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

THE ANCHORAGE ASSEMBLY ORDAINS:

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

PROPOSITION NO. _____

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

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

If the tax exemption is approved, the property tax exemption for owner-occupied residential real property will begin in tax year 2005:

YES [ ] NO [ ]

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

12.15.012 Residential Real Property Exemption.

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

1. As used in this section, the terms "real property," "primary residence and permanent
place of abode," and "resident," shall have the same meaning as used in section
12.15.015 and shall include owner-occupied mobile homes, including mobile homes
as defined in section 12.10.010A.2.

2. Each owner-occupied, multi-family housing structure is eligible for the exemption as
long as the structure is used as the owner’s primary residence and permanent place of
abode for at least 183 185 days in the year prior to January 1 of the exemption year.

3. This exemption shall also apply to property partially exempt under section 12.15.015.

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

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

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

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

PASSED AND APPROVED by the Anchorage Assembly this 14th day of 2004.

Chair

ATTEST:

Municipal Clerk
MUNICIPALITY OF ANCHORAGE
ASSEMBLY MEMORANDUM
AM_885 -2004

Meeting Date: December 7, 2004

FROM: Mayor

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

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

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

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

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

AO 2004-167
4,544 mobile homes located in trailer parks in 2004, more than half would be fully exempt using a $20,000 flat exemption. As a group, these 4544 mobile homes would see a reduction of about 80% in the amount of taxes paid. With the percentage exemption approach now proposed, no mobile home would be fully exempt, and those eligible for the exemption would see a reduction of just under ten percent in their tax liability. This approach keeps these properties on the tax roles, but still provides meaningful tax relief.

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

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

Prepared by: Jeffrey E. Sino, Chief Fiscal Officer
Concurs: Denis C. LeBlanc, Municipal Manager
Respectfully Submitted: Mark Begich, Mayor
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### Consent Agenda - Introduction