

HB-272

"An Act providing for property tax equivalency payments to senior citizensrenters."

# COMMITTEE REPORT

4/10/75

HOUSE

FINANCE

Mr. Speaker:

Date 4-11-75

The Committee on CSRA has had SSIB 272

under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) 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:

<u>[Signature]</u>	recommends: <u>No BEC</u>
_____	recommends:
_____	recommends:
_____	recommends:
_____	recommends:

[Signature] Chairman

A M E N D M E N T

OFFERED IN THE HOUSE:

By: House Community  
& Regional Affairs

To: Amend HOUSE BILL No. SSHB 272

SENATE BILL No. \_\_\_\_\_

PAGE: 1

LINE: 15

On page 1, line 15, after the word "department" delete  
the words "in cooperation with the municipalities".

TAPE #6  
side 2  
1130-end

HOUSE COMUNITY & REGIONAL AFFAIRS COMMITTEE

Meeting Minutes  
March 26, 1975

Meeting was called to order at 10:00 for discussion of HB 261 and HB 272. Present were:

Rep. Sam Cotten, Chairman	Rep. Larry Davis
Rep. Kathryn Ostrosky	Rep. Mike Hreshberger
Rep. Al Ose	Rep. Oral Freeman
Rep. Glenn Hackney	
Barbara Enslert Thomas, Staff	
Andrea Guernsey, Staff	
Bob Dozier, State Assessor	
Rep. Gruening, Sponsor 272	
Danny Plotnick, Office on Aging	
Don Berry, Municipal League	

HB 261

1130-Cotten gives in trodution.  
(1143) Dozier explains the whys of the \$10,000 limit.

Because Rep. Malone, Sponsor, couldn't be here the meeting was postponed until later.

HB 272 was then taken up.

(1212) Rep. Gruening, Sponsor, gave testimony. Home owners have more advantage than renters in deduction of taxes and equity. Rebate for renters needed. HB 272 allows payment on monthly basis, different from SB 218 and HB 168. Dept. of C&RA reimburses. Apportionment is the problem; time element-renter may not be there whole taxable year; how to divided by units. HB 168 proposed by bedrooms; HB 272 leaves it up to C&RA to determine formula.

(1395) Freeman asked for a fiscal note. Gruening had none.

(1414) Freeman asked how many renters. Gruening didn't have figures.

(1471) Dozier explains formula used for determining number. Based on 1970 census- 6,950 senior citizens . 4,000 heads of households in 1976. Renter occupied 25% less valuable than owner occupied. (1525) Cotten asked where 25% came from. Dozier just picked it; could be more or less. \$620,000 using reimbursement formula.

(1600) Dozier-\$33,000 for present owner occupied senior citizen program. Double that for renter. 2,000 renters would apply for program.

(1650) Freeman suggests setting up fund which would return set amount, say \$30. Take the burden off municipalities.

(1700) Hershberger says let it be returned along with State income tax. Let one dept. take care of it.

(1757) Plotnick reads statement of the position of Office on Aging and HESS. Said there are presently 7,800 senior citizens in State. (65 or over)

Meeting adjourned at 10:00 (end side 2)

HOUSE COMMUNITY & REGIONAL AFFAIRS COMMITTEE

Meeting Minutes  
March 27, 1975

Meeting was called to order at 9:00 by discussion of HB 272, 168. Present were:

Representative Sam Cotten, Chairman  
" Oral Freeman  
" Mike Hershberger  
" Al Ose

Barbara Erglert Thomas, Staff  
Andrea Guernsey, Staff  
Bob Dozier, State Assessor  
Don Berry, Municipal League

(1403) Cotten gives introduction.

(1417) Freeman wants to know what guarantee municipalities have that they will be reimbursed? Proper to have appropriation bill along with this? What part of State money would it come from? (1435) Cotten assumes from the operating budget.

(1458) Berry said that if all tax rebates are reimbursed you need to look somewhere else for the money--revenue sharing.

(1473) Ose talks about appropriation.

(1500) Freeman explains how Finance committee works with budget and appropriation bills.

(1529) Berry says to send bill out as social services program; why tie it into property tax of local community. (1544) Dozier says HB 168 does not particularly involve municipality. Reimbursement under 168 direct from Dept. to individual. (1557) HB 168 fine with MUNICIPAL League, Berry said.

(1575) Dozier suggest formula, not tied down enough in 168. Compare actual tax paid to actual rent paid.

(1637) Ose asks if renter would have to keep receipts and turn in for rebate? Dozier-Landlords don't always go on receipts. There would be a form made out by the landlord and would indicate rent and time lived there.

(1678) Hershberger doesn't understand this kind of legislation. Philosophy of rebate? He is opposed to this.

(1702) Ose asked if this would encourage landlords to raise rent? Dozier-Don't know.

(1720) It's obviously a possibility, Cotten said.

(1728) Hershberger-what is problem with formula? Question of whether Dept. should rebate. Hershberger suggests putting sign by door of rental space. But that would assume value of unit never changes.

(1764) Bill initially conceived to allow renters same break as home owners. Hershberger-says his property tax is penalty for being homeowner which renter doesn't pay. But HOME owners build equity, Cotten explained.

(end side 1)

(side 2)

9- Cotten-Bill trying to keep elderly in State. (34) Backlog of bills like this.

Dozier suggests study to determine best land use policy.

(115) Ose notes there is no residency requirement for this bill.

Cotten comments on land use policy. Rep. Freeman makes extensive comments on his views.

(end 494) Meeting adjourned at 10:00.

House Committee on  
COMMUNITY & REGIONAL AFFAIRS

Meeting Minutes  
April 2, 1975

Meeting was called to order at 9:00 for discussion of HB 272. Present were:

Representative Sam Cotten, Chairman	Barbara Englert Thomas, Staff
" Kathryn Ostrosky	Andrea Guernsey, Staff
" Oral Freeman	Bob Dozier, State Assessor
" Glenn Hackney	Danny Plotnick, Office on Aging
" Al Ose	Rep. Clark Gruening, Sponsor
" Larry Davis	

Rep. Freeman thinks the concept would be cleaner if you just gave a person 65 or older a check each month for X amount of Dollars. (190) Ostrosky agrees with Freeman. It would eliminate a lot of the statistical figuring. An across the board figure would benefit low income people more than high income.

Rep. Ose would like to see a residency requirement in the bill.

(307) Rep. Gruening arrived and gave his presentation. He's decided that the municipalities doing the administration would be unworkable. HB 168 has a better approach by doing it through the Department of C&RA, but the bedroom formula in 168 is unworkable. He wants to use a rental tax certificate instead of rental receipts. He suggests using a formula based on a rental percent for each municipality and the department will figure.

The other way it might be possible to do it would be through the dept. of Revenue using the income tax form. Maybe a %10 figure--this would be too high for one municipality and too low for another.

Gruening would like to see an residency requirement but it is probably unconstitutional.

(448) Ose has 3 questions. 1) people working--the dept will have discretion; 2) TOP limit on rebate is a good idea; 3) longevity bonus concept won't work here.

(492) Freeman would like to see a new bill which would simply subsidize people X dollars a month. Gruening said a direct subsidy won't work because of political reasons.

(604) Freeman said you are giving the most help to people who least need it when it is done on a percentage basis. Clark said his idea would take an average which would benefit the low income person slightly more.

Cotten asked about the renter certificates. Clark said they are not presently in use but other states do use them. It would be a consistent form which the renter could take to the landlord. Clark said he envisions yearly payments in a lump sum right now.

He is going to prepare a sponsor substitute using his rental percentage formula and have it ready early next week. Meeting adjourned at 10:00 (838)

House Committee on  
COMMUNITY & REGIONAL AFFAIRS

Meeting Minutes  
April 11, 1975

Meeting was called to order at 9:10 to discuss SSHB 272. Present:

Representative Sam Cotten, Chairman

" Al Ose  
" Oral Freeman  
" Kathryn Ostrosky  
" Larry Davis  
" Glenn Hackney

Barbara Englert Thomas, Staff

Andrea Guernsey, Staff

Rep. Gruening, Sponsor

Bob Dozier, State Assessor

Don Berry, Municipal League

PAGE L, LINE 15

Rep. Freeman doesn't like the words "in cooperation with the municipality" on page 1, line 15. He wants the municipality to be relieved of any burden. Berry would like to see it removed but can't see any other way to compute without their help. Hackney noted that the dept. had their figures. Freeman didn't want any question who's responsibility it is. Gruening didn't think it was material to bill.

AMENDMENT

Rep. Freeman made a motion to amend line 15-- delete " incooperation with the municipality". Without objection this became amendment #1.

Dozier said the bill didn't specify when the person must be 65. At the time they file? The consensus of the committee was that they would collect from the time they were eligible. Could interpret eligible for whole year.

REPORT OUT

Freeman made a motiom to report the bill out of committee as amended with individual recommendations. Without objection it was so moved.

The committee now continued discussion of HB 246. Continued discussion of Ose's problem with the 2 mile limit. Freeman doesn't like the idea of taking away someones license after already issued. Suggests there should be a resolution to ABC Board asking to recognize the wishes of the people.

Meeting adjourned at 10:00.



# Alaska State Legislature

## Senate

JUNEAU, ALASKA

Date: March 25, 1976

### MESSAGE TO THE HOUSE

MR. SPEAKER:

The Senate has passed COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 272 amended (property tax equivalency payments to senior citizen renters) with the following amendment:

Page 1, line 6: Change title to read:

"An Act relating to property tax equivalency payments and exemptions for senior citizens."

Page 1, between lines 8 and 9: Insert a new section 1 to read:

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

(e) [AFTER JANUARY 1, 1973] The [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 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 exempted under this subsection which the assessor determines, after notice and hearing to

*Don McLaughlin*  
Senate Secretary

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."

Renumber remaining section accordingly.

Page 1, line 18: After "applicant" insert "or \$250, whichever is less,"

and so, COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 272 amended by the Senate (property tax equivalency payments and exemptions for senior citizens) is transmitted herewith for your consideration.

# MEMORANDUM

## State of Alaska

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

DIVISION OF LOCAL GOVERNMENT ASSISTANCE

TO: Lynn A. Wegener  
Administrative Officer

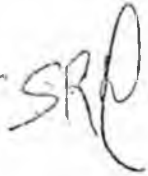
DATE: March 11, 1975

THRU: Jack Chenoweth  
Director

FILE NO:

TELEPHONE NO:

FROM: S. Robert Dozier  
State Assessor



SUBJECT: HB. No. 168; an act providing for property tax reimbursement payments to a senior citizen who rents his residence.

It is estimated that state reimbursement, direct to individual senior citizens, under provisions of HB No. 168 in present form, will, during the year 1976, involve approximately 1995 tenant senior citizens, \$625,000 in direct state reimbursement payments, and that the cost of administration will total approximately \$50,000.

The estimate is based on the assumption that the definition of "residence" as implied in Sec. 34.08.010(b) of the bill corresponds to the definition of "permanent place of abode" as adopted for the administration of AS 29.53.020(e) and defined in Alaska Administrative Code Regulations 19 AAC 35.120(4).

"Permanent place of abode" means a dwelling or a dwelling unit in a multiple dwelling including lots and outbuildings, or an appropriate portion thereof, which are necessary to convenient use of the dwelling unit.

This assumption would appear necessary, when considering the confusing statements in HB No. 168, Sec. 34.08.010(a), relating to reimbursement of that portion of the rent on the residence which is attributed to local property tax assessed on the residence as opposed to the formula set out in Sec. 34.08.040(a)(1)-(2) of the bill for estimating the required reimbursement. (1) Under provisions of subsection (a)-(1), the wording implies that reimbursement shall be based on an amount equal to the entire local property tax assessed on the property. No restriction is stated should the single family residence be situated on a large tract of land which, under terms of the lease or rental agreement may be used by the lessee. (2) Under provisions of subsection (a)-(2), the wording implies that reimbursement is contingent on the number of bedrooms in the applicant's residence as compared to the total number of bedrooms in the building. The wording fails to consider the square foot area and floor plan of the residence as it relates to the total property value, which may be a duplex, an apartment or any combination of an apartment-business multipurpose building.

The estimated state reimbursement figure of \$625,000 is based on projected 1970 Census data together with historic and estimated population and cost data compiled and analyzed concerning administration of the Senior Citizen Property Tax Exemption Program AS 29.53.020(e).

TABLE I: Estimated Population Data

The 1970 census reported state population of	302,361
Residents 65 years of age, 2.3%	6,950
Heads of households, 65 years of age, 1.3%	3,930
1975 census estimated by the Department of Labor was	357,200
The annual increase in population, averaged for the past 5 years, is	10,968
The above projections would indicate that the population in 1976 will total	368,168
For purposes of this report the 1976 census is rounded downward to	365,000
The same percentages attributed to senior citizens as indicated in the 1970 census, are used below;	
Residents, 65 years of age, 2.3%	8,395
Heads of households, 65 years of age, 1.3%	4,745

In 1974 the Department received 1958 application forms from boroughs and cities which administered the program. 70 applications were rejected due to late filing and one because the applicant reached his 65th birthday after January 1, 1974, 1887 were approved. As indicated in Table II below, the average amount of tax per application was \$335 for a total state reimbursement of \$631,890.

A total of 2496 application forms were filed on or before January 15, 1975. The 32% increase over 1974 is not likely to continue as the program has been well publicized both by the state and by units of local government and the majority of eligible applicants, no doubt, have filed. Therefore only a 10% increase in the number of applicants is estimated for 1976.

The 11.5% annual increase in property values or average tax per application as indicated for 1975 over 1974 can reasonably be expected to continue its trend for the next few years.

As indicated in Table I the estimated number of heads of households estimated for 1976 is 4745. Using the 1970 census data and actual data compiled for owner occupied senior citizens as a base, owner occupied residences would total 2750 and tenant occupied residences would total 1995.

Residential property owned by senior citizen is, in general, of a higher quality than that which can be afforded by a tenant, primarily because, the owner occupied property has, in whole or in part, been paid off before retirement, while the tenant's rent receipts reflect full amortization of the landlord's investment plus taxes. To reflect this difference, a 25% discount in average tax per application is given for tenant occupied housing.

TABLE II: Estimated Property Tax Revenue  
AS 29.53.020(e) Senior Citizen Property Tax Exemption  
Owner Occupied Housing

YEAR	NO. APPLICATION	%increase	AVERAGE TAX	%Income	TOTAL REVENUE
1974	1887	(actual)	335		631,890(actual)
1975	2496	(actual 32%)	373	11.5%	931,429(est.)
1976	2750	(estimated 10%)	415	11.5%	1,141,250(est.)

House Bill No. 168

Tenant Occupied Housing

1976	1995	(estimated)	311	(discounted 25%)	620,445(est.)
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The above table indicates that the 1976 senior citizen owner occupied property tax exemption program AS 29.53.020(e) will require a legislative appropriation of \$1,141,250 and that for HB No. 168 the proposed tenant occupied Senior Citizen Reimbursement Program, the amount of state reimbursement is estimated to be \$620,000, for a total estimated reimbursement cost to the state of \$1,761,250.

Administration of House Bill No. 168 will require the following:

1. The development of detailed Alaska Administrative Code Regulations.
2. Application forms must be developed and made available to the general public at the office of the Borough Assessor or City Clerk.
3. Instructions for assisting applicants should be prepared for the municipal official assigned to assist applicants.
4. As the applications must be filed on or before January 15, 1976, all application forms filed with the municipality may be forwarded to the Department on or about February 1.
5. The Department will screen all applications received for determining eligibility and for separating the forms into five categories; 1. single family residence and subdivisions, 2. condominiums, 3. duplex and apartments, 4. multipurpose buildings, and 5. forms incomplete with additional information required and marginal eligibility status will require extensive correspondence and field inspection.
6. Assessed values and equivalent amounts of tax will be determined to the extent possible through research of local assessment records. Farm residences, apartments and multipurpose buildings will require an examination of the municipal building cards and actual inspection and field appraisal by the appraiser assigned to the office of the State Assessor. Actual appraisal of all property except residences situated on subdivided lots or tracts will be required to determine the residence value as it applies to the total assessed property value.
7. Rent receipts to be submitted by the applicant to the Office of the State Assessor before December 31 of the year, are required under the bill for determining the number of months of residency and the percentage of equivalent tax for state reimbursement. In many cases, the appraiser will again be required to inspect local assessment records and appraise property when it is indicated by rent receipts that the tenant changed the location of his residence during the year covered by the application.

8. Before March 1, or before the start of the following year's program, a final reimbursement roll shall be prepared by the Office of the State Assessor and payment vouchers requested for all senior citizens qualifying under the program.
9. The bill fails to provide the taxpayer with adequate appeal procedure.

There are seven major areas of responsibility presently allocated to the Office of the State Assessor.

1. Determination of full and true value of taxable real and personal property within all organized boroughs and all cities outside organized boroughs except cities of the second class. (AS 14.17.140)
2. Senior Citizens Property Tax Exemption (AS 29.53.020(e))
3. Farm and Agricultural Land Deferred Tax AS 29.53.035
4. Publications
  - (a) Alaska Taxable and
  - (b) update and revise periodically the Residential Appraisal Cost Manual for Alaska assessors
5. Proposed legislation: Research, analysis and fiscal data
6. General Assistance: Property tax administration, appraisal problems, reappraisal contracts, and interpretation of State law and opinions.
7. Correspondence: Existing programs intra-and-inter-state.

TABLE III Office of the State Assessor

<u>Present staff</u>	<u>Additional staff required</u> <u>HB No. 168</u>
1. State Assessor	1. Assistant State Assessor Appraiser III
2. Research Assistant	2. Clerk Typist II
3. Clerk Typist III	
4. Clerical Aid Full time	

Administration of HB No. 168 will require the addition of 2 positions and the upgrade of one position. 1. Assistant State Assessor Grade 19. 2. Clerk Typist II Grade 7 and upgrading of the Research Assistant range 10 to Research Analyst I to Grade 13.

Duties and responsibilities of:

- A. Assistant State Assessor(new position)
  1. Compile assessed value data on all applications.
  2. Determine the total assessed value of the property.
  3. Appraise the value of the residence as it applies to the value of the total property.
  4. Determine the service area and rate of tax levied for the area of the borough in which the residence is located.
  5. Assist the State Assessor in other property appraisal and program responsibilities.

B. Local Gov. Specialist/Special Program Research Analyst (upgrade from Research Assistant)

1. Shifting of a portion of existing duties to subordinates.
2. Set up new program procedures.
3. Assist with drafting of Administrative Code Regulations.
4. Responsible for special programs, operation, maintenance, auditing and reimbursement.

C. Clerk Typist(new position)

1. Assumption of existing program duties which are shifted from existing staff requirements.

Table IV, Column 2, illustrates the clerical workload of the State Assessor's Office during 1974 in the three main procedure areas. Column 1 has broken out some program phases for purposes of comparison with the projections carried out in Table V.

It is considered reasonable to equate the various categories of clerical assistance now being rendered to the projected work load required for administration of HB 168. From Table IV and V below, it is projected that it will require about 13.7 months of full-time clerical assistance to fulfill the requirements of HB No. 168 and, in addition, approximately 2.1 months, using about 70% of a full-time clerk's time for three months, to perform the work necessary to get the initial program under way.

Approximately 55% of Research Assistant time, 75% of Clerk-Typist time and 90% of Clerical Aide time is spent carrying transaction data through the market data survey to the full value determination and the publication of "Alaska Taxable," i.e. The Assessment Sales Ratio Study.

The Assessment-Sales Ratio Study has further been broken into categories for the purpose of this projection: (1) deed preparation; (2) questionnaire mailout; (3) posting and filing of market data, assessed values and ratio calculations.

Secretarial support accounts for 15% of Research Assistant time, 25% of Clerk Typist time and 10% clerical aid time.

Nearly 30% of Research Assistant time is invested in the Senior Citizen Program and other special programs and projects.

TABLE IV: Analysis of 1974 personnel expenditures:

ASSESSMENT-SALES RATIO STUDY	Research Assistant	Clerk Typist III	Clerical Aide
Deed Preparation	30%	10%	
Questionnaires	5%	20%	80%
Market Data	20% 55%	45% 75%	10% 90%
SECRETARIAL SUPPORT	15%	25%	10%
SPECIAL PROJECTS			
Senior Citizen	15%		
Other	15% 30%		

Table V demonstrates the estimated amount of clerical time required to perform the various procedures that appear necessary for proper administration of the program outlined in HB 168.

To screen and categorize an estimated 2,000 tenant applications would be comparable, in time spent, to the 1974 senior citizen program audit or 15% of a clerical year, = 1.8 months. About 33% of typist time over a three-month span would be required for clarification correspondence related to the applications, or 1.0 months.

The posting and "paper" assessment of property values was equated to the market data survey which involves approximately 3,000 confirmed sales. This indicates about 50% of a full-time clerk would be required for this phase = 6 months.

Audit and calculation of reimbursement payments would be again comparable to the 1974 senior citizen program with perhaps some added detail, and would require an estimated 20% of a clerical year, or 2.4 months. Reimbursement and mailing would require 70% of a clerk's time for at least one month = .7 months.

Additional file maintenance and secretarial support could require, as an ultraconservative estimate, an added .8 clerical months.

Program Initiation, such as drafting regulations, forms preparation and distribution is estimated to require about 70% over a three month span, of a clerk's time = 2.1 months.

TABLE V: Clerical Assistance Requirements for Administration of HB 168:

	<u>% of Time Required</u>	<u>No. months Duration</u>	<u>Portion of Clerical Year</u>
Screen/categorize	15%	12	1.8
	33%	3	1.0
Posting/assessment	10%	12	1.2
	40%	12	4.8
Audit/accounting/calc.	20%	12	2.4
Reimbursement/mail	70%	1	.7
Files/sec. support	15%	12	1.8
Program Initiation	70%	3	2.1
			<u>13.7</u>
			<u>15.8</u>

TABLE VI: Cost of Administration HB 168:

100 Personal Services

Assistant State Assessor Grade 19	1736 X 12	20,832
Clerk Typist II Grade 7	760 X 12	9,120
Upgrade Research Assistant to Grade 13 (Research Analyst Grade 13 1116)	171 X 12	2,052
(Research Assistant Grade 10 945)		
Total Salary		32,004
Fringe Benefits 17%		5,441
Total Personal Services		<u>37,445</u>

200 Travel & Per Diem

## Assistant State Assessor

Travel to the majority of municipalities which levy taxes, two and three visits in some cases, requiring not only inspection of assessment records, but actual field appraisals, may be necessary to complete each year's program.

Air fare	2,000	
Car Rental	1,000	
Per Diem	<u>3,000</u>	
Total Travel & Per Diem		<u>6,000</u>

300 Contractual Services

310 Comm. Serv.	900	
311 Telephone	1,000	
314 Postage	500	
320 Printing & Advertising	1,000	
330 Space rent	900	
340 Repairs	100	
360 Equipment rental	200	
390 Other fees(Legal)	<u>500</u>	
Total contractual		<u>5,100</u>

400 Commodities

Reference materials	300	
Office supply	<u>300</u>	
Total commodities		<u>600</u>

500 Equipment

2 desks @200	400	
2 chairs @50	100	
2 typewriters @600	1,200	
1 calculator @600	600	
1 filing cabinet @125	<u>125</u>	
Total Equipment		<u>2,425</u>

Total FY 76 Budget request		<u>\$51,570</u>
for operation of HB No. 168	Rounded to	\$50,000

The assessor's office of the City and Borough of Juneau has estimated that administrative costs to the borough for the 1974 senior citizen reimbursement program included 446 personnel hours.

Estimating 25%, or 112 hours, of this time as being appraiser time at approximately \$10/hour and 75%, or 335 hours, of clerical time, of which perhaps half was assessment clerk time at an estimated \$6.50/hour and half general clerical time at \$4.50/hour, the wage package, including employee benefits at a rate of 17%, would total \$3,464. Given the 197 valid applications processed by the Juneau borough last year the figure of \$17.50 may be derived per application. Based on the 1,887 applications funded, it may be assumed that local municipalities absorbed approximately \$33,000 in administrative costs for the 1974 statewide program.

TABLE VII: Administrative Cost Per Application

<u>No. of Personnel Hours</u>	<u>Average Wage Rate</u>	<u>Total Cost</u>
112 hours	\$10.00/hour	\$1,120
167 hours	6.50/hour	1,085
167 hours	4.50/hour	751
<u>446 hours</u>		<u>\$2,956</u>
Employee Benefits @ 17%		503
Total Wage Expense		<u>3,459</u>
No. of Applications		<u>197</u>
Total Per Application Cost 1974 program		\$17.50

By considering the relative complications inherent in the respective programs it may be estimated that the per application cost will be from 50% to 100% greater for the program outlined in HB 168. A per application cost of, from \$26 to \$35, on an estimated 2,000 claims will project the total administrative costs of the program to the local municipalities across the state to a total of between \$52,000 and \$70,000.

Recommendations:

1. The tenant occupied senior citizen reimbursement plan can be administered by municipalities in conjunction with the AS 29.53.020(e) the Senior Citizen Property Tax Exemption or administered by the Department of Community and Regional Affairs. Administration of the property tax is a function of the municipality which deals almost entirely with ownership rights in taxable real and personal property and has no direct contact with a tenant which may occupy the owner's property.

There is no doubt that administration of the program at the grass roots can be administered more effectively and efficiently, as the municipality has the legal machinery necessary to carry out the program, by simply adopting an appropriate ordinance.

As indicated above, the cost to all municipalities in the State for administering the Senior Citizen Property Tax Exemption Program(AS 29.53.020(e)) in 1974 amounted to approximately \$33,000. A tenant occupied reimbursement program can be expected to cost at least twice as much for the same number of applications due to the extensive appraisal allocations necessary. As the program progresses however, the costs will be reduced as appraisal allocation data is compiled for apartments and multi-purpose buildings and as appraisal allocation information is added as a programmed part of each year's reassessment project.

Municipalities should be compensated for the administrative costs involved on both reimbursement programs. The amount of compensation should be determined each year by the Department based on a set formula rather than by an amount annually billed to the State without adequate control.

II. HB No. 168 can be administered in total by the Department or in conjunction with the Alaska State Income tax program according to a formula as determined annually by the Department.

Using three Juneau, and two Ketchikan, properties as readily available examples, it becomes apparent that the property tax comprises a higher percentage of the total rent in middle to high income housing and would constitute a lesser value of the total rental in low income housing. It seems reasonable to expect that the great majority of the qualified senior citizens would not be housed in middle and high rental units but rather in lower income housing units.

It may be demonstrated that the percentage of property tax to rent receipts would become progressively greater as the mill rate increases. A formula, as demonstrated below, based on rent receipts would apparently subsidize, to some extent, those in lower class rentals while those in higher bracket rentals would be penalized to some degree. This would seem to be the case, although to a lesser degree, in using a straight assessed value times the mill rate computation.

<u>Property Description</u>	<u>Rent Receipts</u>	<u>Assessed Value</u>	<u>Mill Rate</u>	<u>Dollar Amount Reimbursement</u>	<u>% of Receipts/year</u>
Juneau Condo.	425/mo.	35,000	14.83	\$519	10.2%
	5,100/yr.	@ 1/2% per Mill		377	7.4%
Juneau 4-plex	325/mo.	85,600	17.6	1,505/4=376	9.6%
	3,900/yr.	@ 1/2% per Mill		343	8.8%
Juneau Average Trailer	275/mo.	12,000	16.0	192	5.8%
	3,300/yr.	@ 1/2% per Mill		264	8.0%
Ketchikan Duplex	300/mo.	48,700	16.4	798/2=400	11.1%
	3,600/yr.	@ 1/2% per Mill		288	8.2%
Ketchikan Single Family	310/mo.	24,750	16.4	406	10.9%
	3,720/yr.	@ 1/2% per Mill		305	8.2%

### III. House Bill No. 168:

- (a) Fails to limit the reimbursement payment to the head of a household.
- (b) Changes the age eligibility requirement from January 1, of the assessment year to January 15 of the assessment year. The two senior citizen reimbursement programs should have the same "ground rules" or confusion will reign, no matter who or how the program is administered.
- (c) Fails to provide any reduction in reimbursement payments for low-rent subsidized housing.
- (d) Requires reimbursement computations to be based on the number of bedrooms rather than an amount equal to that portion of the property tax the residence bears to the total property value.

The attached Wisconsin State Income Tax Form relate's to state payment or reimbursement of an amount equivalent to the property tax for both tenant and owner occupied residences. The Wisconsin Statutes require a certificate of rent paid, signed and dated by the landlord. Reimbursement credit amounts to 25% of the rent paid but not to exceed \$500. A further limitation is provided, based on total household income for the year.

Attachment  
SRD:nc

WISCONSIN HOMESTEAD CREDIT CLAIM

1973

Mail this claim to: WISCONSIN DEPARTMENT OF REVENUE Post Office Box 59 Madison, Wisconsin 53701

1. LAST NAME (please print or type) First name and initial of claimant First name and initial of spouse Social security number of claimant Social security number of spouse 2. HOME ADDRESS (number and street; if rural, route) MAY WE PLEASE HAVE YOUR PHONE NUMBER? 3. CITY OR POST OFFICE STATE ZIP CODE

IMPORTANT: IF YOU OR YOUR SPOUSE ARE REQUIRED TO FILE A WISCONSIN INCOME TAX RETURN, PLEASE ATTACH THIS CLAIM TO THAT RETURN

- 1. a. Enter your age as of December 31, 1973 b. If you are under 62 years of age, please enter the names and address of your parents 5. Were you claimed as a dependent on anyone else's federal return for any of the years 1971, 1972, or 1973? 6. a. Were you a resident of Wisconsin for all of 1973? b. Enter the name of the Wisconsin county in which you lived during 1973 7. At the present time are you receiving general relief or aid to families with dependent children? 8. If you own your homestead, please answer the following questions: a. Do you owe delinquent taxes on your homestead for prior years? b. Have you paid, or will you pay, the taxes on your homestead for 1973?

ENTER YOUR HOUSEHOLD INCOME BELOW

Use either line 9 OR line 10, and line 11.

9 If you or your spouse are required to file a Wisconsin income tax return, enter the income of each from Form 1, page 1, line 5 or Form 1A, line 8:

- a. Your Wisconsin total income b. Your spouse's Wisconsin total income c. Wages d. Interest e. Dividends f. Other (specify)

HOUSEHOLD INCOME

Table for household income with columns for income types and a total line at the bottom.

ENTER YOUR TAXES AND/OR RENT

A COPY OF YOUR TAX BILL AND/OR PROOF OF PAYMENT OF RENT MUST BE ATTACHED TO THE BACK OF THIS CLAIM

- 13. Enter the amount of taxes which you have paid or will pay on your homestead for 1973 14. Enter one-fourth of the amount of rent which you paid for your homestead in 1973 for occupancy only 15. TOTAL OF LINES 13 AND 14

Table for taxes and rent with columns for amounts and a total line at the bottom.

IF YOU WANT THE DEPARTMENT TO COMPUTE YOUR HOMESTEAD CREDIT FOR YOU, DO NOT COMPLETE LINES 16 THROUGH 19 BELOW

YOUR HOMESTEAD CREDIT COMPUTATION

- 16. Enter the smaller of a. Amount on line 15, or b. \$500 17. Using the income amount on line 12, enter the appropriate figure from 18. Subtract line 17 from line 16 (if line 17 is greater than line 16, enter zero) 19. AMOUNT OF HOMESTEAD CREDIT

Table for homestead credit computation with columns for amounts and a total line at the bottom.

IF THIS CLAIM IS ATTACHED TO A WISCONSIN INCOME TAX RETURN AND YOU DETERMINED LINE 19 ABOVE, CARRY THAT AMOUNT TO FORM 1, PAGE 1, LINE 14 OR FORM 1A, LINE 16

I declare under penalties of law that I have examined this claim (including accompanying schedules) and to the best of my knowledge and belief it is true, correct and complete. If prepared by a person other than claimant, his declaration is based on all information of which he has any knowledge.

Sign here: Claimant's signature, Date, Signature of preparer other than claimant, Date, Spouse's signature (if married, spouse must also sign), Address

Table with columns: County, Year, Type, Manner, Code

- THIS PACKET CONTAINS**
- Certification of Rent Paid
  - Schedule H (Homestead Credit Claim)
  - Instructions
  - Homestead Credit Computation Tables

Detach at this Line

Form 1-017

ATTACH TO  
SCHEDULE H

**CERTIFICATION OF RENT PAID  
FOR HOMESTEAD CREDIT**

WISCONSIN  
DEPARTMENT  
OF REVENUE

PLEASE PRINT	NAME OF CLAIMANT		Social Security Number	Amount of Rent Per Month \$ _____
	Last Name	First Name and Initial	Relationship to Landlord	
NAME OF LANDLORD		LANDLORD'S HOME ADDRESS		
Last Name	First Name and Initial	_____		
_____		_____		
(A) Total Rent Paid For Year	(B) Rental Value Of Furnishings	(C) Value of Utilities Furnished	(D) Value Of Other Furnished Items	(E) Rent Paid For Occupancy Only
\$ _____	\$ _____	\$ _____	\$ _____	\$ _____ <small>(Block A Less B, C and D)</small>

I, the undersigned, do hereby certify that the above information concerning rent paid to me by the above named claimant for and during the year 19\_\_\_\_ is true, correct and complete to the best of my knowledge and belief.

(Date)

(Signature of Landlord or Authorized Representative)

Form 1-017

ATTACH TO  
SCHEDULE H

**CERTIFICATION OF RENT PAID  
FOR HOMESTEAD CREDIT**

WISCONSIN  
DEPARTMENT  
OF REVENUE

PLEASE PRINT	NAME OF CLAIMANT		Social Security Number	Amount of Rent Per Month \$ _____
	Last Name	First Name and Initial	Relationship to Landlord	
NAME OF LANDLORD		LANDLORD'S HOME ADDRESS		
Last Name	First Name and Initial	_____		
_____		_____		
(A) Total Rent Paid For Year	(B) Rental Value Of Furnishings	(C) Value of Utilities Furnished	(D) Value Of Other Furnished Items	(E) Rent Paid For Occupancy Only
\$ _____	\$ _____	\$ _____	\$ _____	\$ _____ <small>(Block A Less B, C and D)</small>

I, the undersigned, do hereby certify that the above information concerning rent paid to me by the above named claimant for and during the year 19\_\_\_\_ is true, correct and complete to the best of my knowledge and belief.

# MEMORANDUM

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

# State of Alaska

DIVISION OF LOCAL GOVERNMENT ASSISTANCE

TO: JACK CHENOWETH  
DIRECTOR

DATE: MARCH 20, 1975

FILE NO:

TELEPHONE NO:

FROM: S. ROBERT DOZIER *S.R.D.*  
STATE ASSESSOR

SUBJECT: FISCAL NOTE AND RECOMMENDATIONS  
FOR HOUSE BILL NO. 272 "AN ACT  
EXTENDING THE BENEFITS OF THE  
SENIOR CITIZEN PROPERTY TAX  
EXEMPTION TO SENIOR CITIZEN  
RENTERS."

## ESTIMATED COSTS - HOUSE BILL NO. 272 FISCAL YEAR 1977

<u>COST OF</u>	<u>NUMBER OF APPLICATIONS</u>	<u>AVERAGE COST PER APPLICATION</u>	<u>PROGRAM COST</u>
Reimbursement	1995	\$311	625,000
Municipal Administration	1995	30.50	61,000 (see recommendations)
Optional Monthly/ Quarterly Payments	1000	10.00	20,000
State Administration	1995	4.00	<u>8,000</u>
Total Program Estimate	1995	\$355.50	714,000

It is estimated that the program will require the reimbursement of 1,995 senior citizen applications in 1976 involving an estimated cost to the State of approximately \$625,000. Reimbursement of administrative costs for the optional system of providing monthly or quarterly payments rather than in one lump sum, may reasonably be estimated to involve approximately \$20,000. This would bring the total reimbursement cost of the program, to about \$645,000.

### RECOMMENDATIONS:

As outlined in the attached recommended amendment to H.B. No. 272, the following are suggested for consideration:

Line 13; resident has been clarified by adding "of the state".

Lines 12, 14, 15 & 16, page 1 and lines 6 & 12, page 2 have been revised to reflect the terminology used in the existing senior citizen program.

Line 18 expands the eligibility requirements to avoid misinterpretation of the definition of a resident "65 years of age or older". Numbering has been added to increase readability of the bill.

A section (lines 21 & 22) has been added, on subsidized housing to call attention to a possible problem area in the proposed program.

It is suggested that (f) be deleted for the reason that it would apparently further administrative complications and seems to add little to the equity of the program, such a system if initiated, would require additional deadlines throughout the year, as well as, screening, verification and reimbursement procedures being increased to as much as 12 times a year. It should also be noted that administrative costs of this service would be difficult to calculate and reimburse equitably, and that the reimbursement process would be inconsistent statewide.

Lines 24 through 28 of the bill have been adjusted to compensate municipalities for the administrative costs of the program under a reimbursement program outlined by the Department.

It has been demonstrated in Table III that the administrative cost to the local municipalities has worked a measurable penalty in regard to the existing owner occupant portion of the senior citizen program. The narrative following Table III further shows that this cost would be much increased by the program proposed by HB 272.

For these reasons it is suggested that municipalities should be compensated for the administrative costs involved in both reimbursement programs and in the interest of reducing administrative expense and possible inequities, the amount of compensation should be determined each year by the Department, based on a set formula rather than by an amount annually billed to the State without adequate control.

ESTIMATE OF ELIGIBLE APPLICANTS:

The estimated state reimbursement figure of \$625,000 is based on projected 1974 census data together with historic and estimated population and cost data compiled and analyzed concerning administration of the Senior Citizen Property Tax Exemption Program AS 29.53.020(e).

TABLE I: ESTIMATED POPULATION DATA

The 1970 census reported state population of	302,361
Residents 65 years of age, 2.3%	6,950
Heads of households, 65 years of age, 1.3%	3,930
1975 census estimated by the Department of Labor was	357,200
The annual increase in population, averaged for the past 5 years, is	10,968
The above projections would indicate that the population in 1976 will total	368,168
For purposes of this report the 1976 census is rounded downward to	365,000
The same percentages attributed to senior citizens as indicated in the 1970 census, are used below;	
Residents, 65 years of age, 2.3%	8,395
Heads of Households, 65 years of age, 1.3%	4,745

As indicated in Table I the estimated number of heads of households estimated for 1976 is 4745. Using the 1970 census data and actual data compiled for owner occupied senior citizens as a base, owner occupied residences would total 2750 and tenant occupied residences would total 1995.

ESTIMATE OF PROPERTY TAX REIMBURSEMENT TO MUNICIPALITIES:

Residential property owned by senior citizen is in general, of a higher quality than that which can be afforded by a tenant, primarily because the owner occupied property has, in whole or in part, been paid off before retirement, while the tenant's rent receipts reflect full amortization of the landlord's investment plus taxes. To reflect this difference, a 25% discount in average tax per application is given for tenant occupied housing.

The 11.5% annual increase in property values or average tax per application as indicated for 1975 over 1974 can reasonably be expected to continue its trend for the next few years.

In 1974 the Department received 1958 application forms from boroughs and cities which administered the program. A total of 70 applications were rejected due to late filing and 1 because the applicant reached age 65 after January 1, 1974, 1887 were approved. As indicated in Table II below, the average amount of tax per application was \$335 for a total state reimbursement of \$631,890.

A total of 2496 application forms were filed on or before January 15, 1975. The 32% increase over 1974 is not likely to continue as the program has been well publicized both by the state and by units of local government and the majority of eligible applicants, no doubt, have filed. Therefore only a 10% increase in the number of applicants is estimated for 1976.

TABLE II: ESTIMATED PROPERTY TAX REVENUE

AS 29.53.020(e) Senior Citizen Property Tax Exemption

Owner Occupied Housing

<u>YEAR</u>	<u>NO. APPLICATIONS</u> <u>% INCREASE</u>	<u>AVERAGE TAX</u>	<u>% INCOME</u>	<u>TOTAL REVENUE</u>	<u>YEAR FUNDED</u>
1974	1887	335		631,890	FY 74
1975	2496-32%	373	11.5%	931,429 est.	FY 76
1976	2750-10% est.	415	11.5%	1,141,250 est.	FY 77

House Bill No. 272

Tenant Occupied Housing

1976	1995 est.	311 discounted 25%		620,445 est.	FY 77
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Table II indicates that the 1976 senior citizen, owner occupied property tax exemption program AS 29.53.020(e) will require a legislative appropriation of \$1,141,250 and that for HB No. 272 the proposed tenant occupied senior citizen reimbursement program, the amount of state reimbursement is estimated to be \$620,000 for a total estimated reimbursement cost to the state of \$1,761,250.

ESTIMATED MUNICIPAL ADMINISTRATIVE COST:

The assessor's office of the City and Borough of Juneau has estimated that administrative costs to the borough for the 1974 Senior Citizen Property Tax Exemption Program included 446 personnel hours, and a projected cost breakdown has been tabulated below:

TABLE III: ADMINISTRATIVE COSTS PER APPLICATION

<u>No. of Personnel Hours</u>	<u>Average Wage Rate</u>	<u>Total Cost</u>
112 hours	\$10.00/hour	\$1,120
167 hours	6.50/hour	1,085
<u>167 hours</u>	<u>4.50/hour</u>	<u>751</u>
446 hours		\$2,956
Employee Benefits @ 17%		<u>503</u>
Total Wage		3,459
No. of Applications		<u>197</u>
Total Per Application Cost 1974 program		\$17.50

Estimating 25%, or 112 hours, of this time as being appraiser time at approximately \$10/hour and 75%, or 335 hours, of clerical time, of which perhaps half was assessment clerk time at an estimated \$6.50/hour and half general clerical time at \$4.50/hour, the wage package, including employee benefits at a rate of 17%, would total \$3,464. Given the 197 valid applications processed by the Juneau borough last year the figure of \$17.50 may be derived per application. Based on the 1,887 applications funded in FY 75 by the State, it may be assumed that local municipalities absorbed approximately \$33,000 in administrative costs for the 1974 state-wide program.

By considering the relative complications inherent in the respective programs it may be estimated that the per application cost will be from 50% to 100% greater for the program outlined in HB No. 272. A per application cost of, from \$26 to \$35, on an estimated 2,000 claims will project the total administrative cost of the program to the local municipalities to between \$52,000 and \$70,000.

Under provisions of Subsection (j) HB No. 272 the state shall reimburse payments made by municipalities to tenants and in addition the state will reimburse that portion of the total administrative costs attributed to a program of monthly or quarterly payments.

Assuming approximately half of the eligible applicants reside within a municipality exercising this option, and that this service would approximate an additional average per application cost of \$10, it may be estimated that the provision would require about \$20,000 in municipal administrative costs reimbursement.

STATE ADMINISTRATIVE COSTS ESTIMATE:

As noted on the attached Man-hour Distribution Table, the cost of the owner occupant senior citizen program is estimated to be 5,187 for program year 1976. Assuming a near comparable number of applicants and assuming a greater detail of regulations, forms and audit procedure of approximately 50%, the administrative costs to the State Assessor's Office is estimated to require an additional \$8,000 or about \$4,00 per application for the first year of operation with a possible reduction in cost once draft regulations, forms preparation and program adjustments are completed.

MAN-HOUR DISTRIBUTION:

The Man-hour Distribution Table has been constructed for the purpose of illustrating the workload distribution of employee ranges through the seven major program categories in the State Assessor's Office. Therefore, wages were frozen at the FY 75 level and projected back, by time percentages, to FY 73 and forward to FY 76. The FY 76 projection does not allow for any new program areas or expansion of existing programs beyond a reasonable growth factor. No allowance was made for inflationary, budgetary or dollar value considerations nor for the fact that some clerical assistance included was furnished through budgetary contributions by other Division/Sections.

The Full Value Determination AS 14.17, includes the entire program from deed acquisition and questionnaire mail-out through market data/assessed value posting and field appraisal to final tabulation of calculations. Adoption of the Greater Anchorage Area Borough computerized market data survey cut the total volume of questionnaires sent and market data posted from approximately 13,500 in FY 73 to a little over 7,000 in FY 74. The growth in sales volume across the State indicates the office will process a probable 11,000 questionnaires in FY 76.

Senior Citizen Property Tax Exemption, AS 29.53.020, includes program initiation in 1973 through municipal instruction/assistance, forms preparation and distribution, revision of Alaska Administrative Code Regulations, to the final collection, audit and reimbursement.

Farm and Agricultural Land Use Deferred Taxation Program, AS 29.53.035, includes a portion of the new program initiation in FY 75 up to the final stages of implementation; thus, projected figures are not based on a full range of previous experience with the program. Alaska Administrative Code Regulations will be finalized in FY 75, after a conference with affected municipal officials.

Publications reflects the annual preparation for publication of the full value determination, property and sales tax rates, summary of assessment/taxation values and policies, program summaries on population data, bonded debt and related data contained in Alaska Taxable. Also, the 1974 revision of the Property Appraisal Cost Manual for Alaska Assessors has been considered as a factor. This publication is scheduled for update and revision every three years.

Legislation includes research and analysis, recommendations and proposed amendments, and the preparation of projected fiscal data concerning administration of proposed and recommended legislation.

Government Assistance includes assistance rendered in the areas of assessment/taxation to Alaska local governments, backup assistance to local government specialists and other state officials and national interaction with federal and state agencies outside Alaska. No consideration has been given to assessor training, an area of responsibility allocated to the State Assessor's Office, since no funding has been available in this regard for the time span covered in this tabulation.

General Office is a "catch-all" category covering areas of interest and responsibility not readily attributed to special programs, including administration, budget, office procedures, etc.

State Assessor range is apparently \$1100 under the actual expenditure in the FY 74/75 budget but proportionate time and comparisons are still valid as illustrated, though, correlation to existing budget figures may be difficult. It should be noted that the ratio of time spent on the determination, government assistance and administration has been penalized to furnish time rendered to the new senior citizen and farm use programs.

Part Time Clerical Aide and Other has been assigned lump-sum, time-values to the volume of work performed by personnel from other offices, part time clerical aides - after school and NYC positions. Percentages were projected from a basic value of \$8,850 assigned to one, full-time clerical position.

It may be noted that progressively more of the market data survey portion of the determination is being delegated to this category in order to free other category time to special programs, technical areas and secretarial support.

Clerk/Typist III reflects a reduction in routine typing/filing time due to greater use of computerized systems and standardization of methods allowing delegation of some duties to lesser positional time. Time spent in areas of secretarial support, sales analysis, and technical typing is increasing. Experience has shown that in order to retain quality assistance, the routine duties of the survey should be spread upon as broad a base as possible to avoid boredom and loss of interest.

Research Assistant has increasingly absorbed research, tabulation, analysis, special program details and routine correspondence by delegating routine secretarial support and routine sales data procedures to other positions. It should be kept in mind that the standardization and delegation of duties that has been a factor in the office's ability to absorb new programs and growth factors has reached saturation and was not considered in projecting FY 75/76 work loads.

Attachments  
SRD:nc

IN THE HOUSE

BY: GRUENING AND DUNCAN

HOUSE BILL NO. 272

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act extending the benefits of the senior citizen property tax exemption to senior citizen TENANTS (RENTERS)."

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

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

Sec. 29.73.060. REBATE OF PROPERTY TAX PAYMENTS TO SENIOR CITIZEN TENANTS (RENTERS). (a) A home rule or general law municipality which levies a REAL (GENERAL) property tax shall make a tax rebate payment to an eligible resident OF THE STATE 65 years of age or older who rents rather than owns HIS PLACE OF ABODE (THE RESIDENCE HE OCCUPIES). The payment shall be in an amount equal to the amount of REAL (GENERAL) property tax paid by the property owner on that PLACE OF ABODE (RESIDENCE) for the period it was occupied by the applicant.

(b) To be eligible for a rebate payment under this section, a person

(1) MUST HAVE REACHED THE AGE OF 65 YEARS ON OR BEFORE JANUARY 1 OF THE YEAR FOR WHICH EXEMPTION IS SOUGHT,

(2) must file an application with the municipal assessor not later than January 15 of the assessment year during which rebate payments are to be claimed, and

(3) must file a separate application for each assessment year for which payments under this section are sought. The application shall be on a form prescribed and provided by the Department of Community and Regional Affairs for use by the municipality.

(c) To obtain rebate payment under this section, the applicant must submit to the assessor rent receipts for the assessment year for which payment is claimed before January 15 of the following assessment year. Payment shall be made to qualified applicants for each assessment year by March 1 of the following year. An applicant is not eligible for rebate payments if the assessor determines, after notice and hearing to the parties concerned, that the landlord-tenant relationship was created primarily for the purpose of obtaining rebate payments. The determination of the assessor is appealable under AS 44.62.560 - 44.62.570.

(d) If an eligible applicant is a TENANT (RENTER) for only part of the assessment year, or if his PLACE OF ABODE (RESIDENCE) is an apartment in a multi-unit building or comprises only a portion of the taxable property, the rebate payment shall be proportionate to the annual assessment on the entire property. The Department of Community and Regional Affairs shall provide guidelines to assist municipalities in computing proportionate payments, in computing payments when an eligible applicant has more than one PLACE OF ABODE (RESIDENCE) during an assessment year, and in computing partial payments under (e) of this section.

(e) If two or more persons occupy a residence as tenants, not all of whom are eligible for rebate payments under this section, the assessor shall determine equitable partial payments to be made to the eligible tenants. However, rebate payments to an eligible applicant may not be reduced because his spouse is less than 65 years of age. If all occupants in a residence are eligible for rebate payments under this section, the occupants shall decide between and among themselves which shall receive payment under this section.

(f) REIMBURSEMENT TO AN OCCUPANT OF A SUBSIDIZED HOUSING UNIT SHALL BE REDUCED IN AN AMOUNT EQUIVALENT TO THE AMOUNT OF THE SUBSIDY.  
(A MUNICIPALITY MAY ESTABLISH A SYSTEM OF MONTHLY OR QUARTERLY PAYMENTS DURING THE ASSESSMENT YEAR IN LIEU OF A SINGLE ANNUAL PAYMENT.)

(g) The state shall reimburse the municipality for the tax rebate payments made under this section, (AND, IN THE CASE OF A MUNICIPALITY WHICH PROVIDES MONTHLY OR QUARTERLY PAYMENTS,) for the cost of administering the REIMBURSEMENT (MONTHLY OR QUARTERLY) payments (.), BASED ON AN APPROPRIATE COST FORMULA TO BE ESTABLISHED BY THE DEPARTMENT.

MAN-HOUR DISTRIBUTION TABLE

	<u>DETERMINATION</u> FY	<u>SENIOR</u> <u>CITIZEN</u>	<u>FARM</u> <u>USE</u>	<u>PUBLICATIONS</u>	<u>LEGISLATION</u>	<u>GOVERNMENT</u> <u>ASSISTANCE</u>
Research Assistant 11,300	72/73 6,780 73/74 5,215 74/75 4,520 75/76 2,825	-0- 1,565 1,695 2,825	-0- -0- 565 565	565 565 1,130 1,695	565 565 1,130 1,130	565 565 565 1,695
Clerk Typist III 10,300	72/73 7,725 73/74 7,210 74/75 6,180 75/76 4,635	-0- 515 515 1,030	-0- -0- -0- 515	515 515 1,030 515	515 515 515 515	515 515 515 515
Part Time 5,752@65% Clerical 6,421@72% Aide & 6,638@75% Other 13,275@150%	72/73 5,752 73/74 4,983 74/75 5,045 75/76 9,623	-0- -0- -0- 332	-0- -0- -0- -0-	-0- 575 266 664	-0- 288 -0- 664	-0- -0- 177 664
SubTotal Clerical	27,352 28,021 28,238 34,275	72/73 20,257 (2,849) 73/74 17,408 (1,663) 74/75 15,745 1,338 75/76 17,083 4,187	-0- -0- -0- 1,080	-0- 575 1,655 771 2,426 448 2,874	1,080 288 1,368 277 1,645 664 2,309	1,080 177 1,257 1,617 2,874
State Assessor 27,600	72/73 14,620 73/74 12,420 74/75 12,420 75/76 12,180	-0- 2,760 2,760 1,000	-0- 1,656 1,656 1,656	2,760 2,760 2,760 1,760	3,312 3,312 3,312 3,312	4,128 3,312 3,312 4,312
TOTAL 54,952 55,621 55,838 62,475	72/73 34,877 (5,049) 73/74 29,828 (1,663) 74/75 28,165 3,098 75/76 31,263	-0- 4,840 130 4,970 217 5,187	-0- 1,656 771 2,221 515 2,736	3,840 575 4,415 771 5,186 (552) 4,634	4,392 288 4,680 317 4,957 664 5,621	5,208 (816) 4,392 177 4,569 2,617 7,186

Department of Community & Regional Affairs  
 Division of Local Government Assistance  
 Office of the State Assessor  
 March, 1975

# MEMORANDUM

# State of Alaska

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

DIVISION OF LOCAL GOVERNMENT ASSISTANCE

TO: Lynn A. Wegener  
Administrative Officer

DATE: March 11, 1975

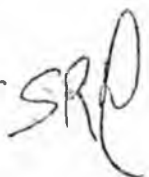
THRU: Jack Chenoweth  
Director

FILE NO:

TELEPHONE NO:

FROM: S. Robert Dozier  
State Assessor

SUBJECT: HB. No. 168; an act providing for property tax reimbursement payments to a senior citizen who rents his residence.



It is estimated that state reimbursement, direct to individual senior citizens, under provisions of HB No. 168 in present form, will, during the year 1976, involve approximately 1995 tenant senior citizens, \$625,000 in direct state reimbursement payments, and that the cost of administration will total approximately \$50,000.

The estimate is based on the assumption that the definition of "residence" as implied in Sec. 34.08.010(b) of the bill corresponds to the definition of "permanent place of abode" as adopted for the administration of AS 29.53.020(e) and defined in Alaska Administrative Code Regulations 19 AAC 35.120(4).

"Permanent place of abode" means a dwelling or a dwelling unit in a multiple dwelling including lots and outbuildings, or an appropriate portion thereof, which are necessary to convenient use of the dwelling unit.

This assumption would appear necessary, when considering the confusing statements in HB No. 168, Sec. 34.08.010(a), relating to reimbursement of that portion of the rent on the residence which is attributed to local property tax assessed on the residence as opposed to the formula set out in Sec. 34.08.040(a)(1)-(2) of the bill for estimating the required reimbursement. (1) Under provisions of subsection (a)-(1), the wording implies that reimbursement shall be based on an amount equal to the entire local property tax assessed on the property. No restriction is stated should the single family residence be situated on a large tract of land which, under terms of the lease or rental agreement may be used by the lessee. (2) Under provisions of subsection (a)-(2), the wording implies that reimbursement is contingent on the number of bedrooms in the applicant's residence as compared to the total number of bedrooms in the building. The wording fails to consider the square foot area and floor plan of the residence as it relates to the total property value, which may be a duplex, an apartment or any combination of an apartment-business multipurpose building.

The estimated state reimbursement figure of \$625,000 is based on projected 1970 Census data together with historic and estimated population and cost data compiled and analyzed concerning administration of the Senior Citizen Property Tax Exemption Program AS 29.53.020(e).

TABLE I: Estimated Population Data

The 1970 census reported state population of	302,361
Residents 65 years of age, 2.3%	6,950
Heads of households, 65 years of age, 1.3%	3,920
1975 census estimated by the Department of Labor was	357,200
The annual increase in population, averaged for the past 5 years, is	10,968
The above projections would indicate that the population in 1976 will total	368,168
For purposes of this report the 1976 census is rounded downward to	355,000
The same percentages attributed to senior citizens as indicated in the 1970 census, are used below;	
Residents, 65 years of age, 2.3%	8,395
Heads of households, 65 years of age, 1.3%	4,745

In 1974 the Department received 1958 application forms from boroughs and cities which administered the program. 70 applications were rejected due to late filing and one because the applicant reached his 65th birthday after January 1, 1974, 1887 were approved. As indicated in Table II below, the average amount of tax per application was \$335 for a total state reimbursement of \$631,890.

A total of 2496 application forms were filed on or before January 15, 1975. The 32% increase over 1974 is not likely to continue as the program has been well publicized both by the state and by units of local government and the majority of eligible applicants, no doubt, have filed. Therefore only a 10% increase in the number of applicants is estimated for 1976.

The 11.5% annual increase in property values or average tax per application as indicated for 1975 over 1974 can reasonably be expected to continue its trend for the next few years.

As indicated in Table I the estimated number of heads of households estimated for 1976 is 4745. Using the 1970 census data and actual data compiled for owner occupied senior citizens as a base, owner occupied residences would total 2750 and tenant occupied residences would total 1995.

Residential property owned by senior citizen is, in general, of a higher quality than that which can be afforded by a tenant, primarily because, the owner occupied property has, in whole or in part, been paid off before retirement, while the tenant's rent receipts reflect full amortization of the landlord's investment plus taxes. To reflect this difference, a 25% discount in average tax per application is given for tenant occupied housing.

TABLE II: Estimated Property Tax Revenue  
 AS 29.53.020(e) Senior Citizen Property Tax Exemption  
Owner Occupied Housing

YEAR	NO. APPLICATION	%increase	AVERAGE TAX	%Income	TOTAL REVENUE
1974	1887 (actual)		335		631,890(actual)
1975	2496 (actual 32%)		373	11.5%	931,429(est.)
1976	2750 (estimated 10%)		415	11.5%	1,141,250(est.)

House Bill No. 168

Tenant Occupied Housing

1976	1995 (estimated)		311(discounted 25%)		620,445(est.)
------	------------------	--	---------------------	--	---------------

The above table indicates that the 1976 senior citizen owner occupied property tax exemption program AS 29.53.020(e) will require a legislative appropriation of \$1,141,250 and that for HB No. 168 the proposed tenant occupied Senior Citizen Reimbursement Program, the amount of state reimbursement is estimated to be \$620,000, for a total estimated reimbursement cost to the state of \$1,761,250.

Administration of House Bill No. 168 will require the following:

1. The development of detailed Alaska Administrative Code Regulations.
2. Application forms must be developed and made available to the general public at the office of the Borough Assessor or City Clerk.
3. Instructions for assisting applicants should be prepared for the municipal official assigned to assist applicants.
4. As the applications must be filed on or before January 15, 1976, all application forms filed with the municipality may be forwarded to the Department on or about February 1.
5. The Department will screen all applications received for determining eligibility and for separating the forms into five categories; 1. single family residence and subdivisions, 2. condominiums, 3. duplex and apartments, 4. multi-purpose buildings, and 5. forms incomplete with additional information required and marginal eligibility status will require extensive correspondence and field inspection.
6. Assessed values and equivalent amounts of tax will be determined to the extent possible through research of local assessment records. Farm residences, apartments and multipurpose buildings will require an examination of the municipal building cards and actual inspection and field appraisal by the appraiser assigned to the office of the State Assessor. Actual appraisal of all property except residences situated on subdivided lots or tracts will be required to determine the residence value as it applies to the total assessed property value.
7. Rent receipts to be submitted by the applicant to the Office of the State Assessor before December 31 of the year, are required under the bill for determining the number of months of residency and the percentage of equivalent tax for state reimbursement. In many cases, the appraiser will again be required to inspect local assessment records and appraise property when it is indicated by rent receipts that the tenant changed the location of his residence during the year covered by the application.

8. Before March 1, or before the start of the following year's program, a final reimbursement roll shall be prepared by the Office of the State Assessor and payment vouchers requested for all senior citizens qualifying under the program.
9. The bill fails to provide the taxpayer with adequate appeal procedure.

There are seven major areas of responsibility presently allocated to the Office of the State Assessor.

1. Determination of full and true value of taxable real and personal property within all organized boroughs and all cities outside organized boroughs except cities of the second class. (AS 14.17.140)
2. Senior Citizens Property Tax Exemption (AS 29.53.020(e))
3. Farm and Agricultural Land Deferred Tax AS 29.53.035
4. Publications
  - (a) Alaska Taxable and
  - (b) update and revise periodically the Residential Appraisal Cost Manual for Alaska assessors
5. Proposed legislation: Research, analysis and fiscal data
6. General Assistance: Property tax administration, appraisal problems, reappraisal contracts, and interpretation of State law and opinions.
7. Correspondence: Existing programs intra-and-inter-state.

TABLE III Office of the State Assessor

<u>Present staff</u>	<u>Additional staff required HB No. 168</u>
1. State Assessor	1. Assistant State Assessor Appraiser III
2. Research Assistant	2. Clerk Typist II
3. Clerk Typist III	
4. Clerical Aid Full time	

Administration of HB No. 168 will require the addition of 2 positions and the upgrade of one position. 1. Assistant State Assessor Grade 19. 2. Clerk Typist II Grade 7 and upgrading of the Research Assistant range 10 to Research Analyst I to Grade 13.

Duties and responsibilities of:

- A. Assistant State Assessor(new postion)
  1. Compile assessed value data on all applications.
  2. Determine the total assessed value of the property.
  3. Appraise the value of the residence as it applies to the value of the total property.
  4. Determine the service area and rate of tax levied for the area of the borough in which the residence is located.
  5. Assist the State Assessor in other property appraisal and program responsibilities.

B. Local Gov. Specialist/Special Program Research Analyst (upgrade from Research Assistant)

1. Shifting of a portion of existing duties to subordinates.
2. Set up new program procedures.
3. Assist with drafting of Administrative Code Regulations.
4. Responsible for special programs, operation, maintenance, auditing and reimbursement.

C. Clerk Typist(new position)

1. Assumption of existing program duties which are shifted from existing staff requirements.

Table IV, Column 2, illustrates the clerical workload of the State Assessor's Office during 1974 in the three main procedure areas. Column 1 has broken out some program phases for purposes of comparison with the projections carried out in Table V.

It is considered reasonable to equate the various categories of clerical assistance now being rendered to the projected work load required for administration of HB 168. From Table IV and V below, it is projected that it will require about 13.7 months of full-time clerical assistance to fulfill the requirements of HB No. 168 and, in addition, approximately 2.1 months, using about 70% of a full-time clerk's time for three months, to perform the work necessary to get the initial program under way.

Approximately 55% of Research Assistant time, 75% of Clerk-Typist time and 90% of Clerical Aide time is spent carrying transaction data through the market data survey to the full value determination and the publication of "Alaska Taxable," i.e. The Assessment Sales Ratio Study.

The Assessment-Sales Ratio Study has further been broken into categories for the purpose for this projection: (1) deed preparation; (2) questionnaire mailout; (3) posting and filing of market data, assessed values and ratio calculations.

Secretarial support accounts for 15% of Research Assistant time, 25% of Clerk Typist time and 10% clerical aide time.

Nearly 30% of Research Assistant time is invested in the Senior Citizen Program and other special programs and projects.

TABLE IV: Analysis of 1974 personnel expenditures:

ASSESSMENT-SALES RATIO STUDY	Research Assistant	Clerk Typist III	Clerical Aide
Deed Preparation	30%	10%	
Questionnaires	5%	20%	80%
Market Data	20% 55%	45% 75%	10% 90%
SECRETARIAL SUPPORT	15%	25%	10%
SPECIAL PROJECTS			
Senior Citizen	15%		
Other	15% 30%		

Table V demonstrates the estimated amount of clerical time required to perform the various procedures that appear necessary for proper administration of the program outlined in HB 168.

To screen and categorize an estimated 2,000 tenant applications would be comparable, in time spent, to the 1974 senior citizen program audit or 15% of a clerical year, = 1.8 months. About 33% of typist time over a three-month span would be required for clarification correspondence related to the applications, or 1.0 months.

The posting and "paper" assessment of property values was equated to the market data survey which involves approximately 3,000 confirmed sales. This indicates about 50% of a full-time clerk would be required for this phase = 6 months.

Audit and calculation of reimbursement payments would be again comparable to the 1974 senior citizen program with perhaps some added detail, and would require an estimated 20% of a clerical year, or 2.4 months. Reimbursement and mailing would require 70% of a clerk's time for at least one month = .7 months.

Additional file maintenance and secretarial support could require, as an ultraconservative estimate, an added .8 clerical months.

Program Initiation, such as drafting regulations, forms preparation and distribution is estimated to require about 70% over a three month span, of a clerk's time = 2.1 months.

TABLE V: Clerical Assistance Requirements for Administration of HB 168:

	<u>% of Time Required</u>	<u>No. months Duration</u>	<u>Portion of Clerical Year</u>	
Screen/categorize	15%	12	1.8	
	33%	3	1.0	
Posting/assessment	10%	12	1.2	
	40%	12	4.8	
Audit/accounting/calc.	20%	12	2.4	
Reimbursement/mail	70%	1	.7	
Files/sec. support	15%	12	1.8	13.7
Program Initiation	70%	3	2.1	15.8

TABLE VI: Cost of Administration HB 168:

100 Personal Services

Assistant State Assessor Grade 19	1736 X 12	20,832
Clerk Typist II Grade 7	760 X 12	9,120
Upgrade Research Assistant to Grade 13 (Research Analyst Grade 13 1116)	171 X 12	2,052
(Research Assistant Grade 10 945)		
Total Salary		32,004
Fringe Benefits 17%		5,441
Total Personal Services		37,445

200 Travel & Per Diem

## Assistant State Assessor

Travel to the majority of municipalities which levy taxes, two and three visits in some cases, requiring not only inspection of assessment records, but actual field appraisals, may be necessary to complete each year's program.

Air fare	2,000	
Car Rental	1,000	
Per Diem	<u>3,000</u>	
Total Travel & Per Diem		<u>6,000</u>

300 Contractual Services

310 Comm. Serv.	900	
311 Telephone	1,000	
314 Postage	500	
320 Printing & Advertising	1,000	
330 Space rent	900	
340 Repairs	100	
360 Equipment rental	200	
390 Other fees (Legal)	<u>500</u>	
Total contractual		<u>5,100</u>

400 Commodities

Reference materials	300	
Office supply	<u>300</u>	
Total commodities		<u>600</u>

500 Equipment

2 desks @200	400	
2 chairs @50	100	
2 typewriters @600	1,200	
1 calculator @600	600	
1 filing cabinet @125	<u>125</u>	
Total Equipment		<u>2,425</u>

Total FY 76 Budget request		<u>\$51,570</u>
for operation of HB No. 168	Rounded to	<u>\$50,000</u>

The assessor's office of the City and Borough of Juneau has estimated that administrative costs to the borough for the 1974 senior citizen reimbursement program included 446 personnel hours.

Estimating 25%, or 112 hours, of this time as being appraiser time at approximately \$10/hour and 75%, or 335 hours, of clerical time, of which perhaps half was assessment clerk time at an estimated \$6.50/hour and half general clerical time at \$4.50/hour, the wage package, including employee benefits at a rate of 17%, would total \$3,464. Given the 197 valid applications processed by the Juneau borough last year the figure of \$17.50 may be derived per application. Based on the 1,887 applications funded, it may be assumed that local municipalities absorbed approximately \$33,000 in administrative costs for the 1974 statewide program.

TABLE VII: Administrative Cost Per Application

<u>No. of Personnel Hours</u>	<u>Average Wage Rate</u>	<u>Total Cost</u>
112 hours	\$10.00/hour	\$1,120
167 hours	6.50/hour	1,085
167 hours	4.50/hour	751
<u>446 hours</u>		<u>\$2,956</u>
Employee Benefits @ 17%		503
Total Wage Expense		<u>3,459</u>
No. of Applications		<u>197</u>
Total Per Application Cost 1974 program		\$17.50

By considering the relative complications inherent in the respective programs it may be estimated that the per application cost will be from 50% to 100% greater for the program outlined in HB 168. A per application cost of, from \$26 to \$35, on an estimated 2,000 claims will project the total administrative costs of the program to the local municipalities across the state to a total of between \$52,000 and \$70,000.

#### Recommendations:

I. The tenant occupied senior citizen reimbursement plan can be administered by municipalities in conjunction with the AS 29.53.020(e) the Senior Citizen Property Tax Exemption or administered by the Department of Community and Regional Affairs. Administration of the property tax is a function of the municipality which deals almost entirely with ownership rights in taxable real and personal property and has no direct contact with a tenant which may occupy the owner's property.

There is no doubt that administration of the program at the grass roots can be administered more effectively and efficiently, as the municipality has the legal machinery necessary to carry out the program, by simply adopting an appropriate ordinance.

As indicated above, the cost to all municipalities in the State for administering the Senior Citizen Property Tax Exemption Program(AS 29.53.020(e)) in 1974 amounted to approximately \$33,000. A tenant occupied reimbursement program can be expected to cost at least twice as much for the same number of applications due to the extensive appraisal allocations necessary. As the program progresses however, the costs will be reduced as appraisal allocation data is compiled for apartments and multi-purpose buildings and as appraisal allocation information is added as a programmed part of each year's reassessment project.

Municipalities should be compensated for the administrative costs involved on both reimbursement programs. The amount of compensation should be determined each year by the Department based on a set formula rather than by an amount annually billed to the State without adequate control.

II. HB No. 168 can be administered in total by the Department or in conjunction with the Alaska State Income tax program according to a formula as determined annually by the Department.

Using three Juneau, and two Ketchikan, properties as readily available examples, it becomes apparent that the property tax comprises a higher percentage of the total rent in middle to high income housing and would constitute a lesser value of the total rental in low income housing. It seems reasonable to expect that the great majority of the qualified senior citizens would not be housed in middle and high rental units but rather in lower income housing units.

It may be demonstrated that the percentage of property tax to rent receipts would become progressively greater as the mill rate increases. A formula, as demonstrated below, based on rent receipts would apparently subsidize, to some extent, those in lower class rentals while those in higher bracket rentals would be penalized to some degree. This would seem to be the case, although to a lesser degree, in using a straight assessed value times the mill rate computation.

<u>Property Description</u>	<u>Rent Receipts</u>	<u>Assessed Value</u>	<u>Mill Rate</u>	<u>Dollar Amount Reimbursement</u>	<u>% of Receipts/year</u>
Juneau Condo.	425/mo.	35,000	14.83	\$519	10.2%
	5,100/yr.	0 1/2% per Mill		377	7.4%
Juneau 4-plex	325/mo.	85,600	17.6	1,505/4=376	9.6%
	3,900/yr.	0 1/2% per Mill		343	8.8%
Juneau Average Trailer	275/mo.	12,000	16.0	192	5.8%
	3,300/yr.	0 1/2% per Mill		264	8.0%
Ketchikan Duplex	300/mo.	48,700	16.4	798/2=400	11.1%
	3,600/yr.	0 1/2% per Mill		288	8.2%
Ketchikan Single Family	310/mo.	24,750	16.4	406	10.9%
	3,720/yr.	0 1/2% per Mill		305	8.2%

### III. House Bill No. 168:

- (a) Fails to limit the reimbursement payment to the head of a household.
- (b) Changes the age eligibility requirement from January 1, of the assessment year to January 15 of the assessment year. The two senior citizen reimbursement programs should have the same "ground rules" or confusion will reign, no matter who or how the program is administered.
- (c) Fails to provide any reduction in reimbursement payments for low-rent subsidized housing.
- (d) Requires reimbursement computations to be based on the number of bedrooms rather than an amount equal to that portion of the property tax the residence bears to the total property value.

The attached Wisconsin State Income Tax Form relate's to state payment or reimbursement of an amount equivalent to the property tax for both tenant and owner occupied residences. The Wisconsin Statutes require a certificate of rent paid, signed and dated by the landlord. Reimbursement credit amounts to 25% of the rent paid but not to exceed \$500. A further limitation is provided, based on total household income for the year.

Attachment  
SRD:nc

3-27-75

HB 272

30 miles

No city may levy TAXES which will result in TAX revenues which will exceed

1) 1000 p. yr. for each person

$$\frac{1000 \text{ people} \times \$1000}{= \$1,000,000}$$

(OR) 2) when combined w/ the value of property other wise taxable by the municipality, the product of 225% of avg. per capita assessed value of prop. in the state X # of res. of the municipality.

$$X \frac{225\% \times \text{avg per. cap. value in state}}{\# \text{ of persons in munic.}}$$

$$2.25 \times \$1000 \times \frac{1000 \text{ p.}}{= 2,500,000}$$

$$300,000 \times$$

13,000

2.25

law to Administer - thru state  
- thru munic.

appropriation

I. REQUEST

Bill No. HB 168 SB 218

Title: Property tax reimbursement payments to a Senior Citizen who rents

Requested by: House HESS/Senate CERA

Date: February 12, 1975

Return Date Requested:

Agency: Community & Regional Affairs Program: Social Services

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Senior Citizens Property Tax Exemptions

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100 PERSONAL SERVICES		37.7	39.6			
200 TRAVEL		6.0	6.3			
300 CONTRACTUAL		5.0	4.8			
400 COMMODITIES		3	3			
500 EQUIPMENT		2.1				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.			620.4			
<b>TOTAL</b>		<b>51.1</b>	<b>671.4</b>			

B. FUNDING: (Thousands of dollars)

GENERAL FUND	FEDERAL FUNDS	OTHER
51.1	671.4	

C. POSITIONS:

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

IV. ATTACHMENTS

ANALYSIS

V. DATE: February 19, 1975

PREPARED BY: Robert Dozier

Robert Dozier, State Assessor  
Local Government Assistance Division

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

Renter value  
25% of owner  
occupied value

Administration  
costs of owner  
occupied ~~20%~~ 5%  
That of Renter  
occupied / assets

70,000.00  
2,000.00  
600.00

7,800

The low state  
rebate would probably  
supplement other aid.

7,800  
+ 2,700  
-----  
5,100

The 1970 census indicated that 1.3% of the State population are Senior Citizen "Heads of Households". By deducting the projected number of Senior Citizen property owner 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.

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

The bill places the responsibility for administering this portion of the Tax Exemption program on the Department which includes verifying applications and determining the tax attributable to exemption for a Senior Citizen living in a multi-purpose building, condominium, duplex or apartment. This will require the services of an appraiser who will also develop regulations, prepare the necessary application forms, and instruction manual. The incumbent will travel to municipalities where Senior Citizens apply for rental exemption for the purposes of examining the tax roles and actual field appraisals. An existing research assistant position would be up-graded to a research analyst to take on the additional responsibilities of the initial screening process of applications, review of rental receipts upon submission and program follow-up through correspondence with landlords and tenant Senior Citizens. A Clerk Typist II position would provide clerical support.

The administrative costs are estimated at \$51,106 and are detailed as follows:

#### Personal Services

Appraiser III (Range 19)	\$20,136	
Clerk Typist II (Range 7)	9,192	
Up-grade Research Assistant to Research Analyst (Range 10 to 13)	2,652	
Benefits @ 18%	<u>5,756</u>	\$37,736

#### Travel

Review of assessment roles and field inspection of multi-purpose and multi-resident buildings		\$ 6,000
---	--	----------

#### Contractual

Telephone and long distance	\$ 1,600	
Postage	500	
Printing and advertising - hearing notices, application forms and manual	1,500	
Office Rent - 150 sq.ft. @ .50/sq./ft.	900	
Machine Rental and Xerox	<u>500</u>	\$ 5,000

#### Commodities

Reference materials and office supplies		\$ 300
---	--	--------

Equipment

Executive desk	\$ 270	
Secretarial desk	300	
Two chairs	190	
Typewriter	570	
Calculator	600	
Filing Cabinet	<u>140</u>	
Total Administrative		<u>\$ 2,070</u>
		<u>\$51,106</u>

The State Assessor is available to provide any additional information or discuss alternative proposals.

# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

POUCH B - JUNEAU 99811

April 2, 1976

The Honorable Clark Gruening  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Mr. Gruening:

Enclosed is a copy of a fiscal note for section one of CS SS HB No. 272am S and a fiscal note for section two which indicated an FY 77 BRU Grant of \$386,000 with a \$250 maximum payment per applicant.

The fiscal note provides two alternate limitation amounts which may be considered.

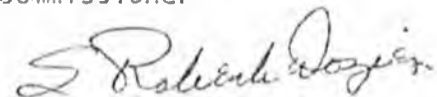
Based on the same set of assumptions the \$375 limitation would require a grant of \$512,329 and the \$500 limitation would require a grant of \$596,148.

The formula as presented, 1/2% per mill times the annual rent is in itself a limitation formula adjusted to the rate of tax as levied.

Please refer to Table I, @ .5% per mill, (Underlined in red) As illustrated 1/2% per mill is on the low side. 6/10% per mill is about average, (underlined in green) and 7/10% per mill is on the high side (underlined in yellow).

Very truly yours,

Lee McAnerney  
Commissioner



By: S. Robert Dozier  
State Assessor

LMcA:SRJ:nc

Enclosures

March 18, 1976

Senator John Butrovich  
Alaska State Senate  
Pouch "V" State Capitol Building  
Juneau, Alaska 99811

Dear Senator Butrovich:

- Re: 1. Limitation of Benefits, Senior Citizen Property Tax Exemption  
AS 29.53.020 (c). (Proposed Bill.)
2. Limitation of tax equivalency payments to Senior Citizen  
Tenants, CS SS HB No. 272 am. (Proposed Amendment)

You have requested a fiscal note and language for a bill which addresses the problem of perceived inequities in The Senior Citizen Property Tax Exemption Program between the very wealthy and the very poor.

The formula as outlined in the enclosed fiscal note and bill draft, is an attempt to avoid a fixed, assessed value limitation as proposed in Senate Bill No. 408, by allowing the program to adjust annually to increasing property valuations. The formula will support the program goals while avoiding total subsidy of presumably affluent taxpayers.

Additionally, you have requested a fiscal note and language for an amendment which will provide a limit of \$250 for tax equivalency payments to senior citizen tenants as proposed in HB No. 272.

Suggested amendment, CS SS HB No. 272 am.

Page 1. Line 18, after "applicant" add not to exceed \$250.

In addition, to a program analysis of the \$250 suggested limitation, the enclosed fiscal note includes for your consideration a program summary for two additional dollar limitations, \$375 and \$500.

I am available at any time should you require additional data or an explanation of the enclosed data.

Sincerely,

Lee McAnerney  
Commissioner

By: *S. Robert Dozier*  
State Assessor

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 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 McNerney, 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. Rahnholz

Original: Legislative Finance  
 cc: Budget and Management  
 Fiscal 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.

# MEMORANDUM

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS

# State of Alaska

DIVISION OF LOCAL GOVERNMENT ASSISTANCE

Lee McAnerney  
Commissioner

DATE: January 23, 1976

FILE NO:

TELEPHONE NO:

FROM: Palmer McCarter  
Director

SUBJECT: Attached bill relating to the  
Senior Citizen Property Tax  
Exemption Program

By: 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% or 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 82%, or 1,978 senior citizens, which amounts to \$543,400 or 58% of the total FY 76 program BRU expenditure.

Enclosure

SRD:imb

TABLE NO. 1  
 SENIOR CITIZEN PROPERTY TAX EXEMPTION  
 1975 PROGRAM ANALYSIS  
 AS 29.53.020 (e)-(i)

<u>VALUATION IN \$5,000 INTERVALS</u>	<u>NUMBER OF WITHIN INTERVALS</u>	<u>OF CUMULATIVE TOTAL</u>	<u>APPLICATIONS</u>	<u>PERCENT TO TOTAL</u>	<u>PERCENT OF TAX FORGIVEN</u>
0-4.9	185			8%	
5.0-9.9	303	488		20%	
<sup>1</sup> 10.0-14.9	265	753		31%	
15.0-19.9	360	1,113		46%	
<sup>2</sup> 20.0-24.9	289	1,402		58%	
25.0-29.9	276	1,678		69%	
<sup>3</sup> 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

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

TABLE NO. 2

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

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	365	365	15%	18,250	18,250	2%	2%
<sup>1</sup> 100-199	399	764	32%	59,850	78,100	6%	8%
200-299	325	1,089	45%	81,250	159,350	9%	17%
<sup>2</sup> 300-399	378	1,467	61%	132,300	291,650	14%	31%
400-499	293	1,760	73%	131,850	423,500	14%	45%
<sup>3</sup> 500-599	218	1,978	82%	119,900	543,400	13%	58%
600-699	165	2,143	88%	107,250	650,650	12%	70%
700-799	99	2,242	93%	74,250	724,900	8%	8%
800-899	57	2,299	95%	48,450	773,350	5%	83%
900-999	48	2,347	97%	45,600	818,950	5%	88%
1,000-1,099	22	2,369	97.7%	23,100	842,050	2%	90%
1,100-1,199	13	2,382	98.3%	14,950	857,000	2%	92%
1,200-1,299	8	2,390	98.6%	10,000	867,000	1%	93%
1,300-1,799	19	2,409	99.4%	29,350	896,350	3%	96%
1,800-2,299	8	2,417	99.7%	16,200	912,550	2%	98%
2,300-5,000	6	2,423	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

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.

THE LEGISLATURE OF THE STATE OF ALASKA  
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. CS for SS for HB No. 272 am (with limitation of \$250)

Title: Tenant Senior Citizen Reimbursement payment program

Requested by: Senator 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		26.4				
200 TRAVEL		2.0				
300 CONTRACTUAL		17.2				
400 COMMODITIES		.6				
500 EQUIPMENT		3.1				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		385.0				
TOTAL		435.0				

B. FUNDING: (Thousands of dollars)

	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
GENERAL FUND		435.0				
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
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 January 1 - December 31, 1976.
5. Tax equivalency payments may not exceed \$250.
6. Estimated FY 77 BRU Program Grant \$385,956 (2,492 applicants x \$155 average)

Analysis continued

IV. ATTACHMENTS

V. DATE: 3/19/76

PREPARED BY:

S. Robert Taylor, State Auditor  
Division of Social Services and Assistance

Original: Legislative Minutes

cc:

Budget Unit  
Public Affairs: Central Legislative Staff

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 II 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.)	8,833
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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SRD:imb

TABLE I  
RENTAL PROPERTY SURVEY  
1974

Description	Mill Rate	Assessed Value	Actual Tax	Annual Rent	COMPARISON OF FORMULA VALUES AND DEVIATION FROM ACTUAL TAX					
					@ .5% Per Mill		@ .6% Per Mill		@ .7% Per Mill	
					Tax Equiv.	Deviation	Tax Equiv.	Deviation	Tax Equiv.	Deviation
Ketchikan										
7-8 Plexes	16.4	1,429,000	23,448.72	187,656	15,387.79	- 8,060.93	18,465.35	- 4,983.37	21,542.91	- 1,905.81
5 Plex	16.4	52,550	851.82	12,060	928.92	+ 127.10	1,186.70	+ 451.98	1,384.49	+ 974.65
4 Plex	16.4	44,900	736.36	7,656	627.79	- 108.57	753.35	+ 16.99	878.91	+ 142.55
3 Plex	16.4	43,650	715.86	7,200	590.40	- 125.46	708.48	- 7.38	826.56	+ 110.70
3 Plex	16.4	57,500	943.00	9,720	797.04	- 145.96	956.45	+ 13.45	1,115.86	+ 172.86
Duplex	16.4	27,450	450.18	2,880	236.16	- 214.02	283.39	- 166.79	330.62	- 119.56
Duplex	16.4	39,350	645.34	6,240	511.68	- 133.66	614.02	- 31.32	716.35	+ 71.01
Duplex	16.4	43,250	709.30	6,600	541.20	- 168.10	649.44	- 59.86	757.68	+ 48.39
Duplex	16.4	45,100	739.64	5,520	452.64	- 287.00	543.17	- 196.47	633.70	- 105.94
Duplex	16.4	46,450	761.78	5,760	472.32	- 289.46	566.78	- 195.00	661.25	- 100.53
Duplex	16.4	49,700	815.08	7,200	590.40	- 224.68	708.48	- 106.60	826.56	+ 11.48
Duplex	16.4	58,900	965.96	7,200	590.40	- 375.56	708.48	- 257.48	826.56	- 139.40
Duplex	8.0	28,550	228.40	4,800	192.00	- 36.40	230.40	+ 2.00	268.80	+ 40.40
Duplex	8.0	40,200	321.60	6,600	264.00	- 57.60	316.80	- 4.80	396.60	+ 75.00
1 Br. Condo.	16.4	13,050	214.02	3,360	275.52	+ 61.50	330.62	+ 116.60	305.73	+ 171.71
3 Br. Condo.	16.4	44,950	737.18	4,400	360.80	- 376.38	432.96	- 304.22	505.12	- 232.06
S.Fam. Resid.	16.4	25,300	414.90	3,900	319.80	- 95.10	383.76	- 31.14	447.72	+ 32.82
S.Fam. Resid.	16.4	24,000	393.60	3,600	295.20	- 98.40	354.24	- 39.36	413.28	+ 19.68
10x40 Trailer	8.0	3,250**	26.00	1,800	72.00	+ 46.00	86.40	+ 60.40	100.80	+ 74.80
2 Br. Trailer	8.0	17,000	136.00	3,000	120.00	- 16.00	144.00	+ 8.00	168.00	+ 32.00
92 Units		2,134,900	34,264.74	297,152	23,686.06	- 10,578.68	28,423.24	- 5,841.50	33,160.42	- 1,104.32
Juneau										
26 Unit Apt.	17.59	263,600	4,636.72	68,352*	6,011.56	+ 1,374.84	7,213.83	+ 2,577.11	8,416.11	+ 3,779.39
24 Unit Apt.	17.59	542,300	9,539.06	100,596	8,847.42	- 691.64	10,616.97	+ 1,071.91	12,386.35	+ 2,847.29
4 Plex	16.71	85,600	1,430.38	15,600	1,303.38	- 127.00	1,564.06	+ 133.68	1,824.73	+ 394.35
Duplex	16.00	50,200	803.20	9,360	748.80	- 54.40	898.56	+ 95.36	1,048.32	+ 245.12
Duplex	16.71	41,900	700.15	6,984	583.51	- 116.64	700.15	- 0-	816.95	+ 116.80
Condo.	14.83	35,000	519.05	5,100	378.17	- 140.88	453.80	- 65.25	529.43	+ 10.38
S.Fam. Resid.	17.59	32,500	570.00	3,780	332.45	+ 17.45	398.94	+ 83.94	465.43	+ 150.43
S.Fam. Resid.	16.71	60,300	1,007.61	6,000	501.30	- 506.31	601.56	- 406.05	701.82	- 305.79
10x50 Trailer	15.62	3,668	57.29	2,400	187.44	+ 130.15	224.93	+ 167.64	262.42	+ 205.13
14x70 Trailer	15.62	12,234	191.10	3,600	281.16	+ 90.06	337.39	+ 146.29	393.62	+ 202.52
63 Units		1,127,302	19,199.56	221,772	19,175.19	- 24.37	23,010.20	+ 3,810.64	26,845.36	+ 7,645.80
92 Ketchikan		2,134,900	34,264.74	297,152	23,686.06	- 10,514.68	28,423.24	- 5,841.50	33,160.42	- 1,104.32
63 Juneau		1,127,302	19,199.56	221,772	19,175.19	- 24.37	23,010.20	+ 3,810.64	26,845.36	+ 7,645.80
155 Total		3,262,202	53,464.30	518,924	42,861.25	- 10,603.05	51,433.44	- 2,030.86	60,005.78	+ 6,541.48
Ketchikan Average Deviation						120.09		76.67		49.80
Juneau Average Deviation						51.58		75.35		143.09
Total Average Deviation						92.24		76.13		87.72

\*Minus lights @\$12/unit

\*\*No land

TABLE I

The rental property surveys for Ketchikan and Juneau were compiled from readily available information and should not be considered a representative random sample.

Properties have been listed by categories in the following order:

Apartment and multi-unit complexes: reflects the net assessed value for the entire property. Rental rates include centralized heat and facilities, but excludes electricity and such special items as telephone and cable T.V.

Condominium units: reflect the net assessed value for a dwelling unit. Rental rates include such facilities as parking and laundry, but exclude heat and electricity which were found to be billed separately.

Single family residences and mobile homes: reflect net assessed value for the entire property. Rental rates exclude all utilities.

The percent of tax to rental rate is shown in relation to the actual rate of tax levied and again with a "frozen" mill rate of 15 mills for purposes of comparison of properties in differential tax areas.

## RENTAL PROPERTY SURVEY 1974

Description	Mill Rate	Assessed Value	Actual Tax Levy	Annual Rent	% of Tax to Rent Actual	Tax @ Avg. %	% of Tax to Rent @ 15 Mills
Ketchikan							
7-8 Plexes	16.4	1,429,800	23,448.72	187,656	12.5	22,406	11.4
5 Plex	16.4	52,550	861.82	12,060	7.15	1,440	6.5
4 Plex	16.4	44,900	736.36	7,656	9.62	914	8.8
3 Plex	16.4	43,650	715.86	7,200	9.94	860	9.1
3 Plex	16.4	57,500	943.00	9,720	9.7	1,161	8.9
Duplex	16.4	27,450	450.18	2,880	15.63	344	14.3
Duplex	16.4	39,350	645.34	6,240	10.34	745	9.5
Duplex	16.4	43,250	709.30	6,600	10.7	783	9.8
Duplex	16.4	45,100	739.64	5,520	13.4	659	12.3
Duplex	16.4	46,450	761.78	5,760	13.2	688	12.1
Duplex	16.4	49,700	815.08	7,200	11.3	860	10.4
Duplex	16.4	58,900	965.96	7,200	13.4	860	12.3
Duplex	8.0	28,550	228.40	4,800	4.7	211	8.9
Duplex	8.0	40,200	321.60	6,600	4.8	290	9.1
1 Br. Condo.	16.4	13,050	214.02	3,360	6.37	401	5.8
3 Br. Condo.	16.4	44,950	737.18	4,400	16.75	525	15.3
S. Fam. Resid.	16.4	25,300	414.90	3,900	10.64	466	9.7
S. Fam. Resid.	16.4	24,000	393.60	3,600	10.93	430	10.0
10x40 Trailer (low quality)	8.0	3,250 (no land)	26.00	1,800	1.44	79	2.7
2 Br. Trailer (high quality)	8.0	17,000	136.00	3,000	4.5	132	8.5
83 Units	16.4	2,045,900	33,552.74	280,952	11.94avg.		
4 Units	8.0	89,900	713.00	16,200	4.40avg.		

Description	Mill Rate	Assessed Value	Actual Tax Levy	Annual Rent	% of Tax to Rent Actual	% of Tax to Rent Actual
Juneau						
26 Unit Apt	17.59	263,600	4,636.72	68,352	6.4	5.8
24 Unit Apt	17.59	542,300	9,539.06	100,596	9.5	8.1
4 Plex	16.71	85,600	1,430.38	15,600	9.2	8.2
Duplex	16.00	50,200	803.20	9,360	8.6	8.0
Duplex	16.71	41,900	700.15	6,984	10.0	9.0
Condo.	14.83	35,000	519.05	5,100	10.2	10.3
S. Fam. Resid.	17.59	32,500	315.00	3,780	15.1	12.9
S. Fam. Resid.	16.71	60,300	1,007.61	6,000	16.8	15.1
10x50 Trailer (1965)	15.62	3,668	57.29	2,400	2.4	2.3
14x70 Trailer (1974)	15.62	12,234	191.10	3,600	5.3	5.1

In the table below two Juneau apartment complexes were combined to illustrate the effect of averaging the contract rental rates and dividing by the average tax levy.

Unit rental rates are arranged in ascending order in Column I. Column II gives the number of units commanding the Column I rate and Column III states the total rent collected. Column IV shows the tax equivalency payment per unit which is based on the average tax equivalency percentage of 8.2% applied to the rental rate in Column I. Individual unit tax levies are not available for comparison without extensive analysis of the properties illustrated.

Consideration should be given to the fact that this represents information regarding only apartment units of a low-medium and medium range quality and no consideration is given to unit living space, availability of facilities, etc. Heat is centralized in both buildings and therefore is included in the contract rent. Electricity is included in the contract rent of one building. Mill rates are the same.

#### ANALYSIS OF 50 APARTMENT UNITS

Unit Annual Rent	Number of Units	Total Rent	@ Average 8.2%
2,232	4-efficiency	8,928	183.02
2,760	18-1 bedroom	49,680	226.32
3,360	2-1 bedroom	6,720	275.52
3,408	4-2 bedroom	13,632	279.46
3,768	1-1 bedroom(f)	3,768	308.98
4,116	13-2 bedroom	53,508	337.51
4,440	5-2 bedroom(f)	22,200	364.08
4,800	3-3 bedroom	14,400	393.60
	50	172,836	

(f)=includes furnishings

Total Tax	=	Building No. I	+	Building No. II
\$14,175.78		\$4,636.72		\$9,539.06
Average Tax	=	Property Tax	÷	Number of Units
\$ 283.52		\$14,175.78		50
Average Rent	=	Total Rent	÷	Number of Units
\$ 3,457		\$172,836		50
Tax Equivalency Percentage	=	Average Tax	÷	Average Rent
8.2%		\$ 283.52		\$3,457.

TABLE II

The unit contract rental is illustrated below and shows the extensive variation in rates after categorization by number of bedrooms.

## DISPERSION BY NUMBER OF BEDROOMS

	EFFICIENCY	1 BEDROOM	1½ BEDROOM	2 BEDROOM	3 BEDROOM	OVER 3 BEDROOM
<u>Ketchikan</u>						
7-8 plex		245 x 14		280 x 28	312 x 14	
5 plex	175	165/175		240/250		
4 plex	85	112	216	227		
3 plex			200 x 3			
3 plex				270 x 3		
Condominium		280				
Condominium					370	
Single Family					300	
Single Family				325		
Mobile Home		200				
Mobile Home				250		
<u>Juneau</u>						
Duplex				285		
Apartment	186 x 4	229 x 18		284 x 4		
Apartment		314/280 x 2		5 x 370/343 x 13	400	
Single Family						500
Mobile Home				275		
Mobile Home					375	
Condominium					425	
4 plex				325		

TABLE III

Table III shows an array of unit assessed values arranged in ascending intervals for the purpose of comparison with variable rental rates. Column II illustrates unit tax per year calculated at an equalized tax levy of 15 mills.

Study of the table shows that reasonable rental rates compared to realistic assessed values will normally fall within an area between 2% and 15%. It may be assumed that an in-depth survey of rental markets and assessed valuations thereof would yield average percentiles within these bounds.

## COMPARISON OF EQUALIZED TAX VALUE TO RENTAL RATES

Unit Assessed Value	Unit Tax @15 Mills	Percentage of Tax to Rental Rate									
		100 Mo.	150 Mo.	200 Mo.	250 Mo.	300 Mo.	400 Mo.	500 Mo.	600 Mo.	800 Mo.	1,000 Mo.
2500	38	3%	2%	1.6%	-	-	-	-	-	-	-
5000	75	6.3	4.2	3.1	2.5%	-	-	-	-	-	-
7500	113	9.4	6.3	4.7	3.8	3.1%	-	-	-	-	-
10000	150	12.5	8.3	6.3	5.0	4.2	3.1%	-	-	-	-
12500	188	15.6	10.4	7.8	6.3	5.2	3.9	3.1%	-	-	-
5000	225	-	12.5	9.4	7.5	6.3	4.7	3.8	3.1%	-	-
20000	300	-	16.7	12.5	10.0	8.3	6.3	5.0	4.2	-	-
25000	375	-	-	15.6	12.5	10.4	7.8	6.3	5.2	3.9%	-
30000	450	-	-	18.8	15.0	12.5	9.4	7.5	6.3	4.7	-
35000	525	-	-	-	17.5	14.6	10.9	8.8	7.3	5.5	4.4%
40000	600	-	-	-	20.0	16.7	12.5	10.0	8.3	6.3	5.0
45000	675	-	-	-	-	18.8	14.1	11.3	9.4	7.0	5.5
50000	750	-	-	-	-	20.8	15.6	12.5	10.4	7.0	6.3
55000	825	-	-	-	-	-	17.2	13.8	11.5	8.6	6.9
60000	900	-	-	-	-	-	18.8	15.0	12.5	9.4	7.5
65000	975	-	-	-	-	-	-	16.3	13.5	10.2	8.1
70000	1050	-	-	-	-	-	-	17.5	14.6	10.9	8.8
80000	1200	-	-	-	-	-	-	-	16.7	12.5	10.0
90000	1350	-	-	-	-	-	-	-	18.8	14.1	11.3
100000	1500	-	-	-	-	-	-	-	-	15.6	12.5

# STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

DIVISION OF LOCAL GOVERNMENT ASSISTANCE

JAY S. HAMMOND, Governor

POUCH B - JUNEAU 99811

April 19, 1976

The Honorable Clark Gruening  
Alaska State House of Representatives  
Pouch "V"  
Juneau, Alaska 99811

Dear Mr. Gruening:

RE: CS SS HB 272 am s

It is my understanding that HB No. 272 in present form is being seriously considered for enactment this year in which case it is essential that the 1977 program BRU fiscal implications be considered in proper prospective.

House Bill No. 272 as amended by the Senate is composed of two parts: Section one relates to an assessed value limitation for the existing Senior Citizen Property Tax Exemption Program AS 29.53.020 (e)-(i); and section two relates to a new program which provides tax equivalency payments to senior citizen tenants.

Section 1, Page 1, Line 10

A. The fiscal note for section one of the bill prepared 3/19/76 for Senator Butrovich and entitled "Proposed legislation-assessed value limitation" was intended to reflect the dollar amount decrease in FY 77 program BRU grant for the senior citizen property tax exemption program with the assessed value limitation in effect on January 1, 1976. Enactment of HB No. 272 in present form will apply to administration of the 1977 Senior Citizen Property Tax Exemption Program, the funding for which will be reflected by a decrease in the Department's FY 78 Program BRU grant Request. The Department's FY 77 Program BRU grant request of \$1,150,000 which was timely submitted to the legislature after approval of the Budget & Audit Committee will not be affected by enactment of HB 272 am s.

B. The following amendment to Section one of HB No. 272 am s is recommended for the purpose of clarifying the intent of the limitation formula.

V. DATE: 3-19-76 PREPARED BY: *C. Mackintosh*

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

April 19, 1976

Page 1. Line 17: After the word 'previous'; add PROGRAM.

"The assessed value limit is the upper limit of the third quartile class in a frequency distribution of the previous program year's assessed values in the state."

The intent of the above formula is to base the assessed value limitation on information contained in the previous year senior citizen exemption program application forms estimated to number 2665 in 1976. Without the amendment, the formula calls for a frequency distribution of an estimated 165,000 parcels of real property in the state which will require an additional staff member or an FY 77 Administration BRU request of \$18,000.

Section 2: Page 1, Line 26:

The fiscal note for section two of the bill prepared 3/19/76 for Senator Butrovich and entitled "CS for SS for HB No. 272 am" properly reflects the estimated FY 77 Program administrative costs and BRU Grant for senior citizen tenants.

I am available at any time should you require additional data or an explanation of the enclosed data.

Sincerely,

Lee McAnerney  
Commissioner



By: S. Robert Dozier  
State Assessor

LMcA: SRD: gw

Enclosure

V. | DATE: 3-19-76 PREPARED BY: S. Robert Dozier

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

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
00 PERSONAL SERVICES						
00 TRAVEL						
00 CONTRACTUAL						
00 COMMODITIES						
00 EQUIPMENT						
00 LAND & STRUCTURES						
00 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. Anderson

11: Legislative Finance  
 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
Assessed Value Limitation		35,000
Applicants 100% exempt	79%	2,105
Applicants partially exempt	21%	560
Estimated FY 77 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.

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

I. REQUEST

Bill No. CS for SS for HB No. 272 am (with limitation of \$250)  
 Title: Tenant Senior Citizen Reimbursement payment program  
 Requested by: Senator 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		26.4				
200 TRAVEL		2.0				
300 CONTRACTUAL		17.2				
400 COMMODITIES		.6				
500 EQUIPMENT		3.1				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		386.0				
TOTAL		435.0				

B. FUNDING: (Thousands of dollars)

GENERAL FUND	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
FEDERAL FUNDS		435.0				
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
MAN MONTHS (P./T.)	/	1 / 1	/	/	/	/
	/	12 / 9	/	/	/	/

III. ANALYSTS (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 January 1 - December 31, 1976.
5. Tax equivalency payments may not exceed \$250.
6. Estimated FY 77 BRU Program Grant \$385,956 (2,492 applicants x \$155 average)

Analysis continued

IV. ATTACHMENTS

V. DATE: 3/19/76 PREPARED BY: S. Robert Dozier

S. Robert Dozier, State Assessor  
Division of Local Government Assistance

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

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 detail.

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.)	8,833
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 @300	1,600	
Calculator @440	440	
Filing Cabinet @230	230	
Total Equipment		\$ 3,125

Total FY 77 Budget Request for Operation of CS 55 HB No. 272 am		\$ 49,369
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SRD:lpb



Alaska State Legislature  
Senate

JUNEAU, ALASKA

Date: March 25, 1976

MESSAGE TO THE HOUSE

MR. SPEAKER:

The Senate has passed COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 272 amended (property tax equivalency payments to senior citizen renters) with the following amendment:

Page 1, line 6: Change title to read:

"An Act relating to property tax equivalency payments and exemptions for senior citizens."

Page 1, between lines 8 and 9: Insert a new section 1 to read:

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

(e) [AFTER JANUARY 1, 1973] The [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 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 exempted under this subsection which the assessor determines, after notice and hearing to

*Sen. M. H. ...*  
Senate Secretary

March 25, 1976

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."

Renumber remaining section accordingly.

Page 1, line 18: After "applicant" insert "or \$250, whichever is less,"

and so, COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 272 amended by the Senate (property tax equivalency payments and exemptions for senior citizens) is transmitted herewith for your consideration.

March 18, 1976

Senator John Butrovich  
Alaska State Senate  
Pouch "V" State Capitol Building  
Juneau, Alaska 99811

Dear Senator Butrovich:

- Re: 1. Limitation of Benefits, Senior Citizen Property Tax Exemption  
AS 29.53.020 (e). (Proposed Bill.)
2. Limitation of tax equivalency payments to Senior Citizen  
Tenants, CS SS HB No. 272 am. (Proposed Amendment)

You have requested a fiscal note and language for a bill which addresses the problem of perceived inequities in The Senior Citizen Property Tax Exemption Program between the very wealthy and the very poor.

The formula as outlined in the enclosed fiscal note and bill draft, is an attempt to avoid a fixed, assessed value limitation as proposed in Senate Bill No. 408, by allowing the program to adjust annually to increasing property valuations. The formula will support the program goals while avoiding total subsidy of presumably affluent taxpayers.

Additionally, you have requested a fiscal note and language for an amendment which will provide a limit of \$250 for tax equivalency payments to senior citizen tenants as proposed in HB No. 272.

Suggested amendment, CS SS HB No. 272 am.

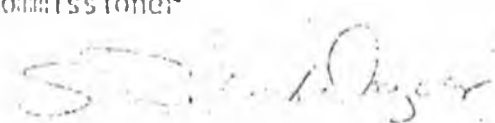
Page 1. Line 18, after "applicant" add not to exceed \$250.

In addition, to a program analysis of the \$250 suggested limitation, the enclosed fiscal note includes for your consideration a program summary for two additional dollar limitations, \$375 and \$500.

I am available at any time should you require additional data or an explanation of the enclosed data.

Sincerely,

Lee McAnerney  
Commissioner

  
By: S. Robert Dozier  
State Assessor

THE LEGISLATURE OF THE STATE OF ALASKA

FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. CS for SS for HB No. 272 am (with limitation of \$250)

Title: Tenant Senior Citizen Reimbursement payment program

Requested by: Senator Gutrovich 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 75	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES		26.4				
200 TRAVEL		2.0				
300 CONTRACTUAL		17.2				
400 COMMODITIES		.6				
500 EQUIPMENT		3.1				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		386.0				
TOTAL		435.0				

B. FUNDING: (Thousands of dollars)

GENERAL FUND	FY 75	FY 77	FY 78	FY 79	FY 80	FY 81
FEDERAL FUNDS		435.0				
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	FY 75	FY 77	FY 78	FY 79	FY 80	FY 81
MAN MONTHS (P./T.)	/	1 / 1	/	/	/	/
	/	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 January 1 - December 31, 1975.
5. Tax equivalency payments may not exceed \$250.
5. Estimated FY 77 BRU Program Grant \$385,956 (2,492 applicants x \$155 average)

Analysis continued

IV. ATTACHMENTS

V. DATE: 3/19/76 PREPARED BY:

S. Robert Dozier, State Assessor  
Division of Local Government Assistance

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

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
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Average tax per claimant		\$206

Total program reduction:  $\$212,791 = (725,120 - 512,329)$   
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2. Individual tax equivalency payment may not exceed \$500.

Number of claimants		2,492
Claimants 100 exempt	(73%)	1,819
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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 @300	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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SRD:lmb

HB 272

3/26/75

	<u>Notified</u>	<u>Present</u>	<u>Testified</u>
Atk Municipal League	X	X	
CRA (esp. Dozier)	X	X	X
Rep. Gruening	X	X	X
Rep. Duncan	X		
Donny Patrick (Citizen & Alameda)	X	X	X
Rep. Hugh Malone		X	
Rep. Union (Sponsor HB 168)	X	X	X

4/2

Plotnick	X	X	
Gruening	X	X	X
Dozier	X	X	X
M.L.	X	X	

HC&RA 4/2/75

115272-

Hacking - What about landlords who raise rent & the amount  
of the bonus.

Kash - Rent control?

Mack - If rent control is instituted no new housing will be built

Freeman - Have so citizens bring in rent receipt & proof of age with me

~~What about~~ & pick up  $\frac{1}{3}$  bonus

How are you going to do it so this isn't construed as income