City of Valdez

212 Chenega Ave.
Valdez, AK 99686

Agenda Statement

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Title:	Approval of Senior Citizen Hardship Property Tax Exemption		
Sponsors:			
Indexes:			
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Attachments:	1. BARBARA EZELL HARDSHIP.pdf		

Date	Ver.	Action By	Action	Result

ITEM TITLE:
Approval of Senior Citizen Hardship Property Tax Exemption

SUBMITTED BY: Sheri L. Pierce, MMC

FISCAL NOTES:

Expenditure Required: Click here to enter text.
Unencumbered Balance: Click here to enter text.
Funding Source: Click here to enter text.

RECOMMENDATION:

Click here to enter text.

SUMMARY STATEMENT:

The City Clerk's office received an application for the Senior Citizen Hardship Property Tax Exemption Program from Ms. Barbara Ezell.

In accordance with AS 29.45.030(e) and 3AAC 135.040, a municipality may, in case of hardship, provide for an exemption beyond the mandatory Senior Citizen and Disabled Veteran Property Tax Exemption.

The **mandatory** exemption provides that the first $150,000 of the assessed value of real property owned by a senior citizen (65 years of age or older), a qualifying widow/widower of a senior citizen, or a disabled veteran (with a disability rating of 50% and above) is exempt from property taxes. State statute and Valdez municipal code requires annual application from the eligible citizen to receive the mandatory exemption. The mandatory exemption does not require City Council action if the citizen meets eligibility requirements.

Senior Citizen and Disabled Veteran **Hardship** Property Tax Exemption applications must also be submitted each year, but are required to be reviewed and approved by City Council. The hardship exemption only applies to those individuals who first qualify for the mandatory Senior Citizen/Disabled Veteran tax exemption.

Furthermore, **to qualify for the hardship exemption, the amount of the applicant's tax bill must be greater than two percent of the applicant's annual gross household income (AGHI).** "Hardship" exists when the amount of property taxes owed is in excess of two percent of an applicant's AGHI. "Gross household income" means total annual compensation, earned and unearned, from all sources including social security and the permanent fund dividend, <u>of all members of the household.</u> Thus, **the hardship exemption is granted only for that portion of the applicant's property taxes in excess of two percent of the AGHI.**

Ms. Ezell's application meets the criteria set forth in AS 29.45.030(e) and 3AAC 135.040(b)(c)(d)(e). Ms. Ezell submitted appropriate IRS documentation with her application as required. This information is on file in the City Clerk's Office and verifies her 2016 **annual gross household income (AGHI) is $ 34,742.** Please find a spreadsheet attached with calculations related to Ms. Ezell's application, which includes assessed property value, exemptions, AGHI, and allowable hardship exemption amounts.

Please note, Ms. Ezell has received the senior citizen hardship property tax exemption every year since 2003.