

CODE ORDINANCE

Sponsored by: Assemblymembers Yundt and Tew

Introduced:

Public Hearing:

Action:

**MATANUSKA-SUSITNA BOROUGH
ORDINANCE SERIAL NO. 22-029**

AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY AMENDING MSB 3.15.037 TO PROVIDE FOR AN ADDITIONAL RESIDENTIAL REAL PROPERTY TAX EXEMPTION OF \$114,000 OF THE ASSESSED VALUE OF REAL PROPERTY OWNED AND OCCUPIED AS A PERMANENT ABODE BY A RESIDENT WHO IS 65 YEARS OF AGE OR OLDER, A DISABLED VETERAN, OR A PERSON AT LEAST 60 YEARS OLD WHO IS A WIDOW OR WIDOWER OF A PERSON WHO WAS QUALIFIED FOR THE EXEMPTION; PROVIDING FOR AN ANNUAL ADJUSTMENT, AND SUBMITTING THE QUESTION TO THE QUALIFIED VOTERS AT THE NEXT REGULAR OR SPECIAL BOROUGH ELECTION.

WHEREAS, State law currently mandates a residential real property tax exemption of the first \$150,000 of assessed value to senior citizens over age 65, disabled veterans, and the their surviving spouses at least 60 years old; and

WHEREAS, AS 29.45.050(i) allows the Matanuska-Susitna Borough to increase the exemption; and

WHEREAS, an additional exemption must be granted by the Assembly by ordinance; and

WHEREAS, an additional exemption must also be approved by the voters; and

WHEREAS, in 2012, Borough Voters approved an additional \$20,000 optional exemption to senior citizens over age 65, disabled veterans, and the their surviving spouses at least 60 years old; and

WHEREAS, in 2014, the Borough Assembly passed an ordinance to

increase the additional exemption to \$68,000 due to the increase in housing costs; and

WHEREAS, in 2014, Borough Voters approved the additional \$68,000 optional exemption to senior citizens over age 65, disabled veterans; and

WHEREAS, currently, senior citizens over age 65, disabled veterans, and the their surviving spouses at least 60 years old enjoy an exemption in the total amount of \$218,000 of assessed value; and

WHEREAS, this ordinance will enact an optional real property tax exemption in the amount of \$114,000 above the mandated \$150,000 exemption for a total of \$264,000 for senior citizens over age 65, disabled veterans, and the their surviving spouses at least 60 years old; and

WHEREAS, this ordinance will be the third time in ten years that the optional exemption issue will be put to the voters; and

WHEREAS, since assessed values and price levels fluctuate over the period of years, this ordinance includes an index to adjust the exemption annually; and

WHEREAS, the annual adjustment will be based upon the annual change to the Housing Price Index as determined by the United States Federal Housing Finance Agency and such adjustment basis is not within the control of the Matanuska-Susitna Borough; and

WHEREAS, home ownership is beneficial to a community because

it promotes stability, a sense of commitment to the community, civic responsibility and financial independence; and

WHEREAS, tax exemptions for primary residences promote the stability and welfare of the Borough by encouraging property ownership and independence on the part of the people and by preserving a home where the family may be sheltered and live beyond the reach of economic misfortune; and

WHEREAS, during the recent COVID pandemic, there was a dramatic increase in assessed values of homes along with other goods and services due to inflation; and

WHEREAS, granting a tax exemption as proposed here will encourage and preserve home ownership and all the positive attributes which accompany it; and

WHEREAS, for people with fixed incomes or low incomes, the optional tax exemption proposed here will grant some measure of economic relief and help them stay in their homes; and

WHEREAS, the intent of this ordinance is to provide the exemption in addition to any other exemption applicable to a property; and

WHEREAS, the additional intent and rationale of this ordinance is also provided in Informational Memorandum No. 22-057 accompanying this ordinance.

BE IT ENACTED:

Section 1. Classification. Section 2 of this ordinance is of

a general and permanent nature and shall become a part of the Borough Code. Sections 1, 3 and 4 are non-code provisions.

Section 2. Adoption of Section. MSB 3.15.037 is hereby amended to read as follows:

3.15.037 SENIOR AND DISABLED VETERAN RESIDENTIAL REAL PROPERTY EXEMPTION.

(A) [SIXTY-EIGHT] One hundred fourteen thousand dollars, adjusted annually as provided in subsection (D) of this section, of assessed value of a single parcel of residential real property owned and occupied by the owner of record as the owner's permanent place of residence in the borough shall be exempt from the borough tax levy on real property within the Matanuska-Susitna Borough. This exemption shall be in addition to any other exemption applicable to the property. This exemption shall apply to real property owned and occupied as a permanent place of abode by a resident who is:

(1) Sixty-five years of age or older;

(2) A disabled veteran, including a person who was disabled in the line of duty while serving in the Alaska Territorial Guard;
or

(3) At least 60 years old and a widow or widower of a person who qualified for an exemption under subsection (A)(1) or (2) of this section.

(B) The standards for determining eligibility for the

mandatory senior citizen and disabled veteran tax exemptions under MSB 3.15.030 apply to this exemption.

(C) No exemption under this section may be granted except upon written application on a form provided by the assessor. The owner of record must file the application for this exemption with the assessor no later than April 30th 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 years unless there is a change in ownership or occupancy of the residence.

(D) The annual adjustment to the exemption in this section shall be based on the third quarter report of the Housing Price Index for the Anchorage MSA as determined by the Federal Housing Finance Agency. Such adjustment is the percent change from the prior year to the current year. The adjustment will be effective January 1st of each following year.

Section 3. Submission to the voters. The Borough Clerk shall submit the following question to the qualified voters at the next regular or special Borough election. The question must receive an affirmative vote from a majority of the qualified voters voting on the question to be approved:

PROPOSITION No. _____

**Senior/Disabled Residential Owner Occupied Property
Tax Exemption of an additional \$114,000 of Assessed Value for a
total exemption of \$264,000**

Matanuska-Susitna Borough proposes to provide a real property

tax exemption of \$114,000 of assessed value that exceeds \$150,000 of assessed value of real property owned and occupied as a permanent place of abode a resident who is (1) Sixty-five years of age or older, (2) a disabled veteran, including a person who was disabled in the line of duty while serving in the Alaska Territorial Guard, or (3) at least 60 years old and a widow or widower of a person who qualified for an exemption. This exemption will be in addition to any other exemption applicable to the property, and will be adjusted annually based upon the percentage change in the federal Housing Price Index. The owner must apply for the exemption, but is not required to file again unless there is a change in ownership or occupancy of the residence.

Should this ordinance become law?

Yes 0 No 0

Section 4. Effective date. Section 2 of this ordinance shall take effect upon the certification of the results of next regular or special Borough election if the proposition described in section 3 is approved by a majority of the qualified voters voting on the proposition at the next regular or special Borough election. The remaining sections take effect upon adoption by the Matanuska-Susitna Borough Assembly.

ADOPTED by the Matanuska-Susitna Borough Assembly this - day
of -, 2022.

ENDA DeVRIES, Borough Mayor

ATTEST:

LONNIE R. McKECHNIE, CMC, Borough Clerk

(SEAL)



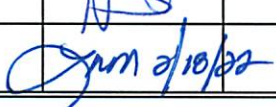
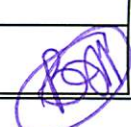
SUBJECT: AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY AMENDING MSB 3.15.037 TO PROVIDE FOR AN ADDITIONAL RESIDENTIAL REAL PROPERTY TAX EXEMPTION OF \$114,000 OF THE ASSESSED VALUE OF REAL PROPERTY OWNED AND OCCUPIED AS A PERMANENT ABODE BY A RESIDENT WHO IS 65 YEARS OF AGE OR OLDER, A DISABLED VETERAN, OR A PERSON AT LEAST 60 YEARS OLD WHO IS A WIDOW OR WIDOWER OF A PERSON WHO WAS QUALIFIED FOR THE EXEMPTION, PROVIDING FOR AN ANNUAL ADJUSTMENT, AND SUBMITTING THE QUESTION TO THE QUALIFIED VOTERS AT THE NEXT REGULAR OR SPECIAL BOROUGH ELECTION.

AGENDA OF: March 1, 2022

ASSEMBLY ACTION:

MANAGER RECOMMENDATION: Introduce and set for public hearing.

MIKE BROWN, BOROUGH MANAGER: WBR

Route To:	Department/Individual	Initial	Remarks
	Originator	NS	For Assemblymembers Yundt and Tew
	Finance Director		
	Borough Attorney		
	Borough Clerk		

ATTACHMENT (S): Fiscal Note: NO _____ YES X
Ordinance Serial No. 22-029 (7 pp)

SUMMARY STATEMENT:

This ordinance is being brought forward at the request of Assemblymembers Yundt and Tew.

State law currently mandates a residential real property tax exemption of the first \$150,000 of assessed value to senior citizens over age 65, disabled veterans, and the their surviving spouses at least 60 years old ("Senior/Disabled Veteran Exemption"). State law, specifically AS 29.45.050(i), allows the Matanuska-Susitna Borough to increase the Senior/Disabled Veteran Exemption by ordinance if it is approved by the voters. This is called an optional exemption.

In 2012, Borough voters approved optional exemption of \$20,000. This brought the total Senior/Disabled Veteran Exemption to \$170,000. However, just 2 years later, in 2014, the Borough Assembly again took up the issue because assessed values were rising. In 2014, the Borough voters increasing the optional exemption to \$68,000. This brought the total Senior/Disabled Veteran Exemption to \$218,000.

Currently, the total Senior/Disabled Veteran Exemption remains at the level set in 2014 of \$150,000 in mandatory exemption and an additional \$68,000 in optional exemption for a total of \$218,000. This ordinance will increase the optional exemption to \$114,000 which will result in a total of \$264,000 Senior/Disabled Veteran Exemption.

This will be the third time in 10 years that the optional exemption issue will be put to the voters. Since assessed values and price levels fluctuate over the period of years, this ordinance also includes an index to adjust the exemption annually. The annual adjustment will be based upon the change to the Housing Price Index for the Anchorage MSA as determined by the United States Federal Housing Finance Agency. This means that the percentage change is determined by the Federal Government and not within the power of the Matanuska-Susitna Borough to determine. This ensures an objective measure for adjustment.

This ordinance is being proposed because home ownership is beneficial to a community because it promotes stability, a sense of commitment to the community, civic responsibility and financial independence. Tax exemptions for primary residences promote the stability and welfare of the Borough by encouraging property ownership and independence on the part of the people and by preserving a home where the family may be sheltered and live beyond the reach of economic misfortune. During the recent COVID pandemic, there was a dramatic increase in assessed values of homes along with other goods and services due to inflation. Granting a tax exemption as proposed here will encourage and preserve home ownership and all the positive attributes which accompany it. For people with fixed incomes or low incomes, which is a disproportionate amount of seniors, the optional tax exemption proposed here will grant some measure of economic relief and help them stay in their homes. The intent of this ordinance is to provide the exemption in addition to any other exemption applicable to a property.

As is required by state law, the ordinance also submits the matter to the voters with the question, "Shall this ordinance become law?"

MATANUSKA-SUSITNA BOROUGH

FISCAL NOTE

Agenda Date: March 1, 2022

SUBJECT: AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY AMENDING MSB 3.15.037 TO PROVIDE FOR AN ADDITIONAL RESIDENTIAL REAL PROPERTY TAX EXEMPTION OF \$114,000 OF THE ASSESSED VALUE OF REAL PROPERTY OWNED AND OCCUPIED AS A PERMANENT ABODE BY A RESIDENT WHO IS 65 YEARS OF AGE OR OLDER, A DISABLED VETERAN, OR A PERSON AT LEAST 60 YEARS OLD WHO IS A WIDOW OR WIDOWER OF A PERSON WHO WAS QUALIFIED FOR THE EXEMPTION, PROVIDING FOR AN ANNUAL ADJUSTMENT, AND SUBMITTING THE QUESTION TO THE QUALIFIED VOTERS AT THE NEXT REGULAR OR SPECIAL BOROUGH ELECTION.

ORIGINATOR: NS for Assemblymembers Yundt and Tew

FISCAL ACTION (TO BE COMPLETED BY FINANCE)	FISCAL IMPACT <u>YES</u> NO
AMOUNT REQUESTED <u><#></u>	FUNDING SOURCE <u>AZA/NAR/ESA/SSA/FSA</u>
FROM ACCOUNT #	PROJECT
TO ACCOUNT: <u>xxx.xxx.xxx 3xx.xxx</u>	PROJECT #
VERIFIED BY: <u>Cheryl Weland</u>	CERTIFIED BY:
DATE: <u>2-18-22</u>	DATE:

EXPENDITURES/REVENUES:

(Thousands of Dollars)

OPERATING	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Personnel Services						
Travel						
Contractual						
Supplies						
Equipment						
Land/Structures						
Grants, Claims						
Miscellaneous						
TOTAL OPERATING						

CAPITAL						
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REVENUE				<u><#></u>		
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FUNDING:

(Thousands of Dollars)

General Fund				<u><#></u>		
State/Federal Funds						
Other				<u><#></u>		
TOTAL				<u><#></u>		

POSITIONS:

Full-Time						
Part-Time						
Temporary						

ANALYSIS: (Attach a separate page if necessary) <#> amt depends upon eligibility of the optional exemption

PREPARED BY: _____ PHONE: _____
 DEPARTMENT: _____ DATE: _____
 APPROVED BY: Cheryl Weland DATE: 2/18/2022