

Submitted by: Chair of the Assembly at the
Request of the Mayor; Assembly
Members Tesche, Tremaine
Prepared by: Finance Department
For reading: December 7, 2004

CLERK'S OFFICE
AMENDED AND APPROVED

Date: 12-14-04
~~IMMEDIATE RECONSIDERATION~~ ANCHORAGE, ALASKA
FAILED 12-14-04
AO No. 2004-167

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3
4 AN ORDINANCE SUBMITTING TO THE QUALIFIED VOTERS OF THE MUNICIPALITY OF
5 ANCHORAGE A BALLOT PROPOSITION PROVIDING FOR AN OWNER-OCCUPIED RESIDENTIAL
6 REAL PROPERTY TAX EXEMPTION OF TEN PERCENT OF ASSESSED VALUE, UP TO A
7 MAXIMUM OF \$20,000 OF ASSESSED VALUE, TO BE EXEMPT FROM PROPERTY TAXATION,
8 EFFECTIVE IN TAX YEAR 2005, AND AMENDING ANCHORAGE MUNICIPAL CODE CHAPTER
9 12.15 TO ADD A NEW SECTION FOR RESIDENTIAL PROPERTY TAX EXEMPTION.

10
11
12 **THE ANCHORAGE ASSEMBLY ORDAINS:**

13
14 **Section 1.** Pursuant to state law, a ballot proposition in substantially the following form and substance
15 shall be submitted to the qualified voters of the Municipality at the next regular Municipal election to be
16 held April 5, 2005:

17
18 **PROPOSITION NO. _____**

19
20 **APPROVING AN OWNER-OCCUPIED RESIDENTIAL REAL**
21 **PROPERTY TAX EXEMPTION OF TEN PERCENT OF THE**
22 **ASSESSED VALUE, UP TO A MAXIMUM OF \$20,000 ON**
23 **ASSESSED VALUE, SHALL BE EXEMPT FROM PROPERTY**
24 **TAXATION, EFFECTIVE IN TAX YEAR 2005.**

25
26 Shall ten percent of the assessed value of owner-occupied residential real
27 property, up to a maximum of \$20,000 of assessed value, be exempt from
28 property taxation, effective in tax year 2005?

29
30 If the tax exemption is approved, the property tax exemption for owner-
31 occupied residential real property will begin in tax year 2005.

32
33 YES NO

34
35 **Section 2.** Anchorage Municipal Code chapter 12.15 is amended to add a new section as follows:

36
37 **12.15.012 Residential Real Property Exemption.**

- 38
39 A. Ten percent of the assessed value of residential real property, up to a maximum of \$20,000 of
40 assessed value, shall be exempt from property taxation if the property has been owned and
41 occupied as the owner's primary residence and permanent place of abode for at least ~~183~~ **185**
42 days in the year prior to January 1 of the exemption year. Upon initial application, the owner
43 must have been a resident of the State of Alaska for the entire year prior to the exemption
44 year. Additionally, in each subsequent year, the property shall be owned and occupied as the

1 primary residence and permanent place of abode of the owner for at least ~~183~~ 185 days in the
2 year prior to January 1 of the exemption year.

- 3
4 1. As used in this section, the terms “real property,” “primary residence and permanent
5 place of abode”, and “resident”, shall have the same meaning as used in section
6 12.15.015 and shall include owner-occupied mobile homes, including mobile homes
7 as defined in section 12.10.010A.2.
8
9 2. Each owner-occupied, multi-family housing structure is eligible for the exemption as
10 long as the structure is used as the owner’s primary residence and permanent place of
11 abode for at least ~~183~~ 185 days in the year prior to January 1 of the exemption year.
12
13 3. This exemption shall also apply to property partially exempt under section 12.15.015.
14

15 B. No exemption under this section shall be granted, except upon written application on a form
16 prescribed by the assessor. The owner of record shall file the application for an exemption
17 under this section with the assessor no later than March 15th of the assessment year for which
18 the exemption is sought. The owner of record shall not be required to file an updated
19 application for successive tax years, if there is no change in ownership, residency, or
20 permanent place of abode.
21

22 C. The owner of record may only appeal a decision by the assessor to deny an exemption under
23 this section to the Superior Court, Third Judicial District, Alaska. An appeal must be filed
24 within thirty (30) days of receiving written notice from the assessor of such denial. The
25 deadline for filing an application for the exemption shall be strictly enforced and cannot be
26 waived.
27

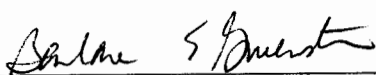
28 **Section 3.** The proposition contained in Section 1 of this ordinance, and the amendment to the
29 Anchorage Municipal Code Chapter 12.15, shall become effective if, and only if, approved by a majority of
30 the voters voting on the question.
31

32 **Section 4.** The amendment to Chapter 12.15 shall be effective immediately, subject to approval of the
33 proposition contained in Section 1 of this ordinance.
34

35 PASSED AND APPROVED by the Anchorage Assembly this 14th day of December, 2004.
36

37
38
39
40 
Chair

41 ATTEST:

42
43
44 
45 Municipal Clerk



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

AM 885 -2004

Meeting Date: December 7, 2004

FROM: Mayor

1 **SUBJECT:** AN ORDINANCE SUBMITTING TO THE QUALIFIED VOTERS OF THE
2 MUNICIPALITY OF ANCHORAGE A BALLOT PROPOSITION
3 PROVIDING FOR AN OWNER-OCCUPIED RESIDENTIAL REAL
4 PROPERTY TAX EXEMPTION OF TEN PERCENT OF ASSESSED
5 VALUE, UP TO A MAXIMUM OF \$20,000 OF ASSESSED VALUE, TO
6 BE EXEMPT FROM PROPERTY TAXATION, EFFECTIVE IN TAX YEAR
7 2005, AND AMENDING ANCHORAGE MUNICIPAL CODE CHAPTER
8 12.15 TO ADD A NEW SECTION FOR RESIDENTIAL PROPERTY TAX
9 EXEMPTION.

10
11 The attached ordinance presents a ballot proposition to the voters at the next regular
12 Municipal election, April 5, 2005, the question of whether to exempt ten percent of the
13 assessed valued of owner-occupied residential real property, up to a maximum of \$20,000 in
14 assessed value, from property taxation. This ordinance also adds a new section to Chapter
15 12.15 to allow for the exemption.

16
17 The residential exemption is the last element of the four-part tax reform package proposed by
18 the mayor in early September to come before the assembly. It is distinct from the other
19 elements of the tax reform package because state law requires approval by municipal voters.
20 The assembly previously approved two of the four elements, the tobacco tax increase and the
21 business personal property tax exemption. The other element, the change in leasehold interest
22 assessment methodology, does not require assembly approval and will be implemented
23 administratively beginning in the 2005 tax year.

24
25 If voters approve the ballot proposition ratifying the ordinance, approximately 65,000 owner-
26 occupied residential properties will become eligible for an exemption of ten percent of their
27 assessed value up to a maximum of \$20,000. The total tax reform package is revenue neutral.
28 Although there will be no change in the total taxes paid, there will be a shift of the tax burden
29 away from residential property taxpayers to commercial property taxpayers and to non-
30 property taxpayers. The impacts are summarized in the attached table. The table shows that in
31 2005 residential property taxpayers will receive tax relief of \$11.5 million, or 5%. This will
32 be offset by increased property taxes on commercial properties of \$2.6 million, or 2.1%, and
33 by increases in non-property excise taxes on tobacco products of \$8.9 million.

34
35 The proposal to exempt ten percent of owner-occupied residential real property assessed
36 value, up to a maximum of \$20,000, is a modification of the flat \$20,000 per property
37 exemption originally contemplated. The change to a percentage approach was largely driven
38 by concerns expressed about fully exempting low valued properties. For example, of the

1 4,544 mobile homes located in trailer parks in 2004, more than half would be fully exempt
2 using a \$20,000 flat exemption. As a group, these 4544 mobile homes would see a reduction
3 of about 80% in the amount of taxes paid. With the percentage exemption approach now
4 proposed, no mobile home would be fully exempt, and those eligible for the exemption would
5 see a reduction of just under ten percent in their tax liability. This approach keeps these
6 properties on the tax roles, but still provides meaningful tax relief.

7
8 The administrative impacts of this program are not insignificant, particularly in the first year.
9 However, because eligibility is closely aligned with residency requirements for the Alaska
10 Permanent Fund Dividend, as are the Senior Citizen and Disable Veteran exemption
11 programs, and because there will be no requirement for follow-up filing except when
12 ownership or occupancy of the dwelling changes, the program will be less burdensome in
13 subsequent years. As indicated by the attached SEE, the cost impact to the assessing division
14 is estimated to be \$138,000 in 2005 and decline to \$55,000 in subsequent years. No
15 additional resources are requested to administer the exemption program at this time. The
16 administrative staff necessary to support the program will be reassigned seasonally from other
17 areas of the assessing division.

18
19 THE ADMINISTRATION RECOMMENDS APPROVAL OF THE ORDINANCE
20 REQUESTING A BALLOT PROPOSITION FOR THE APRIL 5, 2005 REGULAR
21 MUNICIPAL ELECTION FOR VOTERS TO APPROVE A TAX EXEMPTION OF TEN
22 PERCENT OF THE ASSESSED VALUE OF OWNER-OCCUPIED RESIDENTIAL REAL
23 PROPERTY, UP TO A MAXIMUM OF \$20,000 OF ASSESSED VALUE, TO BE
24 EXEMPT FROM REAL PROPERTY TAXATION.

25
26 Prepared by: Jeffrey E. Sinz, Chief Fiscal Officer
27 Concur: Denis C. LeBlanc, Municipal Manager
28 Respectfully Submitted: Mark Begich, Mayor

Content Information**Content ID :** 002406**Title:** Ballot Proposition Ordinance amending Anchorage Municipal Code Chapter 12.15 Exempt from Property Taxation, Finance**Author:** katkusja**Initiating Dept:** Finance**Date Prepared:** 11/22/04 1:37 PM**Director Name:** Jeffrey Sinz**Assembly Meeting
Date MM/DD/YY:** 12/7/04**Public Hearing Date
MM/DD/YY:** ~~11/11/04~~ 12/14/04**Workflow History**

<u>Workflow Name</u>	<u>Action Date</u>	<u>Action</u>	<u>User</u>	<u>Security Group</u>	<u>Content ID</u>
AllOrdinanceWorkflow	11/22/04 1:39 PM	Checkin	pruittns	Public	002406
Finance_SubWorkflow	11/22/04 1:40 PM	Approve	sinzje	Public	002406
OMB_SubWorkflow	11/22/04 1:42 PM	Approve	pearcydl	Public	002406
Legal_SubWorkflow	11/22/04 2:03 PM	Approve	fehlenrl	Public	002406
MuniManager_SubWorkflow	11/22/04 2:26 PM	Checkin	katkusja	Public	002406
MuniMgrCoord_SubWorkflow	11/22/04 2:34 PM	Approve	katkusja	Public	002406

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 CLERK'S OFFICE
 M.A.A.