

5/20/75

COMMITTEE REPORT

SENATE

Mr. President:

Date 5/20/75

The Committee on FINANCE has had CS SS HB 272 an
~~provision for property tax equivalency payments to senior citizens renters~~
under consideration. A Majority of the members of the Committee

- () recommends it DO PASS
- () recommends it DO NOT PASS
- (x) recommends it DO PASS WITH ATTACHED AMENDMENT(S)
- () recommends it BE REPLACED WITH CS FOR _____ AND THAT
CS FOR _____ DO PASS
- () "and" recommends it BE REFERRED TO THE _____
COMMITTEE
- () reports it back WITHOUT RECOMMENDATION
- () "other"

Members signing the Majority report:

<u>[Signature]</u>	_____	_____
<u>[Signature]</u>	_____	_____
<u>[Signature]</u>	_____	_____
<u>[Signature]</u>	_____	_____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

[Signature] Chairman

Move and ask unanimous
consent to withdraw
Amendment #2 and adopt
Amendment #3.

A M E N D M E N T TO AMENDMENT

Offered in the SENATE

By FINANCE

To: _____ SENATE BILL NO. _____
CS 58 HOUSE BILL NO. 272am

AMENDMENT: Page 1 Line 6

Change the title to read "An act relating to property tax equivalency payments and exemptions for senior citizens."

Page 1 between lines 3 and 4

Insert a new section 3 to read:

Section 1. RS 22.33.020(e) is amended to read:

(e) [EFFECT JANUARY 1, 1973] The real property owned and occupied as a permanent place of abode by a resident 65 years of age or over is exempt from taxation of the assessed value of the real property [.] [.] [.] and including an assessed value limit determined no later than January 1, of each year by the commissioner of the department of Community and Regional Affairs. The assessed value limit is the upper limit of the third quartile class in a frequency distribution of previous year assessed values in the State. Only one exemption may be granted with respect to the same property and, if two or more persons are eligible for an exemption with respect to the same property, the parties shall decide between or among themselves which shall receive the benefit of the exemption. No real property may be exercised under this subsection which the assessor determines, after notice and hearing to the parties concerned, has been conveyed to the applicant primarily for the purpose of obtaining the exemption. The determination of the assessor is appealable under RS 22.33.020-02.03.070.

Page 1, line 14

After "and" add "or" whichever is last.

TABLE NO. 2

SENIOR CITIZEN PROPERTY TAX EXEMPTION
1975 PROGRAM ANALYSIS
AS 29.53.020 (e)-(i)

% OF TOTAL NUMBER OF APPLICANTS

EXEMPT TAX DOLLARS IN \$100 INTERVALS	NUMBER OF APPLICATIONS				EXEMPT TAX DOLLARS		% DOLLARS TO TOTAL	
	WITHIN INTERVALS	CUMULATIVE TOTAL	% TO TOTAL	WITHIN INTERVALS	CUMULATIVE TOTAL	WITHIN INTERVALS	CUMULATIVE TOTAL	
0-99	15%	365	15%	18,250	18,250	2%	2%	
100-199	17%	399	32%	59,850	78,100	6%	8%	
200-299	13%	325	45%	81,250	159,350	9%	17%	
300-399	16%	378	61%	132,300	291,650	14%	31%	
400-499	12%	293	73%	131,850	423,500	14%	45%	
500-599	7%	218	82%	119,900	543,400	13%	58%	
600-699	6%	165	88%	107,250	650,650	12%	70%	
700-799	5%	99	93%	74,250	724,900	8%	78%	
800-899	2%	57	95%	48,450	773,350	5%	83%	
900-999	2%	48	97%	45,600	818,950	5%	88%	
1,000-1,199	.7%	22	97.7%	23,100	842,050	2%	90%	
1,100-1,199	.6%	13	98.3%	14,950	857,000	2%	92%	
1,200-1,299	.3%	8	98.6%	10,000	867,000	1%	93%	
1,300-1,799	.8%	19	99.4%	29,350	896,350	3%	96%	
1,800-2,299	.3%	8	99.7%	16,200	912,550	2%	98%	
2,300-5,000	.3%	6	100%	20,500	933,050	2%	100%	

1) 1st quartile = 160.40 2) Median = 332.50

3) 3rd quartile = 526.60

Office of the State Assessor
Division of Local Government Assistance
Department of Community & Regional Affairs
January 16, 1976

TABLE NO. 1

SENIOR CITIZEN PROPERTY TAX EXEMPTION
1975 PROGRAM ANALYSIS
AS 29.53.020 (e)-(i)

ASSESSED VALUATION IN \$5,000 INTERVALS	NUMBER OF APPLICATIONS			
	WITHIN INTERVALS	CUMULATIVE TOTAL	PERCENT TO TOTAL	PERCENT OF TAX FORGIVEN
0-4.9	185		8%	
5.0-9.9	303	488	20%	
¹ 10.0-14.9	265	753	31%	
15.0-19.9	360	1,113	46%	
² 20.0-24.9	289	1,402	58%	
25.0-29.9	276	1,678	69%	
³ 30.0-34.9	245	1,923	79%	100%
35.0-39.9	146	2,069	85%	88-100%
40.0-44.9	101	2,170	90%	78-88%
45.0-49.9	82	2,252	93%	70-78%
50.0-54.9	54	2,306	95%	64-70%
55.0-59.9	34	2,340	96.5%	58-64%
60.0-64.9	19	2,359	97.3%	54-58%
65.0-69.9	12	2,371	97.8%	50-54%
70.0-74.9	13	2,384	98.4%	47-50%
75.0-99.9	22	2,406	99.3%	50-35%
100.0-260.0	17	2,423	100%	35-13%

1) 1st quartile=12,218

2) Median= 21,565

3) 3rd quartile = 32,758

MEMORANDUM

State of Alaska

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS

DIVISION OF LOCAL GOVERNMENT ASSISTANCE

TO: Lee McAnerney
Commissioner

DATE: January 23, 1976

FILE NO:

TELEPHONE NO:

FROM: Palmer McCarter
DirectorSUBJECT: Attached bill relating to the
Senior Citizen Property Tax
Exemption ProgramBy: S. Robert Dozier
State Assessor

The legislation, as presented in the Attorney General's memorandum to Governor Hammond, dated December 8, 1975, recommends a formula be initiated which recognizes perceived inequities in the existing Senior Citizen Property Tax Exemption Program, AS 29.53.020 (e), between the very wealthy and the very poor. The formula as recommended is an attempt to avoid an arbitrary limitation, as proposed in SB 403, by allowing the program to adjust annually to variations in property valuations. The formula will support the program goals while avoiding total subsidy of presumably affluent taxpayers.

Under the formula as presented, the applicant would be required to pay only the amount of the tax as levied on the property exceeding the limitation, as annually determined by the Commissioner.

A statewide limitation formula based on assessed values is the most equitable, as a limitation based on tax dollars levied is distorted by the wide variations in the rates of tax levied.

<u>Stipulations</u>	<u>FY 76 (actual)</u>	<u>FY 77 (Estimate)</u>
Number of applications	2,423	2,665
BRU expenditure	\$ 933,000	\$1,150,000
Average tax per application	\$ 385	\$ 432

As a result of our analysis of the 2,432 applicants involved in the 1975 (FY 76) exemption program, we recommend adoption of one of the two formulas as outlined below:

Limitation Formula No. 1

Line 15: "The assessed value limitation is the [LOWER] UPPER limit of the third quartile class in a frequency distribution of the previous program year assessed values arranged in intervals of \$5,000."

The analysis of the FY 76 program based on the above formula indicates an assessed value limitation of \$35,000. Adoption of the above limitation formula will exempt in full, approximately 75% of the 2,665 applicants estimated to be involved in the FY 77 program.

Limitation Formula No. 2

Line 15 is amended to read: "The assessed value limitation is the assessed value adjusted to the next \$1,000 in a frequency distribution of the previous program year assessed values arranged in intervals of \$5,000, which exempts in full, 35% of all applicants."

Adoption of Limitation Formula No. 2 will exempt in full, approximately 80% of the 2,665 applicants estimated to be involved in the FY 77 program.

Attached are tables summarizing the statistical analysis of two separate frequency distributions of the 2,423 approved 1975 senior citizen application forms. Table 1 is based on assessed values, and Table 2 is based on tax dollars levied.

Table 1 indicates that the lower limit of the third quartile class results in an assessed value limitation of 30,000, which exempts in full, 69% of 1,678 senior citizens. And that the upper limit of the third quartile class results in an assessed value limitation of 35,000, which exempts in full 79%, or 1,923 senior citizens. The remaining 500 applicants would be forgiven 13 to 99% of their tax bills and 52 applicants would be paying in excess of 50% of their total tax bill.

Table 2, which is based on tax dollars levied, arranged in intervals of \$100, indicates that the lower limit of the third quartile class results in a tax dollar limit of \$500, which would exempt in full 73%, or 1,760 senior citizens. While the upper limit of the third quartile class results in a tax dollar limit of \$600. The latter exempts in full 32%, or 1,978 senior citizens, which amounts to \$543,400 or 58% of the total FY 76 program BRU expenditure.

Enclosure

SRD:imb

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. Proposed legislation -- Assessed Value Limitation.
 Title: An act relating to Senior Citizen Property Tax Exemption
 Requested by: Senator John Butrovich Date: 3-19-76
 Return Date Requested: _____
 Agency: Community & Regional Affairs Program: Social Services

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Property Tax Exemption Program

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		893.8				
TOTAL						

B. FUNDING: (Thousands of dollars)

GENERAL FUND		893.8				
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Assumptions:

1. Statewide population FY 77 will approximate 389,960
2. Senior Citizens claimants FY 77 2,665
3. Average assessed value 1/1/77 24,196
4. Average tax per applicant FY 77 432
5. FY 77 BRU Program Budget Request 1,150,000

Analysis continued:

IV. ATTACHMENTS

Memo: Lee McAnerney, Commissioner, C & RA, dated 1/23/76
 Table I: Assessed valuations in intervals of \$5,000 (FY 76)
 Table II: Exempt tax dollars in intervals of \$100 (FY 76)

V. DATE: 3-19-76 PREPARED BY: S. R. Koenig

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Proposed Legislation
Assesed Value Limitation

Limitation Formula: The upper limits of the third quartile class in a frequency distribution of the prior program year assessed values arranged in intervals of \$5,000.

Program Analysis:

Number of applications	FY 77	2665
Assesed Value Limitation		35,000
Applicants 100% exempt	79%	2,105
Applicants partially exempt	21%	560
Estimated FY 77 BRU Grant required		\$893,794
Average tax per applicant		\$335

Based on the FY 77 Program Analysis applying the above formula, 2,105 claimants would pay no property tax. The remaining 560 applicants would be required to pay an average of \$485 in taxes on property valuations above 35,000.

Total Grant Reduction: $\$256,206 = (1,150,000 - 893,794)$

Average impact per affected applicant: $\$458 = (256,206 \div 560)$

Benefits to individual taxpayers are in direct proportion to the assessed value of the property and the rate of tax as levied by the municipality in which the property lies: Rates of levy vary from .5 to 25 mills and average about 15 mills statewide. A typical tax break of \$525 is indicated for a claimant owning a residence valued by the assessor at 35,000. ($525 = 35,000 \times .015$)

The administrative costs will not be appreciably affected by enactment of the assessed value limitation formula.

IN THE SENATE

BY THE FINANCE COMMITTEE

SENATE BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to property tax exemption.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

Section 1. AS 29.53.020(e) is amended to read:

(e) [AFTER JANUARY 1, 1973] The real property owned and occupied as a permanent place of abode by a resident 65 years of age or over is exempt from taxation of the assessed value of the real property [.] up to and including an assessed value limit determined no later than January 15 of each year by the commissioner of the Department of Community and Regional Affairs. The assessed value limit is the upper limit of the third quartile class in a frequency distribution of previous program year assessed values. Only one exemption may be granted with respect to the same property and, if two or more persons are eligible for an exemption with respect to the same property, the parties shall decide between or among themselves which shall receive the benefit of the exemption. No real property may be exempted under this subsection which the assessor determines, after notice and hearing to the parties concerned, has been conveyed to the applicant primarily for the purpose of obtaining the exemption. The determination of the assessor is appealable under AS 44.62.560-44.62.570.

Original sponsor: Gruening and Duncan

Offered: 4/17/75
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 272 am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing for property tax equivalency payments
7 to senior citizen renters."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 29.73 is amended by adding a new section to read:

10 Sec. 29.73.060. PROPERTY TAX EQUIVALENCY PAYMENTS. (a) A resi-
11 dent of the state 65 years of age or older who rents a permanent place
12 of abode is eligible for tax equivalency payments from the state through
13 the Department of Community and Regional Affairs.

14 (b) For purposes of determining payments to eligible persons, the
15 department shall calculate a property tax equivalent percentage for each
16 home rule or general law municipality, which levies a general property
17 tax, at the rate of 1/2 per cent per mil. This percentage applied to
18 the annual rent charged to the applicant is the property tax equivalency
19 payment.

20 (c) To obtain tax equivalency payments the eligible resident must
21 apply to the department for payment for the preceding year by January 15
22 of each year on forms and in the manner prescribed by the department.
23 Each applicant shall submit with the application rental receipts or, if
24 rental receipts are not available, other evidence satisfactory to the
25 department for determination of the fact of payment of rent and the
26 amount paid.

27 (d) If two or more persons occupy a residence as tenants, not all
28 of whom are eligible for tax equivalency payments under this section,
29 the assessor shall determine equitable partial payments to be made to

1 the eligible tenants. However, tax equivalency payments to an eligible
2 applicant may not be reduced because the spouse is less than 65 years of
3 age. If all occupants in a residence are eligible for tax equivalency
4 payments under this section, the occupants shall decide between and
5 among themselves which shall receive payment.
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THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. CS for Sponsor Substitute for HB No. 272am

Title: Tenant Senior Citizen Reimbursement Payment Program

Requested by: Senate Community & Regional Affairs Date: 12/8/75

Return Date Requested: 1/1/76

Agency: Community & Regional Affairs Program: Social Services

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Property Tax Exemption Program

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES		24.3				
200 TRAVEL		2.0				
300 CONTRACTUAL		17.2				
400 COMMODITIES		.6				
500 EQUIPMENT		3.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		725.1				
TOTAL		773.2				

B. FUNDING: (Thousands of dollars)

GENERAL FUND		773.2				
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	1 / 1	/	/	/	/
MAN MONTHS (P./T.)	/	12 / 9	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Assumptions

1. Statewide population July 1, 1976 (FY'77) will approximate 389,960.
2. The increase in property values or average tax per application of 11.5% will continue for the next few years.
3. Residential property owned by the Senior Citizen is generally of a higher quality than can be afforded by a tenant. To reflect this difference, a 25% discount in average tax per application is used for tenant occupied housing.
4. Section 1 (c) means payments would be made for this period Jan. 1 - Dec. 31, 1976.

IV. ATTACHMENTS

V. DATE: 1/8/76

PREPARED BY: S. Robert Dozier

S. Robert Dozier, State Assessor
Local Government Assistance Division

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

The 1970 census indicated that 1.3% of the State population are senior citizen "Heads of Household". By deducting the projected number of senior citizen property owners in 1976, leaves a balance of 2,266 senior citizens to whom the benefits of this program would be extended under this bill. The projected average reimbursement per participant of \$427 in 1977, discounted by 25% (assumption #3) equals \$320.

$$2266 \times \$320 = \$725,120$$

Program development, implementation, administration and reimbursement is the responsibility of the Department.

The pilot program will require in-depth research to develop appropriate standardized methods, procedures and forms. A professional services fee is included the first year for this purpose which includes a survey of residential rent receipt equivalency rates which reflect variables for utilities, facilities and services and reflect the validity of the original program assumptions. The existing Research Analyst will assume responsibilities including program implementation, initial screening of applications, review of rental receipts, audit, and tabulation of claims and follow-up contact with landlords and tenants. Under direction of the Research Analyst a Clerk IV position and Clerk Typist III position will assume major program responsibilities and clerical back-up, distribute materials, answer questions and handle the multitudinous follow-up details.

The administrative costs are estimated as follows:

100 Personal Services

Clerk IV Range 9 Step B		12,360
Clerk Typist III Range 8 Step B (part-time 9 mo.)		8,712
Total Salary		21,072
Fringe Benefits 23%		4,179
Total Personal Services		25,251

Travel & Per Diem

State Assessor	1000	
Consultant	<u>1000</u>	2,000

Contractual Services

Telephone and long distance	2900	
Postage	1600	
Printing and advertising - hearing notices, application forms, posters and manual	4000	
Office Rent - 150 sq. ft. @.55/sq. ft.	990	
Machine rental and Xerox	400	
Professional fees	<u>7316</u>	17,206

Commodities

Reference materials	300	
Office supplies	<u>300</u>	\$ 600

Equipment

Secretarial desk @370	740	
Typewriter @800	1600	
Calculator @440	440	
Filing Cabinet @220	<u>220</u>	\$3,000

Total FY 77 Budget Request for Operation of CS SS HB No. 272 am		\$48,057
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MEMORANDUM

State of Alaska

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS

TO: Jim Fennel
Assistant to
Senator Ray

DATE: May 21, 1975

FILE NO:

TELEPHONE NO:

FROM: Dan Kanouse *JK*
Administrative Assistant

SUBJECT: Fiscal Notes -
CSS SHB 272am and
CS SB 271

Attached is a copy of a fiscal note submitted to the Senate Community & Regional Affairs Committee on CSS SHB 272am.

Also, no fiscal note will be forthcoming on CSSB 271, as State funds are not involved.

If I can be of further assistance, let me know.

DK:lb

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill NO. CS for Sponser Substitute for HB No. 272am
 Title: Tenant Senior Citizen Reimbursement Payment Program
 Requested by: Senate Community & Regional Affairs Date: 5/9/75
 Return Date Requested: 5/13/75
 Agency: Community & Regional Affairs Program: Social Services

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Senior Citizens

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100 PERSONAL SERVICES		20.8	26.8	28.1	29.5	31.0
200 TRAVEL		2.0	1.0	1.1	1.1	1.2
300 CONTRACTUAL		17.2	7.1	7.4	7.7	8.0
400 COMMODITIES		.6	.6	.6	.7	.7
500 EQUIPMENT		1.6	.9	.9	1.0	1.0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		620.6	720.4	864.4	1,037.3	1,244.8
TOTAL		662.6	756.8	902.5	1,077.3	1,286.7

B. FUNDING: (Thousands of dollars)

GENERAL FUND		662.6	756.8	902.5	1,077.3	1,286.7
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	1 / 1	2 /	2 /	2 /	2 /
MAN MONTHS (P./T.)	/	12 / 6	24 /	24 /	24 /	24 /

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Assumptions

- 1.) Statewide population in 1976 will approximate 365,000.
- 2.) The increase in property values or average tax per application of 11 will continue for the next few years.
- 3.) Residential property owned by the Senior Citizen is generally of a higher quality than can be afforded by a tenant. To reflect this difference, a 25% discount in average tax per application is used for tenant occupied housing.
- 4.) Section 1 (c) means payments would be made for this period Jan. 1--Dec. 31, 1975.

IV. ATTACHMENTS

V. DATE: 5/9/75

PREPARED BY: S. Robert Dozier
 S. Robert Dozier, State Assessor
 Local Government Assistance Division

Original: Legislative Finance
 Budget and Management
 Prime Sponsor (First Legislator Named)

The 1970 census indicated that 1.3% of the State population are senior citizen "Heads of Household". By deducting the projected number of senior citizen property owners in 1976, leaves a balance of 1,995 senior citizens to whom the benefits of this program would be extended under this bill. The projected average reimbursement per participant in 1976, discounted by 25% (assumption #3) equals \$311.

$$1,995 \times \$311 = \$620,445$$

Program development, implementation, administration and reimbursement is the responsibility of the Department.

The pilot program will require in-depth research to develop appropriate standardized methods, procedures and forms. A professional services fee is included the first year for this purpose which includes a survey of residential rent receipt equivalency rates which reflect variables for utilities, facilities and services and reflect the validity of the original program assumptions. The existing research assistant position is upgraded to research analyst to assume additional responsibilities including program implementation, initial screening of applications, review of rental receipts, audit, and tabulation of claims and follow-up contact with landlords and tenants. Under direction of the Research Analyst a Clerk Typist III position and one half-time Clerk Typist II position will assume clerical back-up, distribute materials, answer questions and handle the multitudinous follow-up details for ambiguous and incomplete information supplied on forms.

The administrative costs are estimated as follows:

100 Personal Services

Clerk Typist III Range 8	\$10,992	
Clerk Typist II Range 7(part time)	5,328	
Upgrade Research Assistant to Range 13	1,308	
Total Salary	17,628	
Fringe Benefits 18%	3,173	
Total Personal Services		\$20,801

Travel & Per Diem

State Assessor	1,000	
Consultant	1,000	
		\$2,000

Contractual Services

Telephone and long distance	2,900	
Postage	1,600	
Printing and advertising - hearing notices, application forms, posters and manual	4,000	
Office Rent - 150 sq. ft. @.55/sq. ft.	990	
Machine Rental and Xerox	400	
Professional Fees	7,316	
		\$17,206

Commodities

Reference materials	300	
Office Supplies	<u>300</u>	\$ 600

Equipment

Secretarial Desk @ 300	300	
Typewriter @ 570	570	
Calculator @ 600	600	
Filing Cabinet @ 125	<u>125</u>	\$ 1,595

Total FY 76 Budget Request for Operation of CS SS HB No. 272am		\$42,202
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A M E N D M E N T

IN THE SENATE

BY RODEY

TO: CSSSHB 272 am

Page 2, line 6: add a new subsection to read:

"(e) Tax equivalency payments under this section to an individual may not exceed \$500 a year."

Original sponsor: Gruening and Duncan

Offered: 4/17/75
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 272 am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing for property tax equivalency payments
7 to senior citizen renters."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 29.73 is amended by adding a new section to read:

10 Sec. 29.73.060. PROPERTY TAX EQUIVALENCY PAYMENTS. (a) A resi-
11 dent of the state 65 years of age or older who rents a permanent place
12 of abode is eligible for tax equivalency payments from the state through
13 the Department of Community and Regional Affairs.

14 (b) For purposes of determining payments to eligible persons, the
15 department shall calculate a property tax equivalent percentage for each
16 home rule or general law municipality, which levies a general property
17 tax, at the rate of 1/2 per cent per mil. This percentage applied to
18 the annual rent charged to the applicant is the property tax equivalency
19 payment.

20 (c) To obtain tax equivalency payments the eligible resident must
21 apply to the department for payment for the preceding year by January 15
22 of each year on forms and in the manner prescribed by the department.
23 Each applicant shall submit with the application rental receipts or, if
24 rental receipts are not available, other evidence satisfactory to the
25 department for determination of the fact of payment of rent and the
26 amount paid.

27 (d) If two or more persons occupy a residence as tenants, not all
28 of whom are eligible for tax equivalency payments under this section,
29 the assessor shall determine equitable partial payments to be made to

1 the eligible tenants. However, tax equivalency payments to an eligible
2 applicant may not be reduced because the spouse is less than 65 years of
3 age. If all occupants in a residence are eligible for tax equivalency
4 payments under this section, the occupants shall decide between and
5 among themselves which shall receive payment.
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Limitation Formula (Fiscal Note)

Individual tax equivalency payments may not exceed \$250.

Program Analysis:

Number of claimants		2,492
Claimants 100% exempt	(38%)	946
Claimants partially exempt	(62%)	1,546
Estimated FY 77 BRU grant		\$385,956
Average tax per claimant		\$155

Based on the FY 77 program analysis applying the \$250 limitation, 946 claimants would be reimbursed 100% of the amount as indicated by application of the formula up to \$250. The remaining 1,546 claimants would be paid \$250 each.

Total program reduction: $\$339,164 = (725,120 - 385,956)$
Average impact per affected claimant: $\$219 = (339,164 \div 1,546)$

Dollar Limitation, Alternates

1. Individual tax equivalency payment may not exceed \$375.

Number of claimants		2,492
Claimants 100% exempt	(57%)	1,420
Claimants partially exempt	(43%)	1,072
Estimated FY 77 BRU grant		\$512,329
Average tax per claimant		\$206

Total program reduction: $\$212,791 = (725,120 - 512,329)$
Average impact per affected claimant: $\$198 = (212,791 \div 1,072)$

2. Individual tax equivalency payment may not exceed \$500.

Number of claimants		2,492
Claimants 100 exempt	(73%)	1,819
Claimants partially exempt	(27%)	673
Estimated FY 77 BRU grant		\$596,148
Average tax per claimant		\$239

Total program reduction: $\$128,972 = (725,120 - 596,148)$
Average impact per affected claimant: $\$192 = (128,972 \div 673)$

Program development, implementation, administration and reimbursement is the responsibility of the Department. The pilot program will require in-depth research to develop appropriate standardized methods, procedures and forms. A professional services fee is included in the first year for this purpose which includes a survey of residential rent receipt equivalency rates which reflect variables for utilities, facilities, and services and reflect the validity of the original program assumptions. The existing Research Analyst will assume responsibility including program implementation, initial screening of applications, review of rental receipts, audit, and tabulation of claims and follow-up contact with landlords and tenants. Under direction of the Research Analyst, a Clerk IV position and Clerk Typist III position will assume major program responsibilities and clerical back-up, distribute materials, answer questions, and handle the multitudinous follow-up details.

The administrative costs are estimated as follows:

100 Personal Services

Clerk IV Range 9 Step B	\$ 12,612
Clerk Typist III Range 8 Step B (part-time 9 mo.)	8,883
Total Salary	21,495
Fringe Benefits 23%	4,943
Total Personal Services	26,438

Travel & Per Diem

State Assessor	1,000	
Consultant	1,000	
Total Travel & Per Diem		\$ 2,000

Contractual Services

Telephone and long distance	2,900	
Postage	1,600	
Printing and advertising - hearing notices, application forms, posters & manual	4,000	
Office Rent - 150 sq. ft. @.55/sq. ft.	990	
Machine Rental and Xerox	400	
Professional Fees	7,316	
Total Contractual Services		\$ 17,206

Commodities

Reference Materials	300	
Office Supplies	300	
Total Commodities		\$ 600

Equipment

Secretarial Desk @370	740	
Secretarial Chair @115	115	
Typewriter @800	1,600	
Calculator @440	440	
Filing Cabinet @230	230	
Total Equipment		\$ 3,125

Total FY 77 Budget Request for Operation of CS SS HB No. 272 am		\$ 49,369
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