

Living Longer Growing Stronger

from the Alaska Commission on Aging

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The mission of the Alaska Commission on Aging is to ensure dignity and independence for Alaska's seniors and to assist them, through programs and services funded by the Commission, to lead useful and meaningful lives.



Alaskan Seniors: Living Longer, Growing Stronger is a monthly publication of the Alaska Commission on Aging (ACoA)

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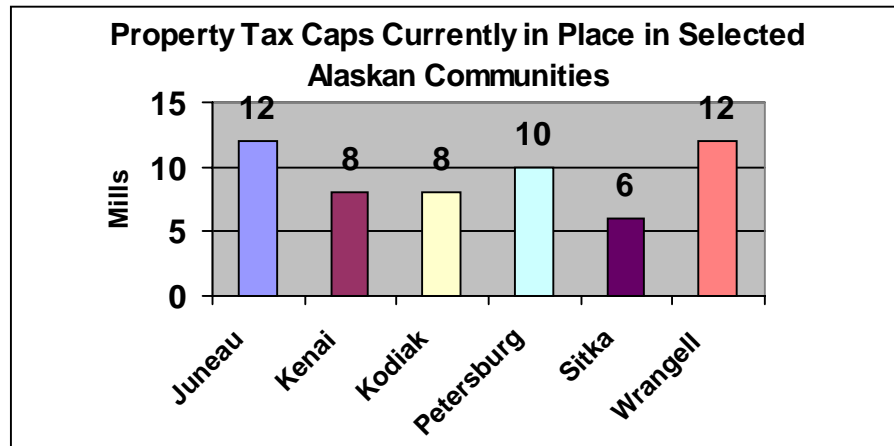
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According to the Alaska Municipal League, nine Alaskan communities already have locally-determined tax caps set by local voters, charter, or ordinance. In addition to those listed above, **Anchorage**, **Fairbanks**, and **Ketchikan** cap property taxes according to formula: Anchorage and Fairbanks at the previous year plus inflation and population, Ketchikan at the previous year plus inflation only. Only Kodiak limits voter-approved bonds under their cap. All others allow voter-approved bonds in addition to the cap.

Is a Statewide Property Tax Cap Good for Alaskan Seniors?

For the past several issues, *Alaskan Seniors: Living Longer, Growing Stronger* has featured short profiles on the possible affect of Proposition 4, the Property Tax Cap Initiative, on specific areas of Alaska. As Election Day on November 7 draws near, Alaskans need to be informed about the impact this proposition will have if it passes. This is perhaps the most critical Alaskan initiative on the ballot.

The Property Tax Cap Initiative, modeled after California's Proposition 13 from the mid-1980s, would basically do three things:

- **Limit local property tax mill rates for all Alaskan municipalities to 10 mills.** This would reduce the mill rate in some parts of Alaska. Some of Alaska's municipalities have mill rates below 10 mills. Some have set tax caps below 10 mills (see graph above).
- **Property value assessments would be restricted to a 2% increase annually.** This would be a change from the current assessment of actual market value.
- **Bonds for public improvements such as schools would have to be funded within the 10-mill cap.** If they did not fit under the cap, they would not be allowed.

In this issue we explore the possible negative impacts of Proposition 4 on Alaska's seniors.

Proposition 4 Would Negatively Impact Seniors and their Communities

The prospect of reduced property taxes is attractive at first glance to those of us who own property. However, the full impact of such a limitation on our municipalities' ability to raise funds to provide services in our communities must be fully explored. While personally, we may gain some tax relief, the impacts we would feel could be severe and far-reaching.

Current Tax Breaks Could Be Eliminated

The most direct impact this initiative is likely to have on us as seniors is to jeopardize senior citizen tax breaks that are vital to allowing us to live in our own homes. A limit to property tax revenues from the general public would prompt municipalities to broaden the tax base as much as possible. Reduction or elimination of tax breaks could make the cost of living in Alaska too high for some seniors.

Community and Social Services Could Be Affected

Many municipalities support community and social services through property tax revenues. These services, which many of us rely upon, may not be considered as essential as roads, water, and sewers. Social services will almost certainly face cuts in those municipalities hit hard by the tax cap.

Rural Versus Urban

Currently, competition for available dollars is increasing between Alaska's rural and urban communities. Alaska's State Revenue Sharing Program allocates money to municipalities through a formula incorporating locally generated revenues and property values along with municipal population. These funds are already decreasing at a steady rate. If Proposition 4 passes, this situation will worsen. Funding inequities are especially acute between rural and urban schools.

Rural communities and governments such as Elim and Port Alexander, and the North Slope, Bristol Bay and Northwest Arctic Boroughs have passed resolutions opposing the Property Tax Cap Initiative.

School Funding Would Be Jeopardized

The Property Tax Cap Initiative threatens funding to local schools. The bulk of funding for Alaska's schools comes from local property taxes. In some of Alaska's larger communities, almost 10 mills of local property tax are used to fund schools. Bonds for construction of schools and other capital projects would have to fit under the 10-mill cap if Proposition 4 passes. Communities faced with overcrowded schools could not approve bonds even if they wished to, if doing so exceeded the 10-mill tax cap.

If you don't have school-aged children or grandchildren, why should you care about school funding? Because good schools produce the workforce that supports us as we age, indirectly through financial infrastructure, and directly through well trained, professional doctors, care providers, and social service providers. Poorly funded schools hurt our children's chances to learn the skills and attitudes they need to find high-paying jobs and become productive members of society. As we will depend on their support more and more as we age, it's in our best interest to do what we can to ensure they get the education they need.

Economic Downturn is a Real Possibility

The economy of Alaska's communities could be severely affected by passage of the Tax Cap Initiative. Local government tries to provide a stable infrastructure on which existing and new businesses can depend. Without adequate property tax revenues, communities can't attract new businesses. They may not even be able to keep existing businesses from closing or moving out of state. This could cause a spiraling economic downturn.

(Continued on page 3.)

Proposition 4 Affects on Seniors (continued from page 2)

Poor Schools Plus Poor Economy Equals Increased Crime

A poor economy, especially if paired with inadequate, overcrowded schools, can breed crime. Crime preys primarily on the disabled, the weak, and the elderly. With less revenue to fund local police and emergency services, our communities will be less able to respond to present crime levels, let alone any increase that may come about because of the tax cap.

Local Control Will Be Forfeited

Perhaps the strongest argument against Proposition 4 is common sense: Alaska's constitution guarantees local control, to meet our own community needs without adversely affecting other Alaskan communities that may have very different needs. Local control includes the ability to levy local taxes to meet local needs, and to limit those taxes if necessary. Proposition 4 would impose the tax cap on every Alaskan community without considering the individual needs of each municipality, or the wishes of the local residents. Clearly, some Alaskan communities would benefit from less property taxes. If yours is one, work for change on the local level.

Whatever your opinion on Proposition 4 and on the other issues being considered in this election, please remember to vote on November 7!

Senior advocacy groups currently on record opposing Proposition 4 (as of October 13, 2000):

AARP Alaska
Alaska Mental Health Board
Alaska Advisory Board on Alcoholism and Drug Abuse
Hospice and Home Care of Juneau
Catholic Community Services
Alaska Commission Aging

Voter Information on the Internet

State of Alaska Division of Elections: www.gov.state.ak.us/ltagov/elections/homepage.html

Tax Cap Opposition Information: www.againstthecap.org
www.akmunileague.org/taxcap.htm

Tax Cap Support Information: www.taxcap.org

Correction!

In some copies of the September issue of *Alaskan Seniors: Living Longer, Growing Stronger*, the caption under the photo of the Marrulut Eniit Assisted Living Facility (Grandma's House) in Dillingham indicated that the building was under construction. The photo did in fact show the facility after construction was completed.

