

**KENAI PENINSULA BOROUGH
PROPOSITION SUMMARY**

PROPOSITION NO. 1

SENIOR CITIZEN PROPERTY TAX EXEMPTION

To be voted on by all borough voters

Shall the Kenai Peninsula Borough limit the senior citizen real property tax exemption to \$300,000 of assessed value and provide an exemption for hardship cases?

Since 1987, the Kenai Peninsula Borough has not taxed real property owned and occupied as the primary residence of a borough resident 65 years of age or older or the surviving spouse, who is at least 60 years old, of a qualifying senior citizen.

The State of Alaska mandates that the first \$150,000 of assessed value on real property for a qualified senior citizen be exempt from all local property taxes (general government, hospitals, fire and emergency services, bond issues, road maintenance, etc.). The Kenai Peninsula Borough provides an unlimited exemption to qualified borough senior citizens on their primary residence to the extent of their ownership and residential use.

The borough will make available a hardship exemption for a portion of the taxes due on the amount over the first \$300,000 of assessed property value. An eligible applicant may qualify for a hardship exemption that would limit the taxes due on any property valued over \$300,000 to no more than 2 percent of their gross household income. "Gross household income" means total annual compensation, earned or unearned, from all sources, of all members of the household.

EXAMPLE FOR A SENIOR CITIZEN WITH REAL PROPERTY VALUED AT \$185,000:

This senior citizen's primary residence is less than the \$300,000 limit and would be exempt from paying any borough property taxes.

EXAMPLE FOR A SENIOR CITIZEN WITH REAL PROPERTY VALUED AT \$350,000:

This senior citizen's primary residence would be exempt on the first \$300,000 of assessed value. The senior would be taxed by the borough on the remaining \$50,000 of value.

EXAMPLE FOR A SENIOR CITIZEN - HARDSHIP CASE:

For a senior citizen with a permanent residence valued at \$400,000, the first \$300,000 of value would be exempt. The borough tax would be calculated on the remaining \$100,000 of real property value. If this tax bill is a financial hardship, a senior may apply for an exemption if the amount of the tax bill is greater than 2 percent of their gross household income. An exemption will be granted for that portion of the taxes due, in excess of 2 percent of their gross income.

\$400,000	value of senior's primary residence/permanent place of abode
<u>-300,000</u>	regular exemption for all qualified senior citizens
\$100,000	remaining portion of value to be taxed by the borough

Using this example, we will estimate the tax bill to be \$900 on the remaining property value. Additionally, we will calculate the gross household income for this example to be \$20,000 per year. Therefore, 2 percent of the gross household income of \$20,000 would be \$400.

\$900	borough taxes due
<u>-400</u>	2 percent of gross household income = amount of tax due
\$500	amount of borough taxes excluded as a result of hardship

BALLOT LANGUAGE FOR PROPOSITION NO. 1

Shall the Kenai Peninsula Borough limit to \$300,000 the exemption from taxation on the assessed value of real property owned and occupied as a permanent place of abode by a resident who is 65 years of age or older or a widow or widower of such a resident who is 60 years of age or older?

YES [A Yes vote limits the senior citizen property tax exemption to \$300,000 and provides an exemption in hardship cases.]

NO [A No vote continues the unlimited property tax exemption for senior citizens.]