

COMMITTEE REPORT

FINANCE

SENATE

2/6/76

Mr. President:

Date MARCH 1976

The Committee on COMMUNITY & REGIONAL AFFAIRS has had SB 614 collection of tax on developed land within the unorganized borough 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:

PATRICK RODEY _____

J L Onini _____

Members NOT concurring in the Majority report:

W. Willis NO REC recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Patrick Rodey Chairman

A M E N D M E N T

OFFERED IN THE SENATE:

Senate Community &
Regional Affairs
Committee

By: _____

To: _____ SENATE BILL No. 614

HOUSE BILL No. _____

PAGE: 1

LINE: 14

DELETE: "1977" ; INSERT: "1978".

Introduced: 2/6/76
Referred: Community and
Regional Affairs and
Finance

1 IN THE SENATE

BY ORSINI

2 SENATE BILL NO. 614

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for assessment, levy and collection
7 of a tax on developed land within the unorganized
8 borough; and providing for an effective date."

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

10 * Section 1. AS 29.03 is amended by adding new sections to read:

11 ARTICLE 2. ASSESSMENT AND TAXATION.

12 Sec. 29.03.100. AD VALOREM TAX ON DEVELOPED LAND WITHIN BOROUGH.

13 (a) An annual tax of 10 mills is levied each tax year, beginning
14 January 1, 1977, on the full and true value of taxable real property
15 located in the unorganized borough and outside home rule or first class
16 cities.

17 (b) The following property is exempt from the tax levied under (a)
18 of this section:

19 (1) unimproved land;

20 (2) real property required to be exempt from local taxation
21 under AS 29.53.020 and exempted by a second class city under AS 29.53.-
22 025(a);

23 (3) real property subject to, or exempt from taxation under
24 AS 43.56 and 43.58.

25 Sec. 29.03.110. CREDIT AGAINST LEVY. (a) The mill levy under
26 this chapter is reduced on property located within a second class city
27 by the number of mills levied on real property by the city and

28 (1) four mills if the city levies a sales tax at a rate
29 greater than one per cent and not over two per cent; or

1 (2) six mills if the city levies a sales tax greater than two
2 per cent and less than three per cent.

3 (b) If the total mill credit under (a) of this section exceeds 10
4 mills or if the sales tax levied by the city is three per cent or
5 greater there is no levy under this chapter.

6 Sec. 29.03.120. PROPERTY EXEMPT FROM EXECUTION SUBJECT TO TAX.
7 Laws exempting certain real property from execution under AS 09 do not
8 exempt the property from the tax levied under sec. 100(a) of this chap-
9 ter.

10 Sec. 29.03.130. ASSESSMENT. Property subject to the tax levied
11 under sec. 100(a) of this chapter shall be assessed by the state asses-
12 sor in the manner provided in AS 29.53.030 - 29.53.040, 29.53.060(a) and
13 29.53.070 - 29.53.130 for assessment of real property in organized
14 boroughs. The state assessor shall exercise the functions of the local
15 assessor and may require returns as authorized to the assembly in
16 AS 29.53.070(a). Insofar as he determines it practicable in ascertain-
17 ing values for the tax levied under sec. 100(a) of this chapter, the
18 assessor may accept the final assessment figures certified by the local
19 assessor of a city in the unorganized borough on property in the city
20 subject to the tax.

21 Sec. 29.03.140. EQUALIZATION. (a) To hear appeals from determi-
22 nations of the assessor under sec. 120 of this chapter, the commissioner
23 of community and regional affairs shall appoint at least five qualified
24 persons to serve at his pleasure as state assessment review officers.
25 At least one officer shall be appointed from each of the four judicial
26 districts and shall be assigned annually to hear assessment appeals at
27 appropriate locations in a district, in the same manner as provided for
28 board of equalization hearings under AS 29.53.140 and such additional
29 regulations as the department may prescribe.

1 (b) State assessment review officers receive no compensation but
2 are entitled to per diem and travel expenses authorized by law for
3 boards.

4 Sec. 29.03.150. COLLECTION. The tax levied under sec. 100(a) of
5 this chapter is payable in full to the Department of Revenue on Septem-
6 ber 30 of the tax year. A penalty of ten per cent shall be added to
7 delinquent taxes and interest at the rate of eight per cent a year shall
8 accrue on all unpaid taxes, excluding penalties, from the due date until
9 paid in full.

10 Sec. 29.03.160. TAX LIEN AND ENFORCEMENT. (a) The tax levied
11 under sec. 100(a) of this chapter and interest and penalty set out in
12 sec. 150 of this chapter are liens upon the property assessed and taxed.
13 With respect to property located outside a city of the borough, the
14 liens are prior and paramount to all other liens or encumbrances against
15 the property assessed. With respect to property located in cities of
16 the unorganized borough, the liens are prior to all liens and encum-
17 brances against the property assessed except liens for taxes levied by
18 the city.

19 (b) Enforcement of the lien of the tax levied under sec. 100(a) of
20 this chapter shall be carried out in the same manner and with the same
21 effect as provided for enforcement of property tax liens under AS 34.-
22 10.070 - 34.10.220.

23 Sec. 29.03.170. PROCEEDS OF TAX. Money collected under secs.
24 100 - 200 of this chapter shall be deposited in a special unorganized
25 borough tax account within the general fund. An amount equal to the net
26 amount of revenue derived under secs. 100 - 200 of this chapter in the
27 preceding year is authorized to be appropriated for the benefit of the
28 unorganized borough.

29 Sec. 29.03.180. FALSE STATEMENT. A person who knowingly makes a

1 false statement in a return required under secs. 100 - 200 of this
2 chapter as to the amount, location, kind or value of property subject to
3 taxation with intent to evade the taxation is guilty of a misdemeanor
4 and upon conviction is punishable by a fine of not more than \$500,
5 or by imprisonment for not more than five days, or by both, together
6 with the costs of prosecution.

7 Sec. 29.03.190. REGULATIONS. The Department of Community and
8 Regional Affairs and the Department of Revenue may adopt regulations as
9 appropriate to carry out their respective duties under secs. 100 - 200
10 of this chapter.

11 Sec. 29.03.200. DEFINITIONS. In secs. 100 - 200 of this chapter

12 (1) "real property" means property as defined in AS 29.78.-
13 010(13);

14 (2) "unimproved land" means land with respect to which the
15 state assessor determines that no current physical addition or altera-
16 tion exists which enhances the utility, value, or income-producing
17 potential of the land.

18 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
19 070(c).

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SBG14

ALASKA STATE LEGISLATURE

NINTH Legislature SECOND Session

SENATE BILL NO. 614

By ORSINI

"An Act providing for assessment, levy and collection of a tax on developed land within the unorganized borough; and providing for an effective date."

collection of tax/land within unorganized borough

Introduced in the Senate, 19....

HISTORY IN THE SENATE

19 76

Read first time and referred to Committee on

2 6

Community & Regional Affairs and Finance

3 17

Reported back with recommendation that *Car: do pass & amend to Finance*

Read second time and

Read third time and

PASS Effective Date
Yeas Yeas
Nays Nays
Absent Absent
Excused Excused

Reconsideration

PASS Effective Date
Yeas Yeas
Nays Nays
Absent Absent
Excused Excused

Reported correctly engrossed
Signed by President
Sent to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

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Reported correctly engrossed
Signed by Speaker
Returned to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Received from House

Reported correctly enrolled

Sent to Governor

..... By Governor

Filed with Lt. Governor

Chapter No.

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH S - JUNEAU 99811

March 2, 1976

Honorable Pat Rodey
Chairman
Senate Community & Regional
Affairs Committee
Alaska State Legislature
State Capitol Building
Juneau, AK

Re: Senate Bill No. 614

Dear Senator Rodey:

Senate Bill No. 614, an Act providing for assessment, levy and collection of a tax on developed land within the unorganized borough was introduced in the Senate on February 6, 1976 and was referred to the Senate Community and Regional Affairs and Finance Committees.

Section 29.03.150 of the proposed legislation provides for collection of the tax while the State Assessor shall provide for the assessment and levy of the tax.

For the consideration of the Senate Community and Regional Affairs Committee, I am enclosing a copy of a Fiscal Note concerning the costs of the Department of Revenue in the collection of the tax, as prepared by Mr. P. A. Wall, Director, Administrative Services Division, Department of Revenue as well as a copy of a memorandum from Mr. Thomas K. Williams, Director, Petroleum Revenue Division, Department of Revenue, Anchorage, Alaska.

If you or any members of the Senate Community & Regional Affairs Committee have any questions on the material submitted, please telephone the writer at 465-2397 and I will contact Mr. Wall for further information or testimony on the portion of the bill concerning the Department of Revenue.

Very truly yours,

R. D. Stevenson
Special Assistant

Honorable Pat Rodey

-2-

March 2, 1976

cc: The Honorable Bill Ray
Chairman
Senate Finance Committee

The Honorable Joe Orsini
Sponsor - Senate Bill No. 614

P. A. Wall
Director
Administrative Services Division
Department of Revenue

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE
 Second Session - Ninth Legislature

I. REQUEST
 Bill No. SB 614
 Title: Relating to Tax on Developed Land within the Unorganized Borough
 Requested by: 2/24/76 Date: 3/2/76
 Return Date Requested: _____
 Agency: REVENUE Program: ADMINISTRATIVE SERVICES

II. FISCAL DETAIL
 Budget Request Unit(s) Affected: _____

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES		20.3	7.8	9.0	20.7	23.8
200 TRAVEL						
300 CONTRACTUAL		4.3	4.9	5.6	6.4	7.4
400 COMMODITIES		.5	.6	.7	.8	.9
500 EQUIPMENT		.5				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	26.6	13.3	15.3	27.9	32.1

B. FUNDING: (Thousands of dollars)

GENERAL FUND		26.6	13.3	15.3	27.9	32.1
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

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

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

A Systems Analyst is assumed to design and program Billing/Receipt System. A 6 month requirement. The State Assessor estimates 17,839 parcels in the initial year. An Accounting Clerk required for 6 months to supervise billings preparation and receipts processing with full year support assumed in FY 80.

Envelopes .2	Systems Analyst - 6 mos.	13.4
Forms 1.1	Act. Clk. II - 6 mos.	6.8
Postage 3.0	Equipment	.5
Commodities .5		

~~IV. ATTACHMENTS~~ - Revenue receives tax roll from Community & Regional Affairs. Prepares tax bills using computer assisted procedures and mails bills. Revenue receives tax remittance, receipts money, posts accounts and transmits money to Treasury.

P. A. Wall

V. DATE: 3/2/76 PREPARED BY: P. A. Wall

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

MEMORANDUM

State of Alaska

TO: R. D. Stevenson
Special Assistant
Department of Revenue

DATE: February 20, 1976

FILE NO:

TELEPHONE NO:

FROM: Thomas K. Williams
Director
Petroleum Revenue Division

SUBJECT: Senate Bill 614

Senate Bill 614 imposes a 10 mill ad valorem tax on real property in the Unorganized Borough and outside home-rule or first-class cities. It exempts real property taxed, or exempted, by AS 43.56 and AS 43.58. Thus SB 614 would not affect real-property interests of an oil and gas nature.

The assessment would be done by the State Assessor, a position in the Department of Community and Regional Affairs. Similarly, appeals would be made to a Board of Equalization appointed by the Commissioner of Community and Regional Affairs. Department of Revenue's only involvement is in collecting the tax, and that would be the function of the Cashier's Office or Treasury, not the Petroleum Revenue Division. Any extra expense or staff should be estimated by those offices.

Petroleum Revenue Division has no idea of the possible assessable value of real property not associated with oil and gas, which is what SB 614 would tax. Therefore no estimate of receipts by Treasury is offered. The State Assessor in the Department of Community and Regional Affairs should have something meaningful to offer on tax proceeds.

TKW:dh

cc: Frederick P. Boetsch
Deputy Commissioner - Taxation

Introduced: 2/6/76
Referred: Community and
Regional Affairs and
Finance

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15 state assessor determines that no current physical addition or altera-
16 tion exists which enhances the utility, value, or income-producing
17 potential of the land.

18 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
19 070(c).

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH S - JUNEAU 99811

March 2, 1976

Honorable Pat Rodey
Chairman
Senate Community & Regional
Affairs Committee
Alaska State Legislature
State Capitol Building
Juneau, AK

Re: Senate Bill No. 614

Dear Senator Rodey:

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For the consideration of the Senate Community and Regional Affairs Committee, I am enclosing a copy of a Fiscal Note concerning the costs of the Department of Revenue in the collection of the tax, as prepared by Mr. P. A. Wall, Director, Administrative Services Division, Department of Revenue as well as a copy of a memorandum from Mr. Thomas K. Williams, Director, Petroleum Revenue Division, Department of Revenue, Anchorage, Alaska.

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Very truly yours,

R. D. Stevenson
Special Assistant

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE
Second Session - Ninth Legislature

I. REQUEST

Bill No. SB 614
 Title: Relating to Tax on Developed Land within the Unorganized Borough
 Requested by: 2/24/76 Date: 3/2/76
 Return Date Requested: _____
 Agency: REVENUE Program: ADMINISTRATIVE SERVICES

II. FISCAL DETAIL

Budget Request Unit(s) Affected: _____

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES		20.3	7.8	9.0	20.7	23.8
200 TRAVEL						
300 CONTRACTUAL		4.3	4.9	5.6	6.4	7.4
400 COMMODITIES		.5	.6	.7	.8	.9
500 EQUIPMENT		.5				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	26.6	13.3	15.3	27.9	32.1

B. FUNDING: (Thousands of dollars)

GENERAL FUND		26.6	13.3	15.3	27.9	32.1
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

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

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

A Systems Analyst is assumed to design and program Billing/Receipt System. A 6 month requirement. The State Assessor estimates 17,839 parcels in the initial year. An Accounting Clerk required for 6 months to supervise billings preparation and receipts processing with full year support assumed in FY 80.

Envelopes .2	Systems Analyst - 6 mos.	13.4
Forms 1.1	Act. Clk. II - 6 mos.	6.8
Postage 3.0	Equipment	.5
Commodities .5		

~~Revenue receives tax roll from Community & Regional Affairs. Prepares tax bills using computer assisted procedures and mails bills. Revenue receives tax remittance, receipts money, posts accounts and transmits money to Treasury.~~

V. DATE: 3/2/76

PREPARED BY: P. A. Wall

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

MEMORANDUM

State of Alaska

TO: R. D. Stevenson
Special Assistant
Department of Revenue

DATE: February 20, 1976

FILE NO:

TELEPHONE NO:

FROM: Thomas K. Williams
Director
Petroleum Revenue Division

SUBJECT: Senate Bill 614

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STATE OF ALASKA

DEPARTMENT OF REVENUE

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MAN MONTHS (P./T.)	/	12 /	6 /	6 /	12 /	12 /

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Forms 1.1	Act. Clk. II - 6 mos.	6.8
Postage 3.0	Equipment	.5
Commodities .5		

~~IV. ATTACHMENTS~~ - Revenue receives tax roll from Community & Regional Affairs. Prepares tax bills using computer assisted procedures and mails bills. Revenue receives tax remittance, receipts money, posts accounts and transmits money to Treasury.

V. DATE: 3/2/76 PREPARED BY: P. A. Wall

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

MEMORANDUM

State of Alaska

TO: R. D. Stevenson
Special Assistant
Department of Revenue

DATE: February 20, 1976

FILE NO:

TELEPHONE NO:

FROM: Thomas K. Williams
Director
Petroleum Revenue Division

SUBJECT: Senate Bill 614

Senate Bill 614 imposes a 10 mill ad valorem tax on real property in the Unorganized Borough and outside home-rule or first-class cities. It exempts real property taxed, or exempted, by AS 43.56 and AS 43.58. Thus SB 614 would not affect real-property interests of an oil and gas nature.

The assessment would be done by the State Assessor, a position in the Department of Community and Regional Affairs. Similarly, appeals would be made to a Board of Equalization appointed by the Commissioner of Community and Regional Affairs. Department of Revenue's only involvement is in collecting the tax, and that would be the function of the Cashier's Office or Treasury, not the Petroleum Revenue Division. Any extra expense or staff should be estimated by those offices.

Petroleum Revenue Division has no idea of the possible assessable value of real property not associated with oil and gas, which is what SB 614 would tax. Therefore no estimate of receipts by Treasury is offered. The State Assessor in the Department of Community and Regional Affairs should have something meaningful to offer on tax proceeds.

TKW:dh

cc: Frederick P. Boetsch
Deputy Commissioner - Taxation

Introduced: 2/6/76
Referred: Community and
Regional Affairs and
Finance

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BY ORSINI

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3 IN THE LEGISLATURE OF THE STATE OF ALASKA

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14 January 1, 1977, on the full and true value of taxable real property
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1 (2) six mills if the city levies a sales tax greater than two
2 per cent and less than three per cent.

3 (b) If the total mill credit under (a) of this section exceeds 10
4 mills or if the sales tax levied by the city is three per cent or
5 greater there is no levy under this chapter.

6 Sec. 29.03.120. PROPERTY EXEMPT FROM EXECUTION SUBJECT TO TAX.
7 Laws exempting certain real property from execution under AS 09 do not
8 exempt the property from the tax levied under sec. 100(a) of this chap-
9 ter.

10 Sec. 29.03.130. ASSESSMENT. Property subject to the tax levied
11 under sec. 100(a) of this chapter shall be assessed by the state asses-
12 sor in the manner provided in AS 29.53.030 - 29.53.040, 29.53.060(a) and
13 29.53.070 - 29.53.130 for assessment of real property in organized
14 boroughs. The state assessor shall exercise the functions of the local
15 assessor and may require returns as authorized to the assembly in
16 AS 29.53.070(a). Insofar as he determines it practicable in ascertain-
17 ing values for the tax levied under sec. 100(a) of this chapter, the
18 assessor may accept the final assessment figures certified by the local
19 assessor of a city in the unorganized borough on property in the city
20 subject to the tax.

21 Sec. 29.03.140. EQUALIZATION. (a) To hear appeals from determi-
22 nations of the assessor under sec. 120 of this chapter, the commissioner
23 of community and regional affairs shall appoint at least five qualified
24 persons to serve at his pleasure as state assessment review officers.
25 At least one officer shall be appointed from each of the four judicial
26 districts and shall be assigned annually to hear assessment appeals at
27 appropriate locations in a district, in the same manner as provided for
28 board of equalization hearings under AS 29.53.140 and such additional
29 regulations as the department may prescribe.

1 (b) State assessment review officers receive no compensation but
2 are entitled to per diem and travel expenses authorized by law for
3 boards.

4 Sec. 29.03.150. COLLECTION. The tax levied under sec. 100(a) of
5 this chapter is payable in full to the Department of Revenue on Septem-
6 ber 30 of the tax year. A penalty of ten per cent shall be added to
7 delinquent taxes and interest at the rate of eight per cent a year shall
8 accrue on all unpaid taxes, excluding penalties, from the due date until
9 paid in full.

10 Sec. 29.03.160. TAX LIEN AND ENFORCEMENT. (a) The tax levied
11 under sec. 100(a) of this chapter and interest and penalty set out in
12 sec. 150 of this chapter are liens upon the property assessed and taxed.
13 With respect to property located outside a city of the borough, the
14 liens are prior and paramount to all other liens or encumbrances against
15 the property assessed. With respect to property located in cities of
16 the unorganized borough, the liens are prior to all liens and encum-
17 brances against the property assessed except liens for taxes levied by
18 the city.

19 (b) Enforcement of the lien of the tax levied under sec. 100(a) of
20 this chapter shall be carried out in the same manner and with the same
21 effect as provided for enforcement of property tax liens under AS 34.-
22 10.070 - 34.10.220.

23 Sec. 29.03.170. PROCEEDS OF TAX. Money collected under secs.
24 100 - 200 of this chapter shall be deposited in a special unorganized
25 borough tax account within the general fund. An amount equal to the net
26 amount of revenue derived under secs. 100 - 200 of this chapter in the
27 preceding year is authorized to be appropriated for the benefit of the
28 unorganized borough.

29 Sec. 29.03.180. FALSE STATEMENT. A person who knowingly makes a

1 false statement in a return required under secs. 100 - 200 of this
2 chapter as to the amount, location, kind or value of property subject to
3 taxation with intent to evade the taxation is guilty of a misdemeanor
4 and upon conviction is punishable by a fine of not more than \$500,
5 or by imprisonment for not more than five days, or by both, together
6 with the costs of prosecution.

7 Sec. 29.03.190. REGULATIONS. The Department of Community and
8 Regional Affairs and the Department of Revenue may adopt regulations as
9 appropriate to carry out their respective duties under secs. 100 - 200
10 of this chapter.

11 Sec. 29.03.200. DEFINITIONS. In secs. 100 - 200 of this chapter

12 (1) "real property" means property as defined in AS 29.78.-
13 010(13);

14 (2) "unimproved land" means land with respect to which the
15 state assessor determines that no current physical addition or altera-
16 tion exists which enhances the utility, value, or income-producing
17 potential of the land.

18 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
19 070(c).