC Board. Information in the database will not be available to the public.

The bill also corrects an inadequacy in state liquor law that hampers the ability of large hub communities to attract investment in family oriented restaurants. There are now allowances for the transfer of a borough license to a city within the borough's borders in order to meet public demand and promote economic development.

Version E

**SECTIONAL ANALYSIS
SENATE BILL 128**

Sections 1 and 2 require the Alaska Beverage Control (ABC) Board, after working with package store licensees, to create and maintain a database that keeps track of written orders for alcohol from persons residing in damp local option communities. A package store licensee must consult the database before filling a written order from the local option area to ensure that the customer has not already ordered the alcohol that the local option allows for that particular month. Any order filled must be immediately entered in the database. The information would be used to prevent bootleggers from ordering alcohol from numerous package stores in violation of the local option. The information in the database may only be used as specifically allowed by package stores and law enforcement; the information in the database would not be public information.

Section 3 prohibits a package store from shipping alcohol in response to a written order from a person residing in a local option area to any address other than the address of the person ordering the alcohol. However, if the person ordering the alcohol lives in an area where a community delivery site has been established, the alcohol must be shipped to the delivery site.

Sections 4 and 5 correct an omission in state law that does not allow for transfer of liquor licenses in large hub communities from the organized borough to within city limits of the community. For example, communities like Wasilla, Kenai, or North Pole may have only a few licenses within the city, but the cities serve large populations outside city limits. The bill would allow transfer of licenses available in the surrounding borough into the city center, to promote economic development in businesses such as family-oriented restaurants. The transfer would require the approval of the governing body of both the borough and the city.

Sections 6, 7, 11, and 12 prohibit a person from purchasing alcoholic beverages in a local option area from another person who is selling the alcohol in violation of the local option. This conduct would be a class A misdemeanor. Under current law, AS 04.16.200(b), the person selling alcohol in violation of a local option would be guilty of a class C felony. Sections 6 and 11 include conforming amendments for the new provisions in Sections 7 and 12.

Section 8 extends the period after a local option has been adopted in a community from 12 to 24 months, before an election may be held to remove the option or to change the option to a less restrictive alternative. It would also provide that after a community has adopted a local option, an election removing the option or making it less restrictive may be held once in a 36 month period, rather than the 18 month period in current law.

Section 9 prohibits a person from purchasing alcohol by written order on behalf of another person who resides in a community that has elected to be dry. The penalty for this violation would be a class A misdemeanor.

Section 10 prohibits a person in a dry local option area from possessing ingredients or equipment with the intent to use them in the creation of home brew. This conduct would be a class A misdemeanor.

Sections 13 and 14 amend the forfeiture provisions for violation of AS 04.11.499. The law would allow for the forfeiture of alcohol that was purchased from a person who brought the alcohol into the community in violation of the community's local option. They would not allow for the forfeiture of an airplane or other vehicle upon conviction of a person for the purchase of alcohol from a bootlegger.

Section 15 would allow the ABC Board to establish pilot alcohol delivery sites in Bethel and Kotzebue, if the Board is requested by either community to do so. If opened, the sites would operate for a period of three years.

Sections 16 - 20 include an instruction to the revisor of statutes and effective dates.

**SECTIONAL ANALYSIS
SENATE BILL**

Sections 1 and 2 require the Alaska Beverage Control (ABC) Board, after working with package store licensees, to create and maintain a database that keeps track of written orders for alcohol from persons residing in damp local option communities. A package store must consult the database before filling a written order from the local option area to ensure that the customer has not already ordered the alcohol that the local option allows for that particular month. Any order filled must be immediately entered in the database. The information would be used to prevent bootleggers from ordering alcohol from numerous package stores in violation of the local option. The information in the database may only be used as specifically allowed by package stores and law enforcement; the information in the database would not be public information.

Section 3 prohibits a package store from shipping alcohol in response to a written order from a person residing in a local option area to any address other than the address of the person ordering the alcohol; however, if the person ordering the alcohol lives in an area where a community delivery site has been established, the alcohol must be shipped to the delivery site.

Sections 4, 5, 9, and 10 prohibit a person from purchasing alcoholic beverages in a local option area from another person who is selling the alcohol in violation of the local option. This conduct would be a class A misdemeanor. Under current law, AS 04.16.200(b), the person selling alcohol in violation of the local option would be guilty of a class C felony. Sections 4 and 9 include conforming amendments for the new provision in Sections 5 and 10.

Section 6 extends the period after a local option has been adopted in a community from 12 to 24 months before an election may be held to remove the option or to change the option to a less restrictive alternative. It would also provide that after a community has adopted a local option, an election removing the option or making it less restrictive may be held once in a 36 month period, rather than the 18 month period in current law.

Section 7 prohibits a person from purchasing alcohol by written order on behalf of another person who resides in a community that has elected to be dry. The penalty for this violation would be a class A misdemeanor.

Section 8 prohibits a person in a dry local option area from possessing ingredients or equipment with the intent to use them in the creation of home brew. This conduct would be a class A misdemeanor.

Sections 11 and 12 amend the forfeiture provisions for violation of AS 04.11.499. They allow for the forfeiture of alcohol that was purchased from a person who brought the alcohol into the community in violation of the community's local option. They do not

allow the forfeiture of an airplane or other vehicle upon conviction of a person for the purchase of alcohol from a bootlegger.

Section 13 would allow the ABC Board to establish pilot alcohol delivery sites in Bethel and Kotzebue, if the Board is requested by either community to do so. If opened, the sites would operate for a period of three years.

Sections 14 - 18 include an instruction to the revisor of statutes and effective dates.

SECTIONAL ANALYSIS
SENATE BILL

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Sections 4 and 7 prohibit a person from purchasing alcoholic beverages in a local option area from another person who is selling the alcohol in violation of the local option. This conduct would be a class A misdemeanor. Under current law, AS 04.16.200(b), the person selling alcohol in violation of the local option would be guilty of a class C felony.

Section 5 extends the period after a local option has been adopted in a community from 12 to 24 months before an election may be held to remove the option or to change the option to a less restrictive alternative. It would also provide that after a community has adopted a local option, an election removing the option or making it less restrictive may be held once in a 36 month period, rather than the 18 month period in current law.

Section 6 prohibits a person from purchasing alcohol by written order on behalf of another person who resides in a community that has elected to be a dry community. The penalty for this violation would be a class A misdemeanor.

Section 8 prohibits a person in a dry local option area from possessing ingredients or equipment with the intent to use them in the creation of home brew. This conduct would be a class A misdemeanor.

Section 10 would allow the ABC Board to establish pilot alcohol delivery sites in Bethel and Kotzebue, if the Board is requested by either community to do so. If opened, the sites would operate for a period of three years.

Sections 11 – 15 include an instruction to the revisor of statutes and effective dates.

LEGAL SERVICES

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

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Juneau, Alaska 99801-1182
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MEMORANDUM

March 16, 2007

SUBJECT: Local or Special Acts Constitutional concern
(Work Order No. 25-LS0742/A)

TO: Senator Donald Olson
Attn: David Gray

FROM: Alpheus Bullard *AB*
Legislative Counsel

The bill draft relating to the sale, distribution, and purchase of alcoholic beverages is enclosed. Please be advised that section 16 of the bill (the pilot project) might be challenged as a violation of the constitutional prohibition against local or special legislation contained in art. II, sec. 19 of the state constitution. That section states in relevant part:

The legislature shall pass no local or special act if a general act can be made applicable. Whether a general act can be made applicable shall be subject to judicial determination.

The test employed by the Alaska Supreme Court to determine whether an act violates the prohibition against local or special acts is substantially the same as that applied under a nonsuspect class equal protection analysis. Upon examining the legislative goals and the means used to advance them, the court determines whether the legislation bears a fair and substantial relationship to a legitimate state purpose. State v. Lewis, 559 P.2d 630, 643 (Alaska 1977), cert. denied, 432 US 901, 53 L.Ed.2d 1073 (1977). To satisfy the "fair and substantial relationship" standard, the classification established by the legislation must be tailored to the purpose of the legislation. The classification must be neither overinclusive nor underinclusive. Isakson v. Rickey, 550 P.2d 350, 362 (Alaska 1976). If the "fair and substantial relationship" standard is met, the bill will not be invalidated because of incidental local or private advantages. Lewis, 559 P.2d at 643.

In Lewis, the court agreed that legislation of statewide significance need not have an effect in all parts of the state; legislation does not become "local" merely because it operates only on a limited number of geographical areas rather than on a statewide geographical basis. The Lewis case involved the Cook Inlet land exchange and the court accepted the premise that the land exchange, while only affecting land in Southcentral Alaska, required legislation to be accomplished and was of common interest to the whole state. The court relied heavily on the record developed by the legislature in support of

Senator Donald Olson

March 16, 2007

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the need for the land exchange and the decision to resolve serious issues surrounding Alaska Native land selections under the Alaska Native Claim Settlement Act through legislation authorizing the Cook Inlet land exchange.

In a case where a violation of sec. 19 was found, the court said that legislation establishing the Eagle River Borough was special and peculiar to the locality where the borough was established. Since there was nothing in the nature of the Eagle River-Chugiak area that justified a departure from the general law scheme for the establishment of boroughs, the statute violated sec. 19. Abrams v. State, 534 P.2d 91 (Alaska 1975).

More recently the court upheld an act modifying oil and gas leases on the Northstar field because "the Act's exclusive focus on the Northstar leases reflects their unique nature, and because the Act fairly and substantially relates to legitimate state purposes." Baxley v. State, 958 P.2d 422 at 431 (Alaska 1998).

If the state is able to show that the "alcoholic beverage delivery site pilot project" serves a legitimate state purpose and that the establishment of delivery sites in the communities of Bethel and Kotzebue bears a fair and substantial relationship to that purpose, then this bill section should not be interpreted as unconstitutional. However, a court may interpret this bill as a "local or special law," in that the bill operates to single out two communities for a "pilot project," when there exists, under AS 04.11.491(f), a provision for municipalities and established villages to designate delivery sites if they so desire.

If you have any questions, or if I can be of further assistance, please do not hesitate to contact me.

TLAB:med
07-171.med

Enclosure

Informational Primer on State Liquor Law Effect on Local Economic Development



The City of Wasilla, in partnership with cities, boroughs, and developers from around the State is seeking to rectify an inadequacy in state liquor law that hampers the ability of hub communities to attract investment in high-end and family oriented restaurants. State law currently allows for 1 such license for every 3,000 residents of a community, so in communities such as Wasilla, Kenai, or North Pole there may be only 2-3 full liquor licenses allocated to go around for restaurants to use. The problem is these communities serve population areas outside of their city limits which are many times their own city population thus providing a large market for restaurants. Since so few licenses are allowed and there is no way to augment the number of liquor licenses allowed in a city the result is a lack of dining options, particularly high end or family oriented dining options in these communities and their surrounding areas.

The City of Wasilla itself has been approached by numerous higher end and family oriented dining groups interested in locating in our city, only to learn such location is impossible because a large component of their business model is the sale of wine and mixed drinks with dinner, which they cannot do here without an outlandish outlay of capital to secure an existing liquor license from within the closed liquor license market.

Instead of seeking to create more liquor licenses we feel it would be good public policy to use existing licenses more efficiently by making use of existing borough allocated licenses in hub cities within those boroughs.

We are suggesting the state liquor license law be changed in the following ways:

1. Restaurants within cities should be allowed to use beverage dispensary liquor licenses allocated to their boroughs when and only when both the city and borough agree to such a use.

Since these licenses are allocated to the boroughs to serve their populations and the cities act as the commercial hub servicing these same populations it would seem logical that a borough could transfer one of its licenses to city control to meet borough commercial needs.

2. Such transfers would only be allowed for restaurants transferring beverage dispensary liquor licenses.

This legislation is not intended to allow for proliferation of package liquor stores, bars, or other liquor distribution venues outside of sit-down dining establishments.

3. Such transfers should only be allowed in boroughs with a population of 40,000 or more.

Since this legislation is intended to service the needs of larger suburban populations it seems logical to permit it only where such populations are large enough to warrant such action.

Please contact Casey Reynolds, Economic Development Planner for the City of Wasilla at (907) 373-9030 to discuss our ideas and the process to change liquor license laws in Alaska.



TANANA CHIEFS CONFERENCE, INC.

122 FIRST AVENUE
FAIRBANKS, ALASKA 99701-4897

March 27, 2007

Dear Members of the Senate Community and Regional Affairs,

Re: In support of SB 128

As you know, issues related to the abuse of alcohol remain of grave importance to the health, safety, and welfare to the people of the Tanana Chiefs Conference Region. Senate Bill 128 proposes to take several steps forward in improving the regulation of alcohol in our villages.

- We support the establishment of a statewide database designed to allow a package store licensee to access, reducing the amount of alcohol that might otherwise go into a restricted area under AS 04.11.150(g).
- The provision to prohibit shipment of alcohol to addresses other than where the purchaser lives is of critical importance to our villages. Too often a buyer will have alcohol shipped to a nearby village that does not have a prohibition, cause a great deal of trouble in that village, and then illegally imports that alcohol into their own village.
- Extending the timeframe that local option law may be conducted to a less restrictive option, and extending the timeframe for conducting an election more than once are both excellent amendments to existing law, allowing for more stability and encouraging healthy behaviors.

- We support the provision which adds a prohibition on possession of homebrew ingredients with intent to manufacture alcohol.
- We support the addition of a penalty for a person purchasing alcohol from another person who had transported it illegally into a village.

Thank you for consideration of our support for the measures in Senate Bill 128, and for your hard work during this legislative session.

Sincerely,

Jerry Isaac, President

Tanana Chiefs Conference

122 First Ave

Fairbanks, AK 99701

1-800-478-6822

Good Afternoon. Thank you for this opportunity to testify on SB 128. My name is Loretta Bullard. I am President of Kawerak, the regional non-profit consortium providing non-health services throughout the Bering Straits Region of Alaska. I also serve on the Alaska Rural Justice and Law Enforcement Commission representing Village Public Safety Officer contractors in the State.

Alcohol and substance abuse is the nucleus around which many of rural Alaska's social problems revolve. Alcohol is a contributing factor in many, if not the majority of suicides, homicides, child sexual abuse and physical neglect, domestic violence situations, and accidental death and injuries in rural Alaska. It is a 100% factor in children diagnosed to be FAS and FAE. I estimate that 90% of the Alaska Natives serving time in Alaska correctional facilities, are serving time for offenses conducted under the influence of alcohol, for consuming alcohol while on probation, or for importing or brewing alcohol in violation of local option laws. Alcohol abuse has a huge impact on Alaska families and on the State fiscal situation.

I am testifying in support of SB 128. Many of the provisions contained in SB 128 are practical solutions that were developed as part of the RJLC work group process. In this process, we had individuals from around the State of Alaska participate in work groups to develop options for consideration by the Commission, which if implemented, would improve rural justice and safety throughout the State of Alaska. Work group members included representatives from the Department of Law, Department of Public Safety, rural residents, Alaska Legal Services, Alaska Federation of Natives as well as several Commissioners.

Provisions contained in SB 128 will help to curtail the importation of alcohol into communities that have opted to be damp or dry under Alaska Statutes by:

- Creating a statewide data base that will enable package store outlets to confirm that duplicate shipments are not being shipped to any particular individual in violation of the limits imposed by law. Currently, an individual could order 20 shipments from 20 different outlets – much of which would no doubt be bootlegged. This would greatly curtail bootlegging activity in rural Alaska.
- Requires that alcohol shipments only be shipped to a purchaser's home address. This prevents alcohol from being shipped to nearby damp or wet communities, and then subsequently being imported into dry communities in violation of the local option law.
- Providing the opportunity for Bethel and Kotzebue to set up Alcohol Beverage Delivery Site Pilot Projects. As we understand it, Barrow established such a site a number of years ago which has proven to be a huge success in controlling the amount and delivery of alcoholic beverages into their community.

The language would also limit the ability of a community to remove a local option or change to a less restrictive option – such that a revote could not be conducted during the first 24 months after the local option was adopted or more than once in a 36 month period. This would give the community time to fully experience whether the local option