

Sponsor Statement for HB 2

Real Property Tax in Unorganized Borough

“An Act relating to a tax on real property in the unorganized borough.”

[House Bill 2](#) provides that an annual tax of 10 mills would be levied on the full and true value of taxable real property located in the unorganized borough and not subject to taxation under Alaska Statutes. The money from these taxes may be appropriated for funding the regional education attendance areas.

Primary residences that are occupied as a permanent place of abode would be exempt up to the first \$150,000 of the assessed value.

Such tax would begin with calendar year 2002.

Businesses and people living in the unorganized borough would thus be contributing to the costs of the services they receive from the state. Alaskans currently living in organized borough contribute to the costs of local governments as well as the costs of schools, roads, libraries, water, and sewer. With House Bill 2, Alaskans living in the unorganized borough would also contribute to the cost of providing service, particularly educational services, to children living in those areas.

The residential exemption is intended to assist low to moderate income or qualified residents in obtaining home ownership while, on the other hand, enabling businesses and high-income residents to pay, in part, for some of the services provided at subsidized or no-cost rates. Moreover, the bill is intended to encourage the formation of borough governments throughout the state.

House Bill 2 would not be a burden on Alaskans but would provide them with an opportunity to participate in the funding of necessary services, such as education, to their area.

Your support would be appreciated.