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### PROPERTY TAX EXEMPTION

Whenever talk about the KPB property tax exemption for seniors takes place, inevitably seniors are referred to as “poor people living on fixed incomes”. That is a myth that needs to be exposed. The reality is that seniors, as a group, hold more of America’s wealth than any other age group and that this wealth is increasing not decreasing.

Without exception, mean net worth increased substantially among every age group between 1995 and 1998 but median wealth increased only modestly for most age groups with the exception of the oldest families (over age 65). Families headed by a person aged 65 to 74 saw increases in median net worth of nearly 8 percent per year, and those headed by a person over age 75 saw median wealth grow by over 8 percent; however, over the same period, those between 45 and 64 years of age realized little growth. Only those aged 35 to 44, whose median net worth grew 4.9 percent per year, realized increases anywhere close to those enjoyed by retirees.

Since 1989, the differences by age are, if anything, even more striking. While *mean* net worth increased over the nine-year period for all age groups, the changes in *median* net worth were negative for all age groups under 55 and positive for all those above 55. Moreover, the annual average increases in median net worth were substantial only for families headed by a person over age 65-4.7 percent for those aged 65 to 74, and 3.5 percent for those aged 75 and older.

It is a myth that seniors, in general, struggle to get by on fixed incomes. The fact is that incomes of seniors, generally, are growing faster than the incomes of all other age groups. It may be true that *some* seniors have either low or fixed incomes but it is generally more true that a higher percentage of younger people struggle with fixed incomes (minimum wage, non-union jobs, support payments) but these folks do not receive property tax exemptions – in fact, they pay for themselves and they pay for services provided to well-off seniors who should pay their own way.

Seniors argue that they should not be paying for public education when they no longer have children in school. Perhaps younger taxpayers should not have to pay for the rising cost of social security or of health care both of which are primarily consumed by seniors? A case can also be made that today’s taxpayers are still paying off the education bill for the children of seniors. In any case, it would be chaos to allow individual taxpayers to exempt themselves from paying for services based on the relative amount of each they consume. It is also clear that poor people do not live in million-dollar houses. There is no justification for allowing a property tax exemption to exceed modest housing values for any group.

The KPB is the only borough in the State of Alaska that has unlimited exemption of property taxes. In closing I would ask the Assembly to vote only for the state mandated exemption of \$150,000.

Thank you.

Agenda Item None

Committee Policy + Proc.

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