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May 20, 2009

OFFICE OF THE
MAY 20 2009
LIEUTENANT GOVERNOR

The Honorable Sean R. Parnell
Lieutenant Governor
P.O. Box 110015
Juneau, Alaska 99811-0015

Re: Review of 09RPEA Initiative Application
A.G. File No: 663-09-0061

Dear Lieutenant Governor Parnell:

I. INTRODUCTION

You have asked us to review an application for an initiative entitled "An Act increasing the maximum residential property exemption and providing for annual adjustments." This initiative is identical to 08RTX2, except that the amended exemption amount is decreased from $100,000 to $50,000.

We find no legal problems with the bill and so we recommend that you certify the application.

II. SUMMARY OF THE PROPOSED BILL

The bill is comprised of one section. Section 1 of the bill amends AS 29.45.050(a) to authorize municipalities to increase the residential property tax exemption from $20,000 up to $50,000. Existing law requires any such change to be ratified by the voters at an election. Thus, under the bill a municipality that seeks to increase its $20,000 residential property tax exemption to $50,000 would need to pass an ordinance and present the ordinance for voter approval at a local election.

Section 1 also permits the municipality by ordinance to annually adjust the exemption to reflect inflation as measured by the consumer price index (CPI-U) for Anchorage.[1]

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[1] The bill would amend AS 29.45.050(a) as follows:
(Continued...)

III. ANALYSIS

Under AS 15.45.070, the lieutenant governor is required to review an application for a proposed initiative and either "certify it or notify the initiative committee of the grounds for denial" within 60 days of receipt. The grounds for denial of an application are that (1) the proposed bill is not in the required form; (2) the application is not substantially in the required form; or (3) there is an insufficient number of qualified sponsors. AS 15.45.080. We discuss these next.

A. FORM OF THE PROPOSED BILL

The form of a proposed initiative bill is prescribed by AS 15.45.040, which requires that (1) the bill be confined to one subject; (2) the subject be expressed in the title; (3) the enacting clause state, "Be it enacted by the People of the State of Alaska"; and (4) the bill not include prohibited subjects. The prohibited subjects – dedication of revenue, appropriations, the creation of courts or the definition of their jurisdiction, rules of court, and local or special legislation – are listed in AS 15.45.010 and in art. XI, sec. 7, of the Alaska Constitution.

The bill satisfies each of these four requirements. It is confined to one subject, the residential property tax exemption. The subject of the bill is expressed in the title ("An Act increasing the maximum residential property exemption and providing for annual

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> A municipality may exclude or exempt or partially exempt residential property from taxation by ordinance ratified by the voters at an election. An exclusion or exemption authorized by this subsection may be applied with respect to taxes levied in a service area to fund the special services. An exclusion or exemption authorized by this subsection may not exceed the assessed value of $(20,000) **50,000** for any one residence **except that a municipality may, by ordinance, annually adjust their voter-authorized exemption by the amount calculated by the State Assessor to reflect the increase, if any, in the annual average cost of living, using the U.S. Department of Labor CPI-U for Anchorage.**

Section 1, 09RPEA.

adjustments"). The enacting clause is set out correctly. The bill does not contain any of the prohibited subjects.

B. THE FORM OF THE APPLICATION

The form of an initiative application is prescribed in AS 15.45.030, which provides:

> The application must include the
>
> (1) proposed bill;
>
> (2) printed name, the signature, the address, and a numerical identifier of not fewer than 100 qualified voters who will serve as sponsors; each signature page must include a statement that the sponsors are qualified voters who signed the application with the proposed bill attached; and
>
> (3) designation of an initiative committee consisting of three of the sponsors who subscribed to the application and represent all sponsors and subscribers in matters relating to the initiative; the designation must include the name, mailing address, and signature of each committee member.

AS 15.45.030. The application meets the first and third requirements as well as the latter portion of the second requirement regarding the statement on the signature page. With respect to the first clause of the second requirement, the Division of Elections within your office determines whether the application contains the signatures and addresses of not less than 100 qualified voters.

C. NUMBER OF QUALIFIED SPONSORS

The Division of Elections within your office will determine whether there are a sufficient number of qualified sponsors.

IV. PROPOSED BALLOT AND PETITION SUMMARY

We have prepared the following ballot-ready petition summary and title for your consideration:

BILL INCREASING THE MAXIMUM RESIDENTIAL PROPERTY TAX EXEMPTION

> This bill would allow a city or borough to raise the property tax exemption on a residence from $20,000 to at most $50,000. This kind of exemption must be put to a vote and approved at a local election. This bill also allows a city or borough to pass a law to adjust this exemption to reflect a raise in the cost of living.
>
> Should this initiative become law?

This summary has a Flesch test score of 54.3. We believe that the summary meets the readability standards of AS 15.60.005.

V. CONCLUSION

For the above reasons, we find that the proposed bill is in the proper form, and therefore recommend that you certify this initiative application.

Please contact me if we can be of further assistance to you on this matter.

Sincerely,

RICHARD A. SVOBODNY
ACTING ATTORNEY GENERAL

By:
Michael A. Barnhill
Senior Assistant Attorney General

MAB/cmc

cc: Gail Fenumiai, Director of Division of Elections