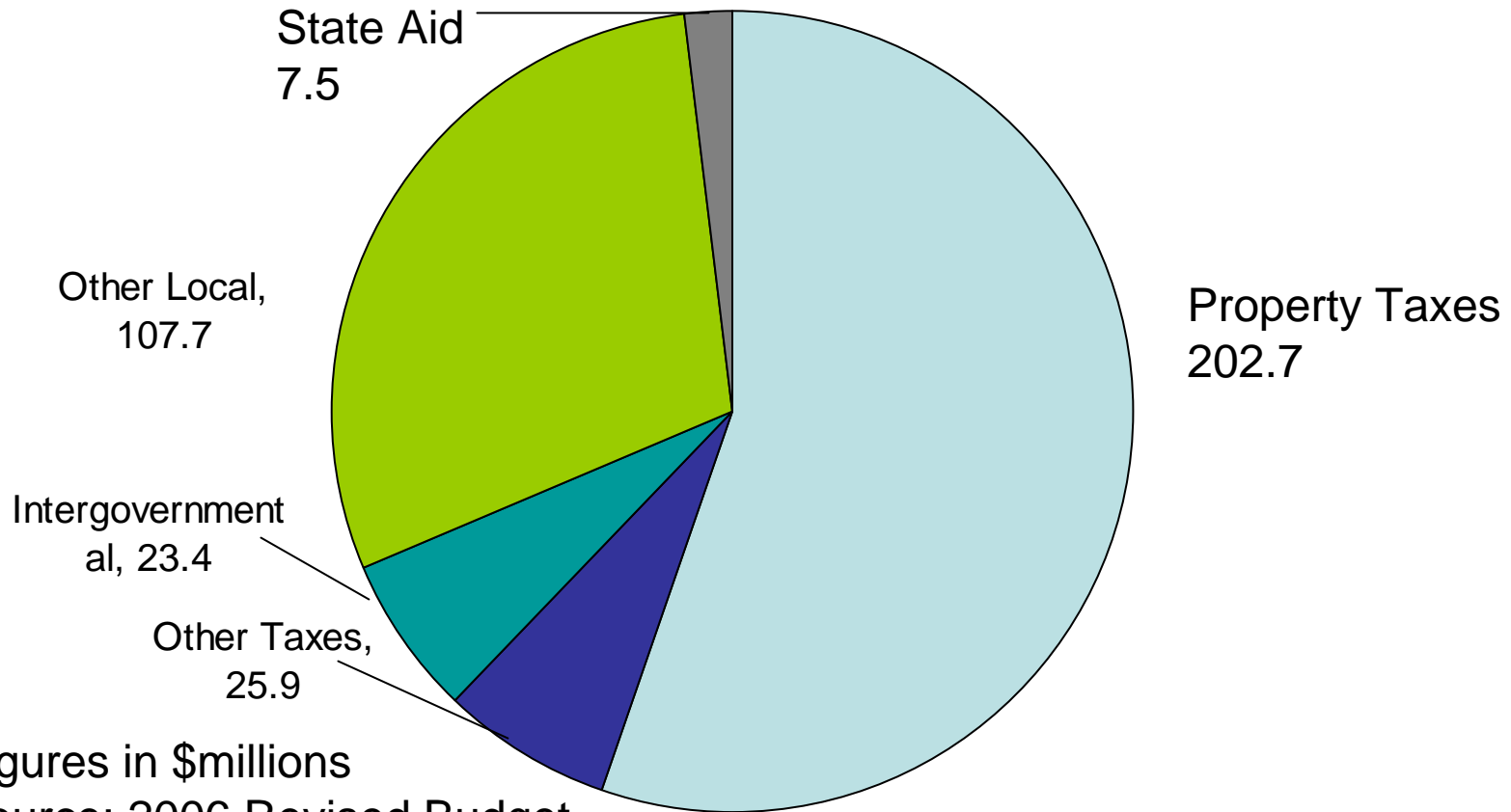


Property Taxes 101

Anchorage AK 1997-2007

Presentation to the
Property Tax Relief Task Force
July 25, 2007

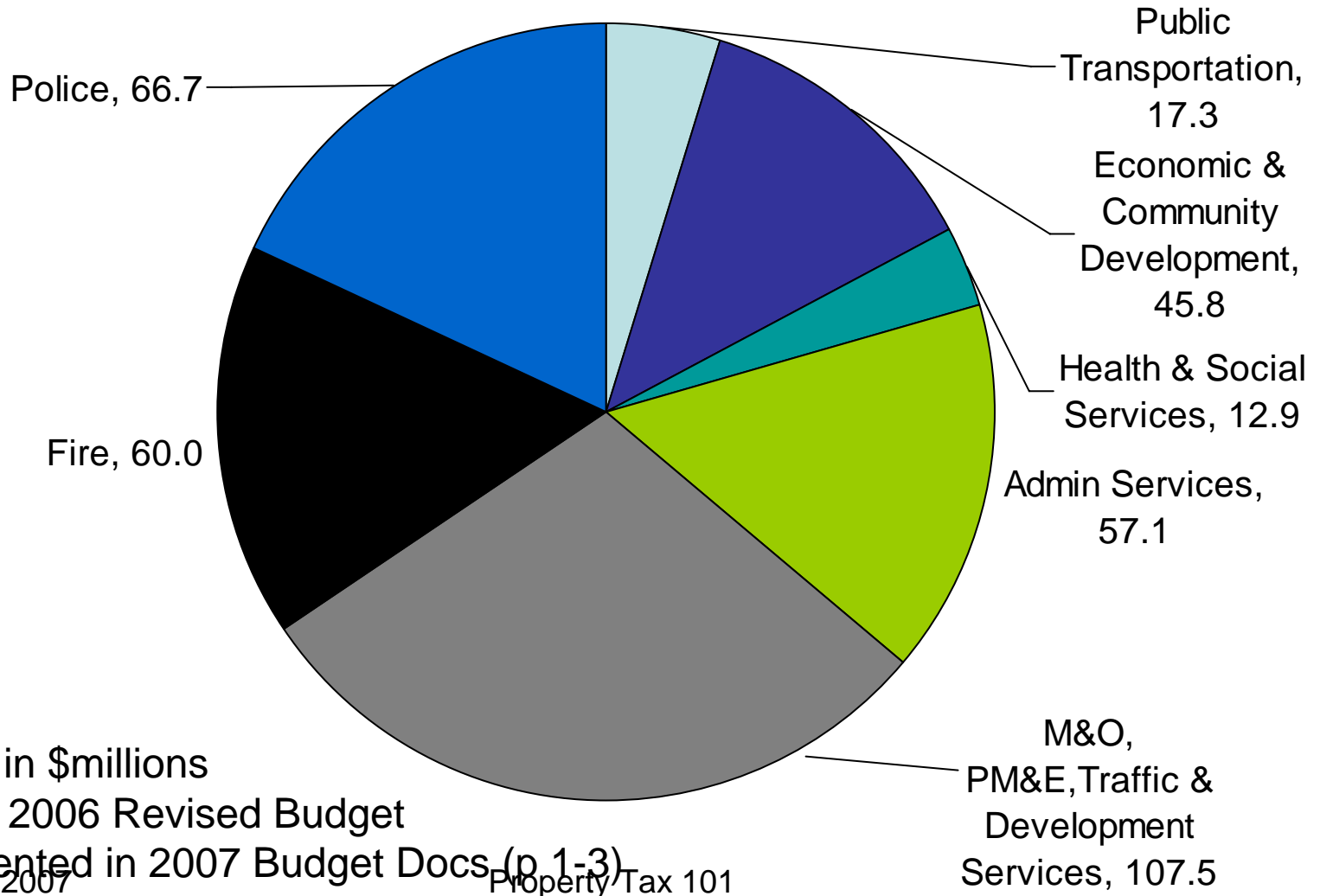
2006 MOA General Government Revenue - \$367.2 million



Figures in \$millions

Source: 2006 Revised Budget
as presented in 2007 Budget Docs (p 1-7)

2006 MOA General Government Spending - \$3667.2 million

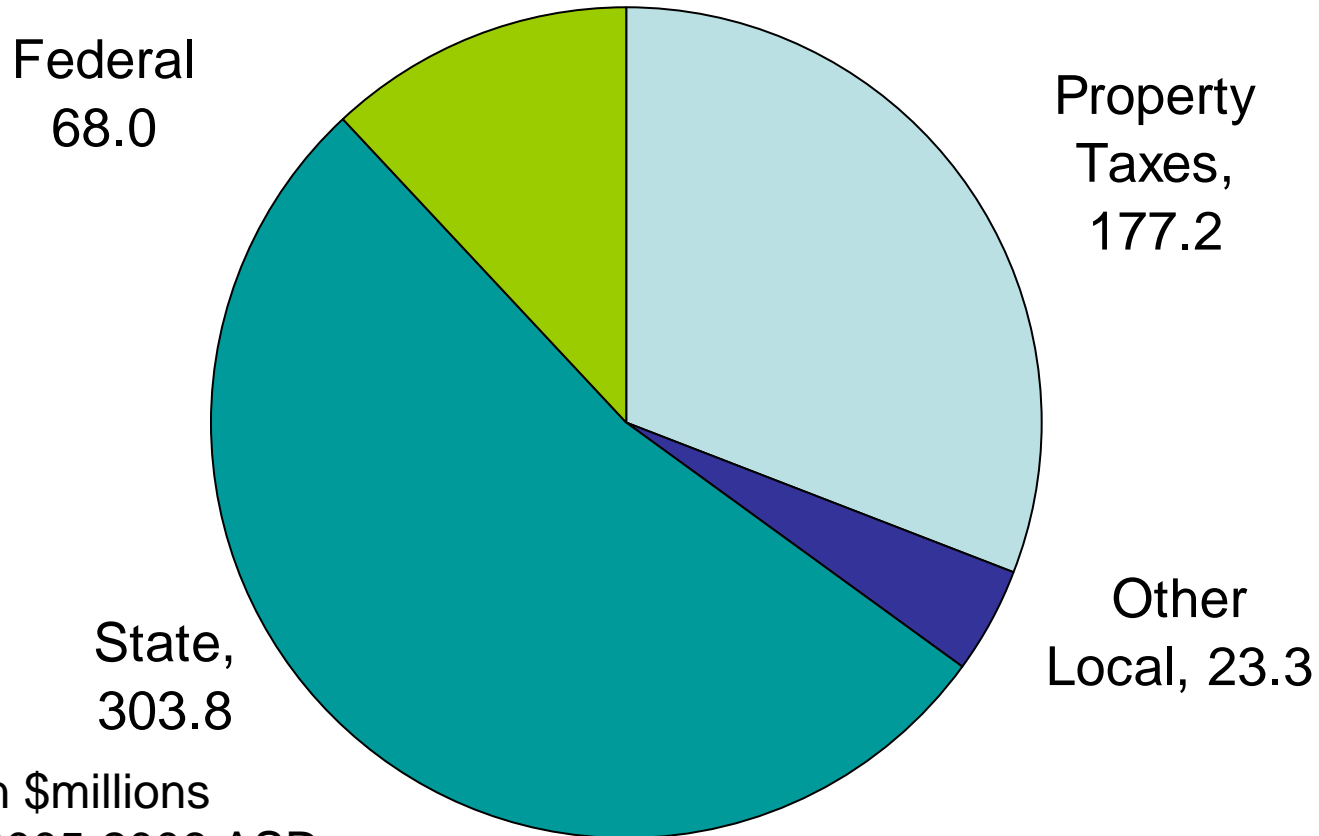


Figures in \$millions

Source: 2006 Revised Budget
as presented in 2007 Budget Docs (p 1-3)

July 25, 2007

2005-2006 Anchorage School District Revenue - \$572.2 million



Figures in \$millions
Source: 2005-2006 ASD
Budget (p V-1)

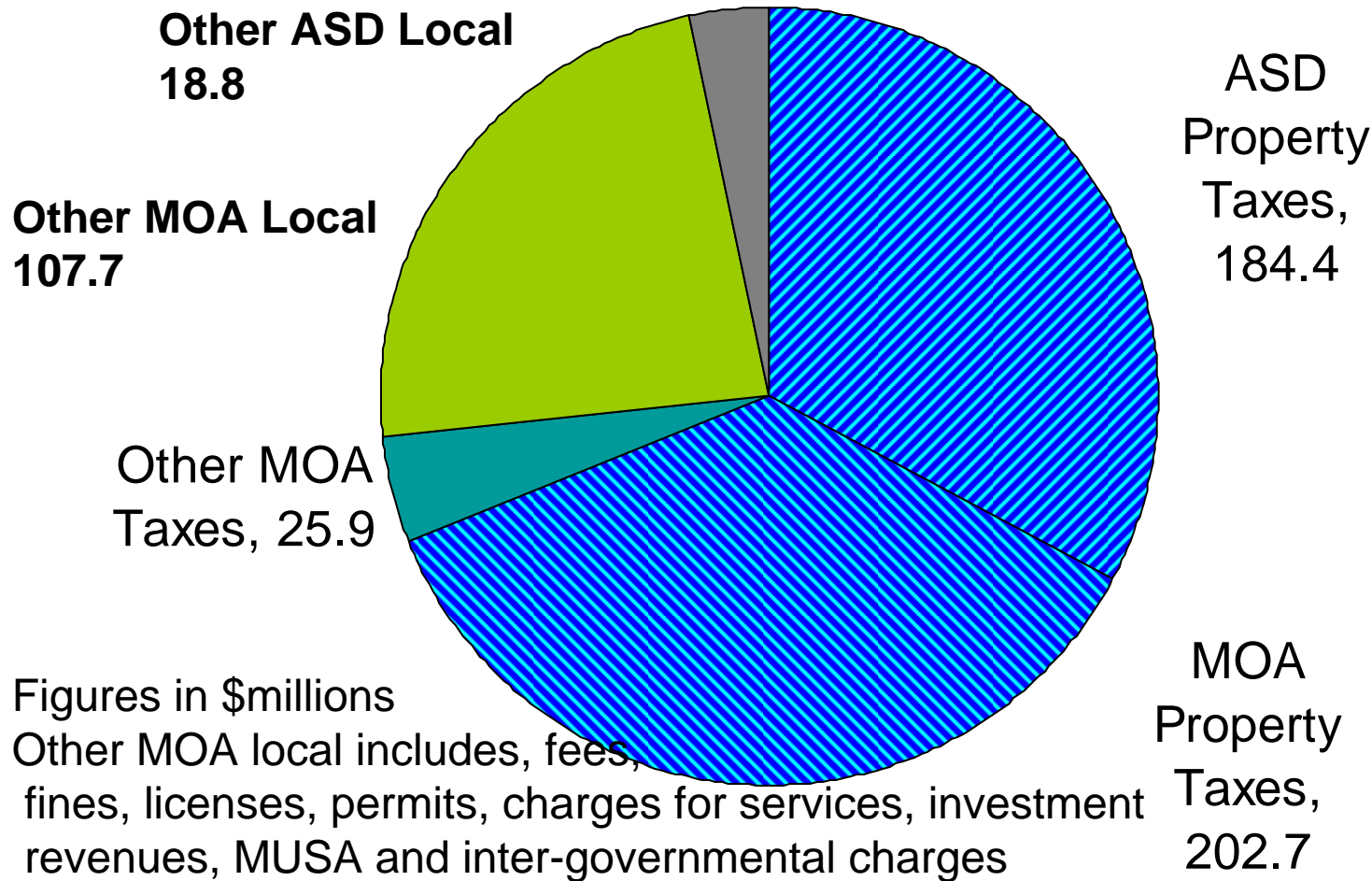
Two Parallel Universes?

- Anchorage School District is a component unit of the Municipality of Anchorage
 - Prepares its own budget, which must be approved by Assembly
 - Does its own tax cap calculation
 - Prepares its own financial statements
 - Is on a different (July/June) fiscal year

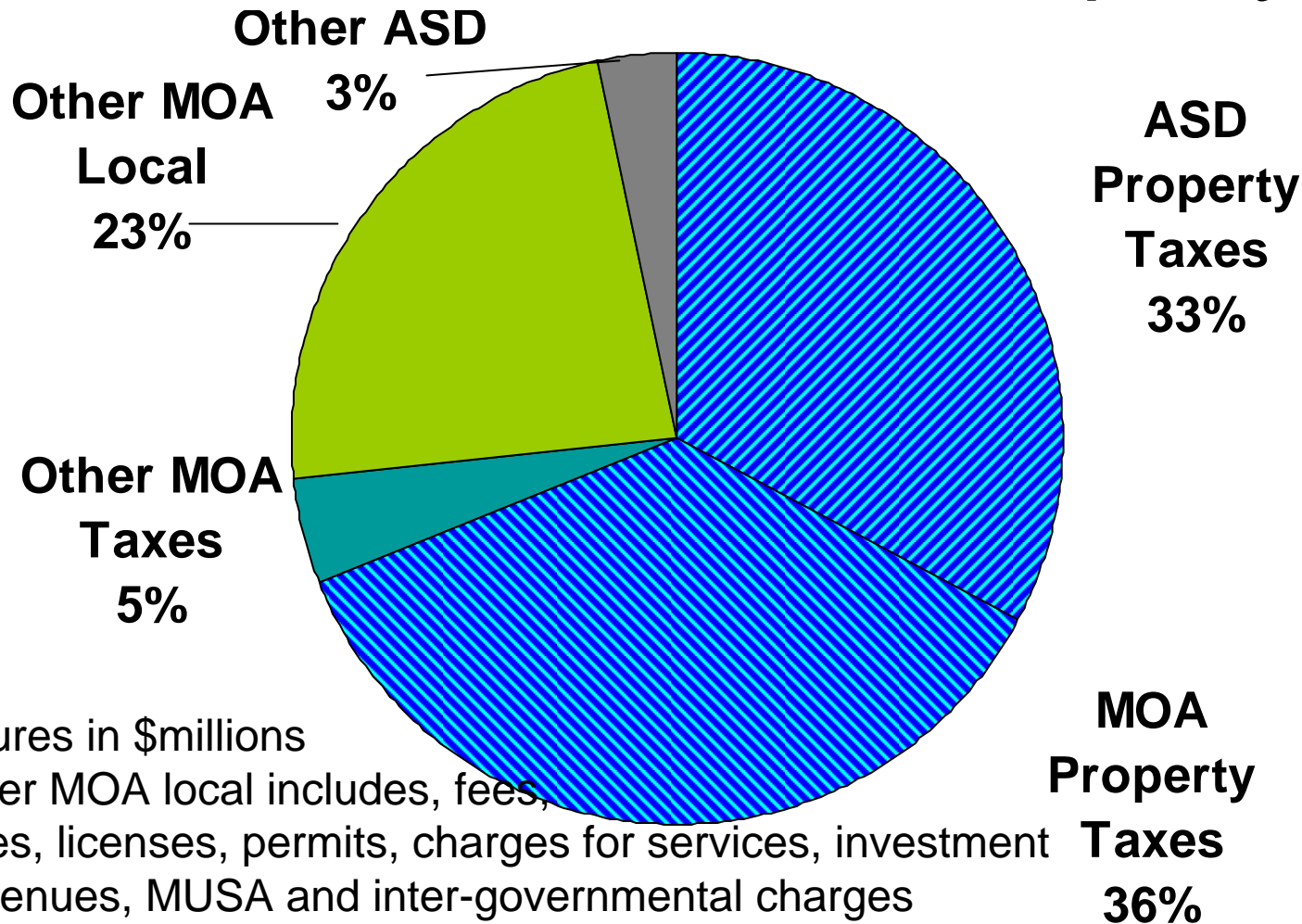
Combining ASD and MOA Property Tax Data

2004-2005 Budget	163,503,322			
		81,751,661		
			170,330,162	2005 Taxes
2005-2006 Budget	177,157,001	88,578,501		
		88,578,501		
			184,379,645	2006 Taxes
2006-2007 Budget	191,602,288	95,801,144		
		95,801,144		
			199,179,770	2007 Taxes
2006-2007 Budget	206,757,251	103,378,626		
MOA Property Taxes			202,665,699	
			387,045,344	

2006 Anchorage Combined Local Revenues - \$562.8 million



2006 Anchorage Combined Local Revenues – 2/3 from Property Tax



Figures in \$millions

Other MOA local includes, fees, fines, licenses, permits, charges for services, investment revenues, MUSA and inter-governmental charges

2006 MOA CAFR

Combined Report from CAFR		
	General Government	
Revenues		
Property Taxes	392,314,235	75%
Other Taxes	35,572,906	7%
Other Local Revenues	490,966,619	93%
Total	526,539,525	100%
Expenditures		
Education	184,379,644	
Other Expenditures	324,198,426	
Total	508,578,070	

2006 MOA CAFR

- Total Entity Basis (page 25)
- Appropriation from MOA to ASD 177,157,001
- Total Property Taxes 392,314,235

- Fund Basis (page 28)
- General Government Expenditures for Education 184,370,644

- Unaudited Statistical Section: Table 7 (Accrual Basis)
 - Real Property 351,930,570
 - Pers Property 36,852,445
 - Total 388,783,445

- Unaudited Statistical Section: Table 11
 - Property Taxes Levied for the Fiscal Year 398,955.490
 - Collected within the year of the Levy 389,483,559

Property Taxes 101: 2006

2006 Exemplar				
		Property	2006 Mill Rate	Taxes
Total		26,045.80	14.82	386.00

Municipal Charter

Section 14.02. Tax procedures.

(a) ...

(b) ...procedures shall provide for assessment of property at full and true value, except as otherwise provided by law...

(c) Property taxes, with collection charges, penalties, and interest are first liens upon the property.

Figures in millions of dollars

Source: 2006 Alaska Taxable from State Assessor, 2006 Muni Budget, 2005-2006 & 2006-2007 ASD Budget

Except as provided by law...

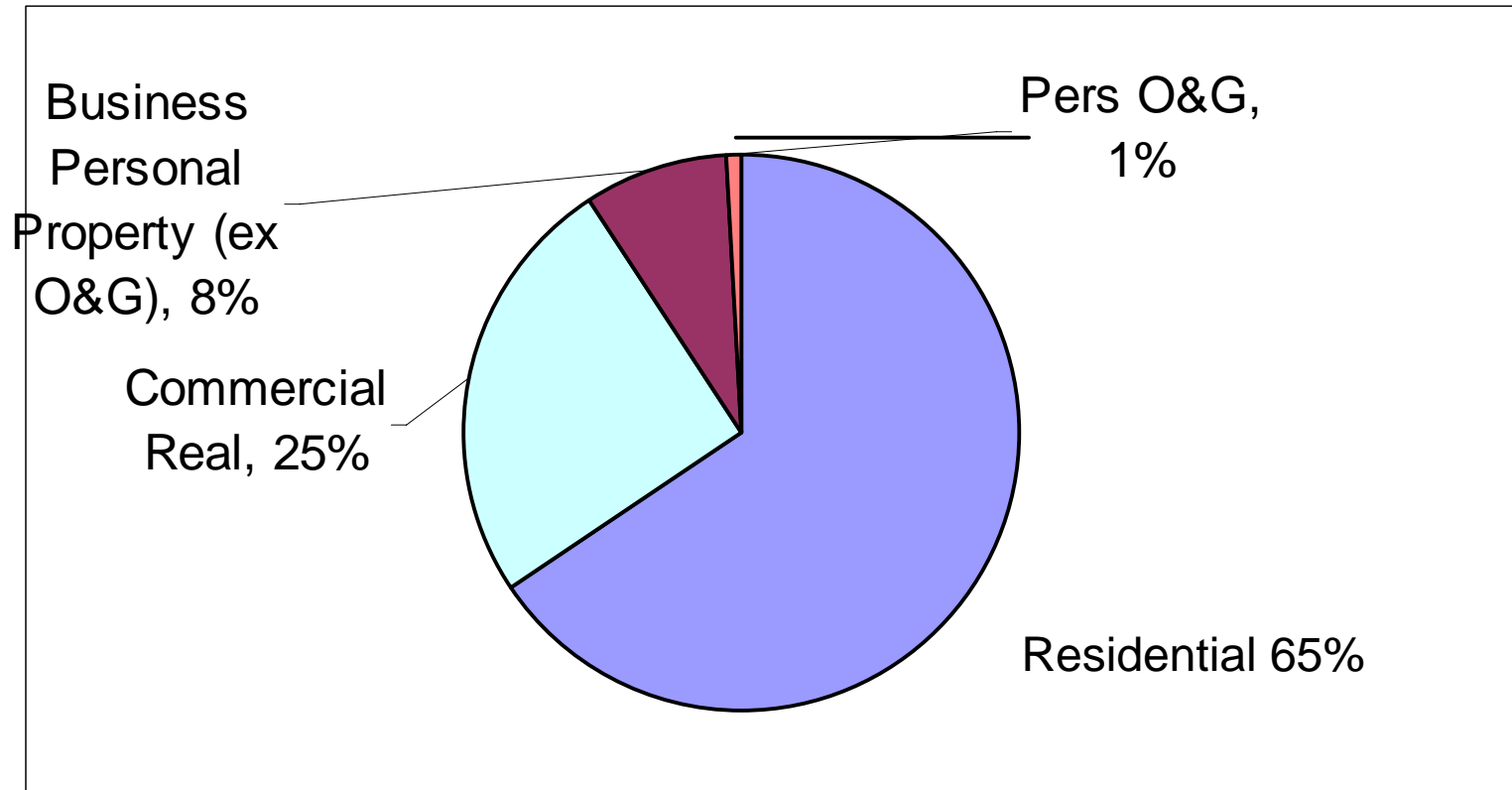
- State Credits – Senior & Veteran credits
 - 1.3 billion
- Municipal Residential Credit - .9 billion
- Effective mill rate without credits: 13.67
 - (28.2 billion/386 million)

Property Taxes 101: 2006

2006 Exemplar		Property	2006 Mill Rate	Taxes
Total		26,045.80	14.82	386.0
Residential Real	65%	17,043.30	14.82	252.6
Commercial Real	25%	6,622.10	14.82	98.1
Business Personal Property (ex O&G)	8%	2,178.70	14.82	32.3
Pers O&G	1%	201.70	14.82	3.0
Total	100%	26,045.80	14.82	386.0

Source: 2006 Alaska Taxable from State Assessor, 2006 Muni Budget, 2005-2006 & 2006-2007 ASD Budget

2006 Total Property Subject to Tax



2006 Taxpayers

- Business Personal Property Tax 3,923
– (10,800 exempted by \$20,000 exemption)
- Oil and Gas BPPT 33
- Residential 83,700
(1 to 3 family, condos, vacant, misc)
- Commercial (“parcels”) 10,100

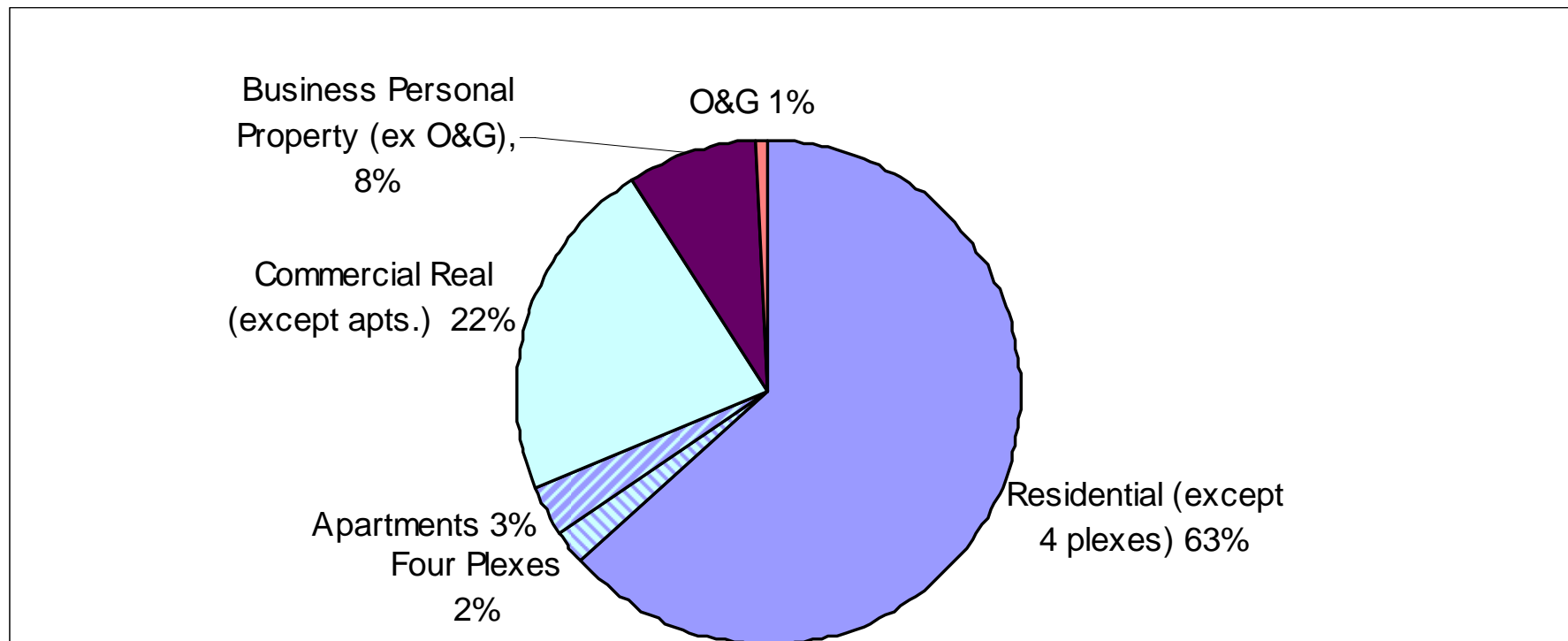
- Source: Municipal Property Appraisal Presentation

Property Taxes 101: 2006

2006 Exemplar				
		Property	2006 Mill Rate	Taxes
Total		26,045.80	14.82	386.00
Residential Real	65%	17,043.30	14.82	252.58
Commercial Real	25%	6,622.10	14.82	98.14
Business Personal Property (ex O&G)	8%	2,178.70	14.82	32.29
Pers O&G	1%	201.70	14.82	2.99
Total	100%	26,045.80	14.82	386.00
Residential (except four plexes)	63%	16,464.30	14.82	244.00
4 plexes	2%	579.00	14.82	8.58
Apartments	3%	884.40	14.82	13.11
Commercial (except apts.)	22%	5,737.70	14.82	85.03
Business Personal Property (ex O&G)	8%	2,178.70	14.82	32.29
Pers O&G	1%	201.70	14.82	2.99
	100%	26,045.80	14.82	386.00

Source: 2006 Alaska Taxable from State Assessor, 2006 Muni Budget, 2005-2006 & 2006-2007 ASD Budget

2006 – Residential/Commercial Boundry



Property Taxes 101: 2006

2006 Exemplar		Property	2006 Mill Rate	Taxes
Total		26,045.80	14.82	386.00
Residential Real	65%	17,043.30	14.82	252.58
Commercial Real	25%	6,622.10	14.82	98.14
Business Personal Property (ex O&G)	8%	2,178.70	14.82	32.29
Pers O&G	1%	201.70	14.82	2.99
Total	100%	26,045.80	14.82	386.00
Dwelling with Residential Exemptio	39%	10,228.50	14.82	151.59
Dwellings without Res. Exempt.	23%	5,987.90	14.82	88.74
Other Residential	3%	826.90	14.82	12.25
Commercial Real	25%	6622.1	14.82	98.14
Business Personal Property (ex O&G)	8%	2178.7	14.82	32.29
Pers O&G	1%	201.7	14.82	2.99
	100%	26,045.80	14.82	386.00

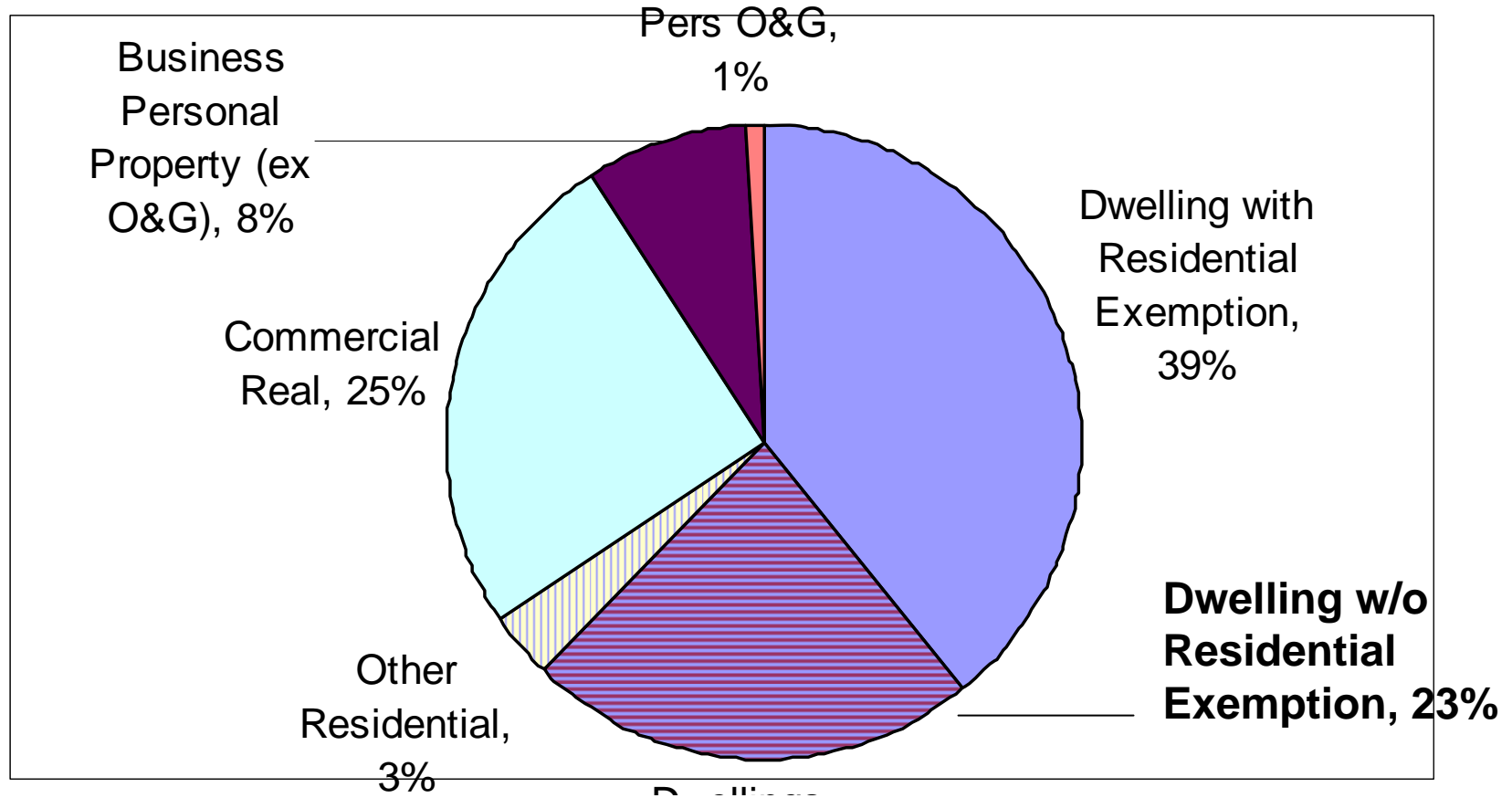
Source: 2006 Alaska Taxable from State Assessor, 2006 Muni Budget, 2005-2006 & 2006-2007 ASD Budget

July 25, 2007

Property Tax 101

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2006 – Uses of Residential

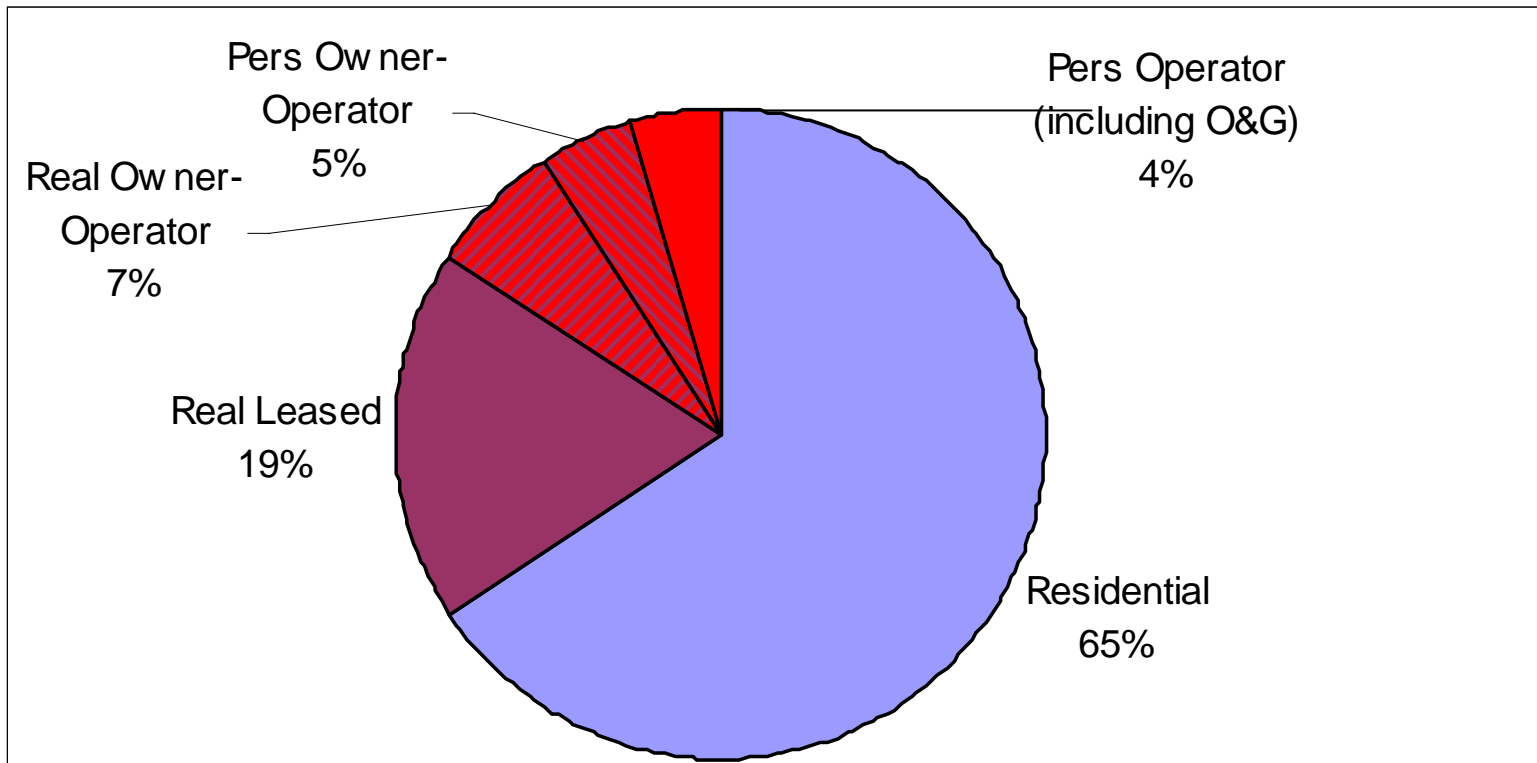


Property Taxes 101: 2006

2006 Examp ^{lar}		Property	2006 Mill Rate
Total		26,045.80	14.82
Residential Real	65%	17,043.30	14.82
Commercial Real	25%	6,622.10	14.82
Business Personal Property (ex O&G)	8%	2,178.70	14.82
Pers O&G	1%	201.70	14.82
Total	100%	26,045.80	14.82
Residential	65%	17,043.30	14.82
Real Leased	19%	4,862.20	14.82
Real Owner-Operator	7%	1,759.90	14.82
Pers Owner-Operator	5%	1,247.80	14.82
Pers Operator	4%	930.90	14.82
Pers O&G	1%	201.70	14.82

Source: 2006 Alaska Taxable from State Assessor, 2006 Muni Budget, 2005-2006 & 2006-2007 ASD Budget

2006 Breakdown of Commercial



Property Taxes 101: 2006

2006 Examp		Property	2006 Mill Rate	Taxes
Total		26,045.80	14.82	386.00
Muni		26,045.80	7.78	202.70
School District		26,045.80	7.08	184.40
Total		26,045.80	14.82	387.10

Source: 2006 Alaska Taxable from State Assessor, 2006 Muni Budget, 2005-2006 & 2006-2007 ASD Budget

Tax Caps

- **Section 14.03. Tax increase limitation.**
- (a) Except as provided in this section, the total amount of municipal tax that can be levied during a fiscal year shall not exceed the total amount approved by the assembly for the preceding year by more than a percentage determined by adding the percentage increase in the Federal Consumer Price Index for Anchorage from the preceding fiscal year plus the average percentage growth or loss in the Anchorage municipal population over the preceding five fiscal years as determined by the state department of community and regional affairs.
- (b) The limitations set forth in subsection (a) do not apply to the following:
 - (1) Taxes on new construction or property improvements which occur during the current fiscal year.
 - (2) Taxes required to fund additional services mandated by voter approved ballot issues.
 - (3) Special taxes authorized by voter approved ballot issues.
 - (4) Taxes required to fund the costs of judgments entered against the municipality or to pay principal or interest on bonds, including revenue bonds.
 - (5) Taxes required to fund the cost of an emergency ordinance enacted pursuant to 10.03 of the Municipal Charter.
- (c) Any tax increases which result from the exceptions set forth in subsection (b)(1)--(3) shall be added to the base amount which is used in subsection (a) for the calculations of the subsequent year tax increase limit.
- (Initiative, prop. 24, 10-4-83)

Spending Caps

- **6.10.037 Spending limitation on general government operating budget.**
- Per capita expenditures in the general government operating budget for tax-supported services shall be increased over the previous year's budget by amount no more than the percentage increase in the July CPI over the previous July CPI and those additional increases necessary to provide voter and legally mandated services.
- (AO No. 83-50(S), 1-1-84)

Total Taxes + Tax Relief 1996-2006

Total Taxes + Tax Relief

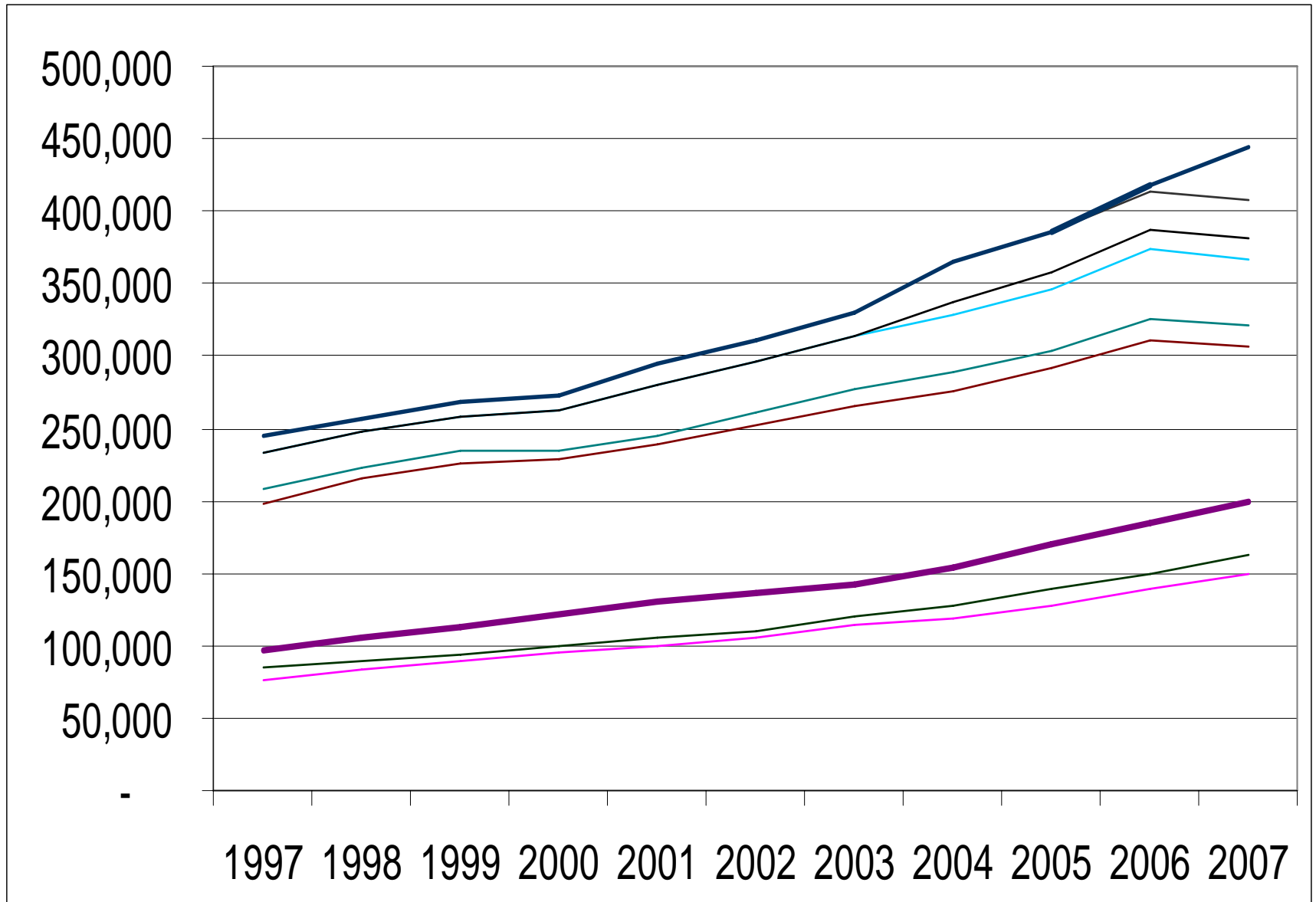
Anchorage AK

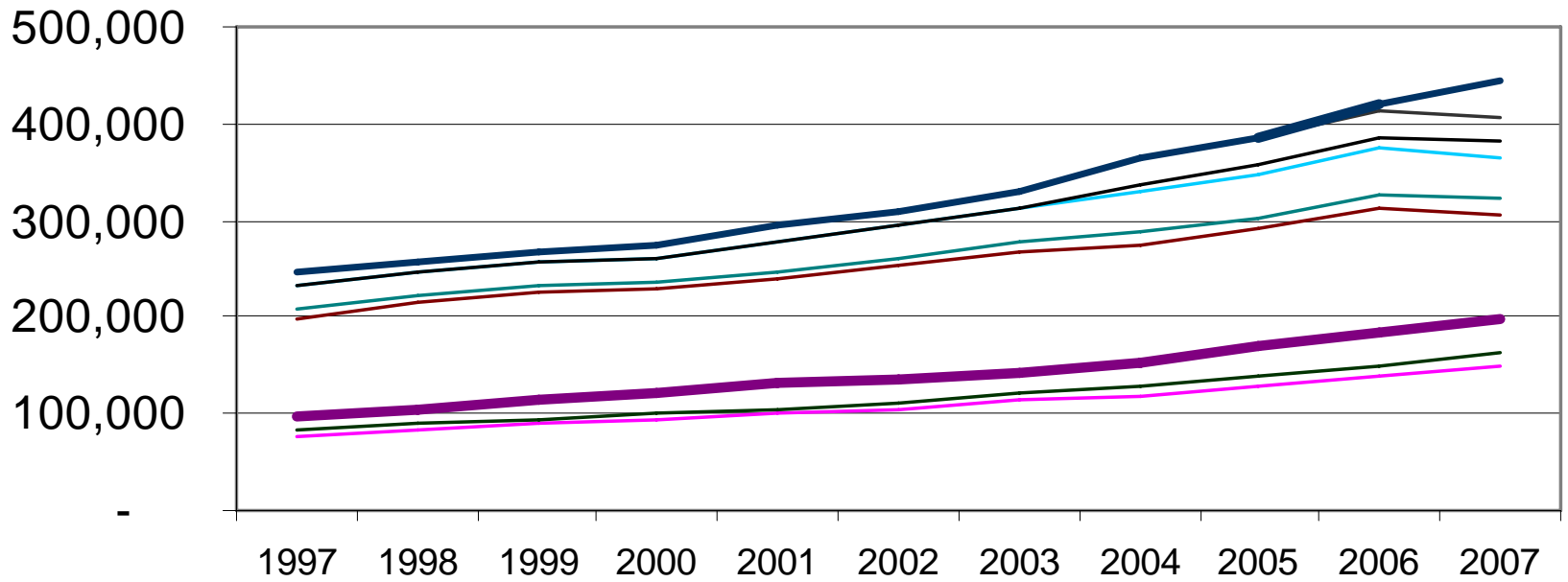
1996-2006

Other taxes include tobacco and motor vehicle taxes but not special revenues
Hotel Room tax.

Figures in thousands of dollars

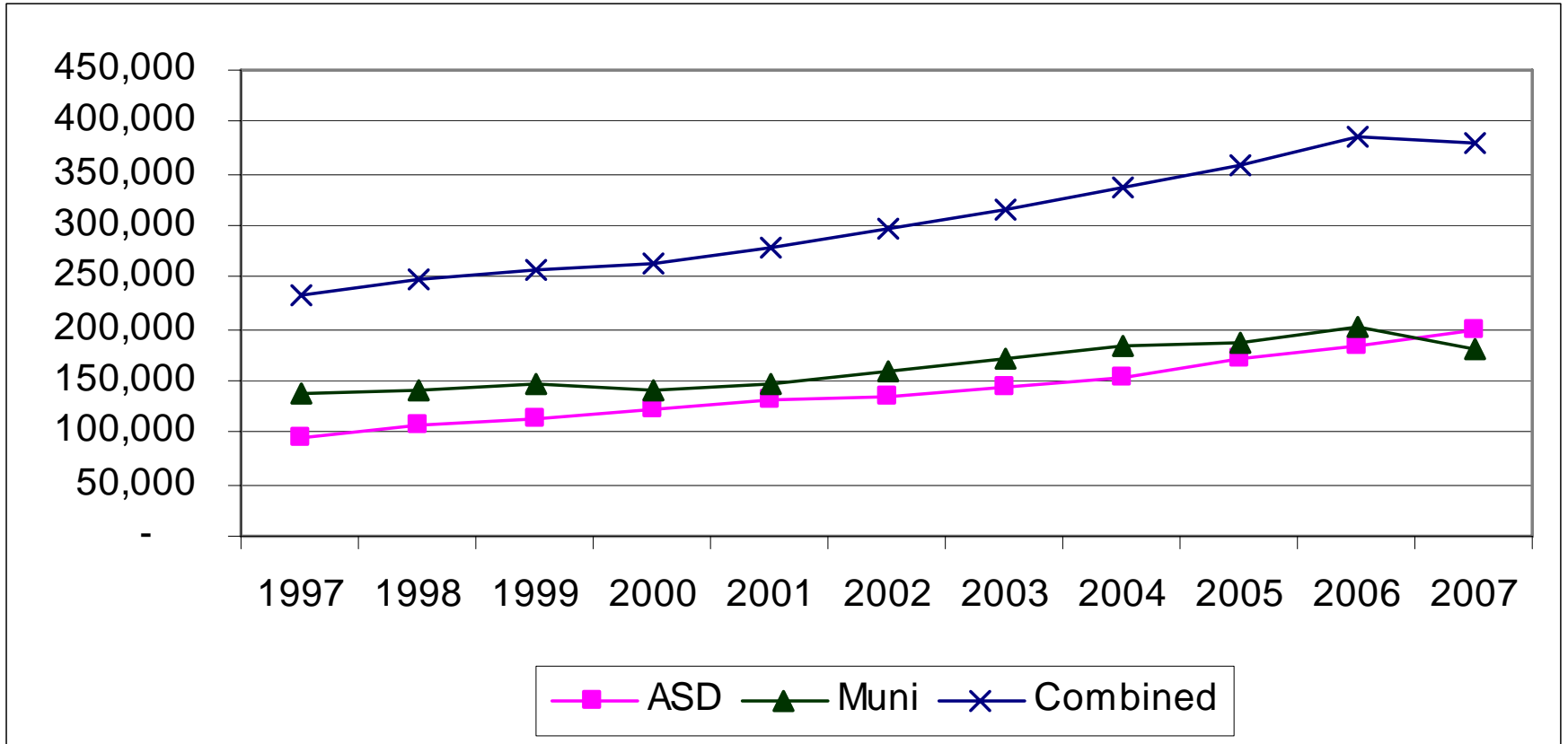
Source: ASD & Muni budgets 1996-2007



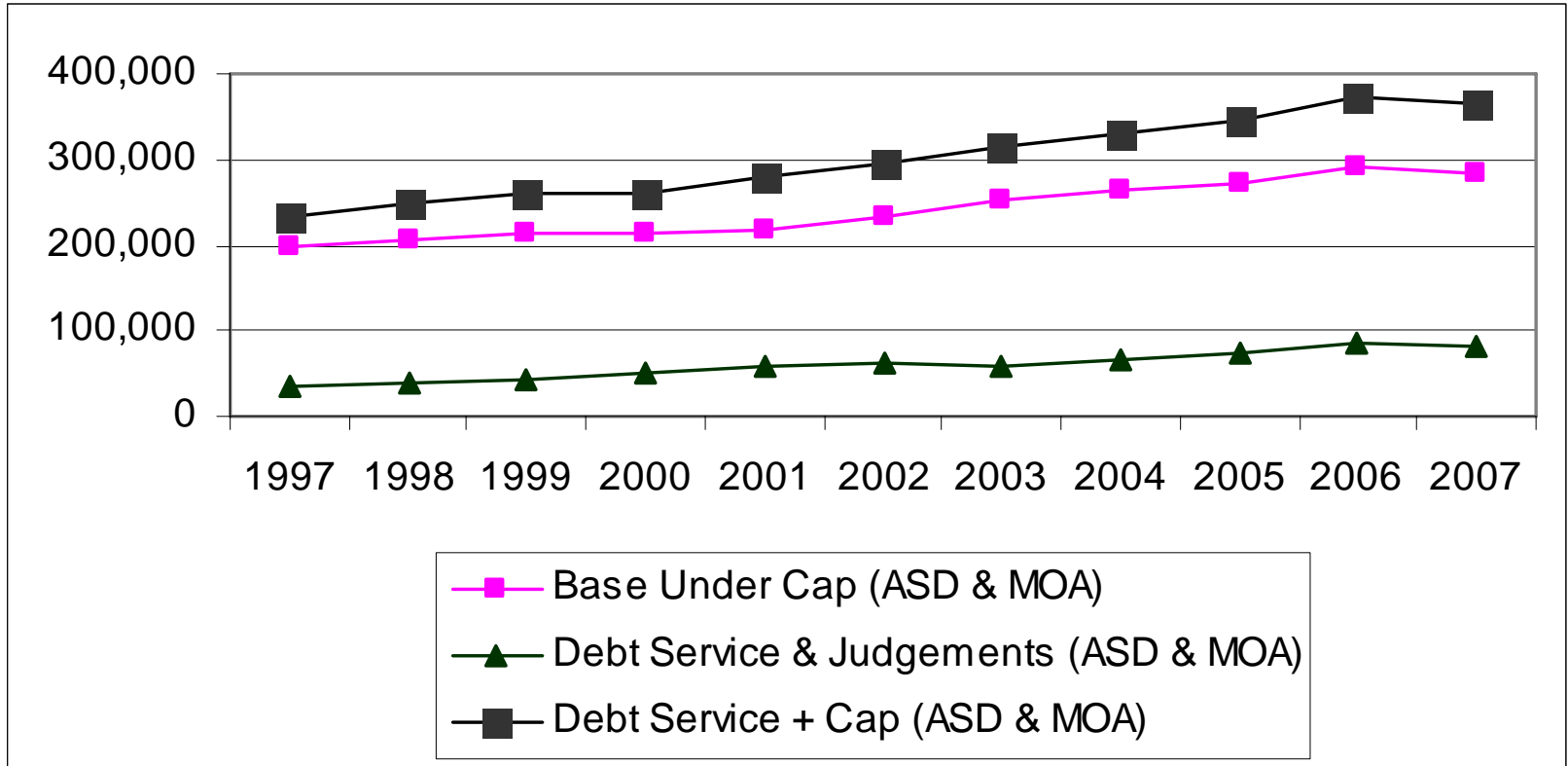


- ASD Base
- +ASD Cap Increment
- +ASD Debt Service
- +MOA Base
- +MOA Cap Increment
- +MOA Debt Service & Judgments = Total Capped Property Taxes
- Total Prop Tax
- Total Taxes
- Total Taxes & Tax Relief

Contribution of MOA and ASD to Total Property Tax Figure



Changes in Voter Approved Debt Service 19967- 2007



Changes in Voter Approved Debt Service 19967- 2007

- In 1997 Debt Service constituted 15% of property taxes (5% ASD, 10 % Muni)
- In 2007 Debt Service constituted 21% of property taxes (10% ASD, 12% Muni)
- High Point was 2006, when Debt Service constituted 22% of property tax
- Note: Muni “Debt Service” figures includes 3.3 million dollars spread over 6 years

Jumping Ahead: Who Bears the Economic Burden of the Anchorage Property Tax

- Assume
 - that 2/3rds of the tax is passed through, and
 - our final consumption model is correct:

Jumping Ahead: Who Bears the Economic Burden of the Anchorage Property Tax

Owner Occupied Dwelling	153.0
Landlords/Dwelling w/o residence exemption	22.1
Residential Renters	82.7
Other Misc. Residential	11.7
Local Government	1.8
Businesses (other than res landlords)	31.1
Federal Government	54.4
State Government	10.0
External Markets	16.4
Visitors	5.5
Total	388.8