

CLERK'S OFFICE

**APPROVED**

Submitted by: ASSEMBLY CHAIR TRAINI

Prepared by: Assembly Counsel

For reading: March 8, 2011

Date: 3-8-11

**ANCHORAGE, ALASKA**

**AR NO. 2011-69**

**A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY RENEWING  
OPPOSITION TO NEW UNFUNDED PROPERTY TAX EXEMPTIONS AND RESPONDING  
TO LOCAL PROPERTY TAX IMPLICATIONS OF UNFUNDED MANDATES UNDER HB 170.**

WHEREAS, as recognized in AR 2010-88 (copy attached), throughout Alaska, the main source of revenue for municipalities and boroughs falls on the shoulders of the property owners located within each local governing unit, through an ad valorem system of property taxation; and

WHEREAS, as further recognized in AR 2010-88, Anchorage feels the economic impact of significant cuts to local services and does not desire to increase the taxes of other citizens to compensate for an unfunded state mandate; and

WHEREAS, HB 170, introduced in the Alaska State Legislature on February 23, 2011, would create a mandatory exemption to local property tax on the first \$200,000 of assessed value of the primary residence of any active volunteer of a first responder service, rescue service, ambulance service, fire department that provides emergency medical or rescue services, and to the widow or widower of a person who was an active volunteer at the time of death; and

WHEREAS, HB 170 does not include any state-to-local government reimbursement language similar to language incorporated with the senior citizen tax exemption under AS 29.45.030(g), allowing for reimbursement from the State of Alaska; and

WHEREAS, passage of HB 170 would create an unfunded state mandate by creating a mandatory obligation for local governments to exempt property from the tax base, without identifying or obligating a source of state revenue for reimbursement; and

WHEREAS, in AR 2010-88, the Anchorage Assembly unanimously opposed unfunded state mandates for property tax exemptions, because they create a funding gap for local government expenses;

NOW, THEREFORE, the Anchorage Assembly resolves:

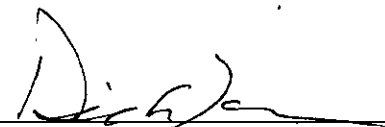
1. On behalf of Anchorage taxpayers as a whole, unfunded state mandates for local property tax exemptions are to be avoided. When mandatory property tax exemptions become state law without complementary state funding, those Anchorage taxpayers remaining in the non-exempt pool are forced to foot the bill, shifting the burden of local public expense to fewer and fewer taxpayers.

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2 2. The Anchorage Assembly request to the Anchorage Legislative Caucus under  
3 AR 2010-88 is renewed. HB 170 proposes an unfunded state mandate, and is therefore  
4 financially unsound.  
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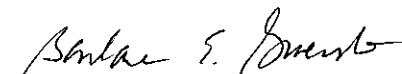
6 3. When laudable vocations are to be recognized in monetary incentives through  
7 local property tax exemptions, it is incumbent upon those proposing the recognition to  
8 equitably and ethically identify the source of replacement funding for local expenses.  
9 When the authority of the state is exercised over local property tax exemptions without  
10 providing replacement funding for local government expenses, the economic viability of  
11 local communities is undermined.  
12

13 4. This Assembly Resolution, and a copy of AR 2010-88, shall be sent to the state  
14 legislators representing Anchorage and shared with other communities through the  
15 Alaska Municipal League so that Alaska state legislators may work together to support  
16 the economic viability of local communities.  
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18 PASSED AND APPROVED by the Anchorage Assembly this 8<sup>th</sup> day of  
19 March, 2011.  
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25 Chair

26 ATTEST:

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30 \_\_\_\_\_  
31 Municipal Clerk

CLERK'S OFFICE  
**AMENDED AND APPROVED**

Date: 3-2-10

Submitted by: ASSEMBLY MEMBERS OSSIANDER  
AND SELKREGG

Prepared by: Assembly Counsel

For reading: March 2, 2010

**ANCHORAGE, ALASKA  
AR NO. 2010-88, Amended**

**A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY IN OPPOSITION TO  
NEW UNFUNDED PROPERTY TAX EXEMPTIONS.**

WHEREAS, throughout Alaska, the main source of revenue for municipalities and boroughs falls on the shoulders of the property owners located within each local governing unit, through an ad valorem system of property taxation; and

WHEREAS, since 1984 Anchorage has provided property tax exemptions for senior citizens and disabled veterans as set out in state law under AS 29.45.030(e); and

WHEREAS, legislation that created these property tax exemptions advised that the State would reimburse cities for this mandatory exemption; and

WHEREAS, Anchorage has not received reimbursement since 1996, and has absorbed this cost forcing Anchorage taxpayers to foot the bill of \$160 Million in lost revenue; and

WHEREAS, when the law was enacted Anchorage had 1,665 qualifying citizens, and now the number of qualifying citizens has increased to about 10,000; and

WHEREAS, these property tax exemptions total Anchorage lost annual revenue of \$21,441,080 in unfunded mandate, up to 8.43% of last year's property values, from these property tax exemptions; and

WHEREAS, once revenue needs are set, any property tax exemption that reduces the amount of taxable value will cause the mill rate to go up; and

WHEREAS, our city is already feeling the impact of significant cuts to local services and does not desire to increase the taxes of other citizens to compensate for an unfunded state mandate;

NOW THEREFORE BE IT RESOLVED that the Anchorage Assembly believes senior citizens and disabled veterans deserve property tax exemptions, but opposes unfunded state mandates for property tax exemptions and believes local communities should determine what exemptions work best for their citizens.

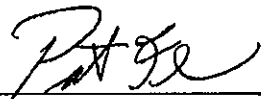
NOW THEREFORE BE IT FURTHER RESOLVED, that the Anchorage Assembly requests the Anchorage Legislative Caucus to work together to ensure:

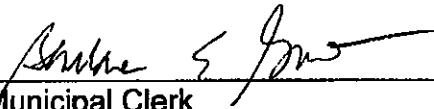
1. That the Alaska State Legislature does not approve unfunded mandates; and
2. That State of Alaska follows through on its commitment to reimburse the Municipality of Anchorage for the \$160 million lost revenues due to the state

mandatory property tax exemptions.

PASSED AND APPROVED by the Anchorage Assembly this 2<sup>nd</sup> day of  
March, 2010.

ATTEST:

  
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Chair

  
\_\_\_\_\_  
Municipal Clerk

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