AN ORDINANCE OF THE ANCHORAGE MUNICIPAL ASSEMBLY AMENDING
ANCHORAGE MUNICIPAL CODE SECTION 12.15.015 TO REPLACE THE MANDATORY
ANNUAL TAX-EXEMPT CERTIFICATION FOR NONPROFIT ORGANIZATIONS WITH
QUALIFIED RE-CERTIFICATION, RETROACTIVE TO JANUARY 1, 2010.

WHEREAS, the municipal assessor's office implemented a mandatory annual
certification requirement for not-for-profit organizations exempt from municipal property tax as
codified in municipal code effective January 1, 2010; and

WHEREAS, the municipal assessor recommends changing the requirement for
mandatory annual certification to qualified re-certification for reasons of efficiency and public
interest, retroactive to January 1, 2010; now, therefore,

THE ANCHORAGE ASSEMBLY ORDAINS:

Section 1. Anchorage Municipal Code section 12.15.015 is hereby amended to read as
follows (language indicating no amendment is included for context only and other subsections
not affected are not set out):

12.15.015 Real property exemptions.

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C. Strict enforcement of deadlines to file an exemption application and annual
certification.

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4. Annual certification shall be in the form prescribed by the assessor, and
received by the assessor by no later than March 15 of the current tax
year, or the exemption expires and a new application is required.

a. For a disabled veteran exemption, see Section 12.15.015 D.2.,
below.

b. Annual certification is not required for residential real property
exemption if there is no change in ownership, residency or
permanent place of abode.
c. For a nonprofit religious, charitable, cemetery, hospital or educational exemption, see Section 12.15.015 D.3 below.

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D. State exemptions.

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3. Nonprofit religious, charitable, cemetery, hospital or educational exemption.

a. Property used exclusively for nonprofit religious, charitable, cemetery, hospital or educational purposes is exempt from taxation under this chapter for the calendar year in which application is timely filed, if the assessor or designee determines the application demonstrates the property qualifies for exemption under Alaska Statutes.

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d. Annual certification and reporting requirements.

1. All change of ownership or use shall be reported to the Assessor within 30-days of the change.

2. Unless specifically requested in the discretion of the Assessor for audit, cause, annual or routine review, annual certification is not required after an exemption has been approved under this subsection D.3 for property used exclusively for nonprofit religious, charitable, cemetery, or educational purposes, if there is no change in ownership or use.

3. Hospital property approved for exemption requires annual certification.

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(AO No. 86-211(S-1); AO No. 88-158; AO No. 92-56; AO No. 94-228(S-2), § 1, 2-7-95; AO No. 95-199, § 1, 1-1-96; AO No. 97-146, § 1, 1-1-98; AO No. 2003-149, § 1, 11-4-03; AO No. 2008-18, § 1, 2-12-08; AO No. 2009-133(S-1), § 2, 1-12-10)

Section 2. This ordinance shall be retroactive as of January 1, 2010 upon passage and approval by the Assembly.
PASSED AND APPROVED by the Anchorage Assembly this 20th day of
November, 2011.

Chair

ATTEST:

Municipal Clerk
MUNICIPALITY OF ANCHORAGE
ASSEMBLY MEMORANDUM
NO. AM 594–2011

Meeting Date: October 25, 2011

From: ASSEMBLY MEMBER GRAY-JACKSON

Subject: AN ORDINANCE OF THE ANCHORAGE MUNICIPAL ASSEMBLY
AMENDING ANCHORAGE MUNICIPAL CODE SECTION 12.15.015 TO
REPLACE THE MANDATORY ANNUAL TAX-EXEMPT
CERTIFICATION FOR NONPROFIT ORGANIZATIONS WITH
QUALIFIED RE-CERTIFICATION, RETROACTIVE TO JANUARY 1,
2010.

The amendments to AMC Section 12.15.015 in this ordinance will facilitate effective
administration of the property tax exemption program and will assist the Property
Appraisal Office in the consistent administration of state-mandated property tax
exemptions for nonprofit organizations.

The attached ordinance amends the requirement for nonprofit organizations to file an
annual certification with the Assessor in favor of a qualified re-certification, on an as-
needed basis in the discretion of the Municipal Assessor.

Administrative requirements for annual certification by nonprofit organizations have
proved unnecessarily burdensome for both the Property Appraisal Office and the
nonprofit organization. The proposed amendments will provide the Municipal Assessor
with the ability to require information from the nonprofit organization as the
circumstance may dictate, protecting the integrity of the exemption without unduly
burdening either the Property Appraisal Office or the nonprofit organization. Nonprofit
organizations often have volunteer staff, and an unnecessary annual certification
requirement could jeopardize a nonprofit organization’s exempt status without
meaningful cause.

The Municipal Assessor, with the support of the Administration, recommends approval
of the attached ordinance, retroactive to January 1, 2010, the original effective date of
the annual certification requirement. This will administratively assist the Municipal
Assessor by allowing the Property Appraisal Office to focus its resources on an as-
needed basis, instead of blanket review of every nonprofit exemption and requisite
follow-up annually.

Respectfully submitted:

Elvi Gray-Jackson
Assembly Member, Section 4
From: ASSEMBLY MEMBER STARR

Subject: AO 2011–108(S) — AN ORDINANCE OF THE ANCHORAGE MUNICIPAL ASSEMBLY AMENDING ANCHORAGE MUNICIPAL CODE SECTION 12.15.015 TO REPLACE THE MANDATORY ANNUAL TAX-EXEMPT CERTIFICATION FOR NONPROFIT ORGANIZATIONS WITH QUALIFIED RE-CERTIFICATION, RETROACTIVE TO JANUARY 1, 2010.

The nonprofit exemption under state law is not unconditionally available. Local governments are entitled to require annual certification as an administrative condition, to ensure the exemption is properly allocated and administered.

As explained in AM 594-2011, requiring annual certification of every nonprofit granted the exemption has created an administrative burden. Some “fine tuning” of the requirement is needed to allow the Municipality to focus its resources. One size does not fit all, and after an exemption is initially processed for many nonprofits, the annual certification and reporting does not need to be filed annually. This will provide administrative relief to the Municipality, and to the smaller nonprofits lacking full time paid administrative personnel.

The larger the nonprofit organization, the less reason to forgo the annual certification initiated under AO 2009-133(S-1).

Nonprofit organizations may carry a variety of designations such as religious, charitable, educational, or hospital. No matter the designation, the Assessor is vested with discretion to require annual certification under the amendments in AO 2011-108(S). This allows the Assessor to determine how resources may best be allocated to address the larger religious, educational, and charitable organizations, especially those with mixed assets, some of which do not qualify for exemption.

The educational and the religious classifications of organizations are not uniform in corporate management and asset ownership: For example, many religious organizations are small, with a single real property asset, while others are sophisticated and complex. The Assessor is in the best position to determine which religious and educational organizations are complex enough to require annual certification.

Hospitals, on the other hand, represent a class of organizations that are sophisticated and complicated enough to require annual certification, without requiring the Assessor’s judgment. Hospital property approved for exemption requires annual certification.

Respectfully submitted:

Assembly Member Starr, Section 2

AO 2011–108(S)
AM 594–2011