



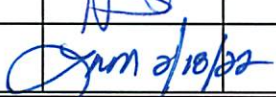

**SUBJECT:** AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY AMENDING MSB 3.15.037 TO PROVIDE FOR AN ADDITIONAL RESIDENTIAL REAL PROPERTY TAX EXEMPTION OF \$114,000 OF THE ASSESSED VALUE OF REAL PROPERTY OWNED AND OCCUPIED AS A PERMANENT ABODE BY A RESIDENT WHO IS 65 YEARS OF AGE OR OLDER, A DISABLED 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

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ORIGINATOR: NS for Assemblymembers Yundt and Tew

FISCAL ACTION (TO BE COMPLETED BY FINANCE)	FISCAL IMPACT <u>YES</u> NO
AMOUNT REQUESTED <u>&lt;#&gt;</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>&lt;#&gt;</u>		
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FUNDING:

(Thousands of Dollars)

General Fund				<u>&lt;#&gt;</u>		
State/Federal Funds						
Other				<u>&lt;#&gt;</u>		
TOTAL				<u>&lt;#&gt;</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