

SB

426

SENATE COMMUNITY AND REGIONAL  
AFFAIRS COMMITTEE MEETING

March 28, 1978

Present: Senators Orsini, Ferguson, Willis and Hackney. Lynn Wegener, Department of Community and Regional Affairs; Oren Pomeroy, Department of Community and Regional Affairs; Tom Hanna, Department of Environmental Conservation; Jerry Reinwand, Department of Environmental Conservation.

Absent: Senator Sumner

SENATE BILL 430

The proposed draft for SB 430 was discussed in last week's committee meeting. Chairman Orsini stated the only difference in the proposed draft is that it puts a \$150 million ceiling on the revenue bonds which is the same as the ceiling on the general obligation bonds. Chairman Orsini stated that the Committee was acting conservatively by putting a ceiling on revenue bonds. He explained that the reason was to see how the program works with respect to revenue bonds for which the state and municipalities had no prior experience. Senator Ferguson moved that the committee adopt the CS for SB 430. There was no objection. Senator Ferguson then moved that the committee move out SB 430 with a DO PASS recommendation. There was no objection.

SENATE BILL 426

Lynn Wegener, Administrative Director for the Department of Community and Regional Affairs, explained the necessity of the bill. He stated that the bill takes funds from the FY 78 senior citizens renters program and puts it to cover short-falls in the senior citizens property tax exemption program, the senior citizens special assessment program and the National Forest receipts. At that time, the committee questioned whether the action by the Department in seeking an appropriation adjustment was the proper procedure and asked instead if a Revised Program request would not have been more appropriate. Mr. Wegener replied that his department had been advised by the Office of Budget and Management to seek the transfer of funds to the senior citizens tax exemption program by means of an appropriation adjustment. It was also brought out in testimony that the transfer of \$25,000 to the agricultural land exemption account was no longer necessary and that Section 4 of the bill should therefore be deleted. This action would accordingly reduce the general fund figure in Section 7 from \$42,661,500 to \$42,636,500. Senator Ferguson moved that the committee pass the bill out with a NO RECOMMENDATION. Chairman Orsini suggested the committee send a letter to the Judiciary committee advising them of the facts brought out by the testimony and suggest the amendments to the language of the bill. There was no objection.

CS for HOUSE BILL 190

Chairman Orsini stated that the intent was to have a discussion on the

bill before the committee passed it out because of the confusing developments regarding this bill.

Jerry Reinwand, Deputy Commissioner of the Department of Environmental Conservation and Tom Hanna, also from the Department of Environmental Conservation, presented testimony. Mr. Reinwand commented on some potential problems that may be caused by the bill. He noted that the basic reason behind the bill was that Cook Inlet Air Resource Management District wanted to get rid of overlapping programs and duplication of authority. The CIARMD would like to have the authority to issue prevention of significant deterioration permits instead of the state issuing them. Mr. Reinwand stated that there probably would not be any problem authorizing the permit program to be transferred to them. He also stated that the reason it had not been done to date was because the Department had not received an application from the CIARMD requesting this. Mr. Reinwand stated that the Department did have some drawbacks about doing this. He stated that if the CIARMD was to issue a permit that would violate the state's regulations, EPA could impose sanctions taking away all planning money and cutting off program grant money. He explained that the state has an interest to make sure that in a situation such as this there should be some kind of state oversight responsibility. The Department had submitted some rough draft amendments for the bill to provide for state oversight.

Chairman Orsini asked if Mr. Reinwand would review the bill and get his comments back to the committee by Monday, April 3, 1978. Chairman Orsini suggested that the committee would have those comments incorporated into a draft bill before another committee hearing. He also said that a letter be sent to Cook Inlet Board explaining to them that under existing law they may be able to apply for the authority to issue permits and encouraging them to pursue this possibility.

The meeting was adjourned at 3:30 p.m.

SB 426

Shift from Sen Ct renters to Sen Ct owners

Sec 4 - not needed (final receipts < 125 K)

364.4 (?)

Sec 5 - more state \$ due to more FS sales

Sec 2 - only ~ 100K actually; remainder will lapse

Sec 7 - reduce by 25 K

$$\begin{array}{r} 61 \\ 25 \\ \hline 42,630,500 \end{array}$$

Why not RP ?

advised to use "approp adjust" by BOM

# STATE OF ALASKA

## OFFICE OF THE GOVERNOR

BUDGET & MANAGEMENT

JAY S. HAMMOND, GOVERNOR  
POUCH AM — JUNEAU 99811  
PHONE 465-2213

February 27, 1978

The Honorable George Hohman, Jr.  
Chairman  
Senate Judiciary Committee  
Alaska State Senate

Dear Senator Hohman:

This is to inform you that the supplemental appropriation adjustment, in the sum of \$25,000 included in SB 426, for the Department of Community and Regional Affairs, State Assessor's Office, Agriculture Lands Exemption component, is no longer required. The FY 78 Agricultural Land Exemption appropriation was \$125,000 and now after all applications have been reviewed and eligible payments approved, the total funding need amounts to only \$118,613.50. The supplemental adjustment for the Agriculture Program was based upon the assumption that more applications would be received than has been the actual case.

Sincerely,

Ronald B. Lind  
Director

cc: Jay Hogan, Director  
Legislative Finance

# STATE OF ALASKA

## OFFICE OF THE GOVERNOR

BUDGET & MANAGEMENT

POUCH AM — JUNEAU 99811  
PHONE 465-2213

JAY S. HAMMOND, GOVERNOR

F: SB426

February 3, 1978

The Honorable Joseph Orsini  
Chairman, Senate Community and  
Regional Affairs Committee  
Pouch V  
Juneau, Alaska 99811

SB 426  
Additional Backup Information

Dear Senator Orsini:

Attached is additional backup information on the appropriation adjustment request for the Department of Community and Regional Affairs, contained in SB 426.

Sincerely,

Ron Lehr for:

Ronald B. Lind, Director  
Division of Budget and Management

attachment

cc: Keith Specking

STATE  
of ALASKA

## MEMORANDUM

DEPARTMENT OF COMMUNITY &amp; REGIONAL AFFAIRS

RECEIVED

TO: [Ron Lind, Director  
Division of Budget & Management  
Office of the Governor


DATE: January 20, 1978

JAN 24 1978

FILE NO:

BUDGET &amp; MANAGEMENT

TELEPHONE NO:

FROM: Lynn A. Wegener   
Administrative Director

SUBJECT: FY '78 Supplemental

As requested, the following is an update of my October 28, 1977 memo detailing the need for supplemental appropriations to fund anticipated shortfalls in the Fiscal Year 1978 Senior Citizens' Property Tax Exemption Program and the Senior Citizens' Special Assessment Program components of the Senior Citizens' Tax Exemption BRU and the Agricultural Lands Exemption Component of the State Assessor BRU.

Senior Citizens' Property Tax Exemption Program - \$114,400

FY '78 Appropriation	\$1,487,400
Applications received to date	<u>1,525,520</u>
Schedule attached	\$( 38,120)
Maximum estimated contingency for late filed applications	<u>-76,276</u>
	\$( 114,396)

Current Statutes allow Senior Citizens to file application to their municipality for tax exemption through December 31 for that calendar year's taxes. The State Assessor's Office has received the majority of the exemptions due, however, has not received all late filed applications. The outstanding exemptions due will be received from the municipalities through June 30.

Senior Citizens' Special Assessment Program - \$77,300

FY '78 Appropriation	\$ 168,000
Applications paid to date	
Anchorage	- 6,513
City of Cordova	- 7,680
	\$ 153,807
Application estimate	
City of Fairbanks	\$ - 193,500
Contingency for underestimation	- 37,607
	<u>\$( 77,300 )</u>

The original FY '78 budget estimate was based on the assumption that only the City and Borough of Juneau and the City of Cordova would apply for special assessments during the fiscal year. The Assessor has since been notified that the City of Fairbanks will be participating in the current year program for approximately \$193,500. The City of Fairbanks currently anticipates a February levy date with a 90-day application and will bill the State for reimbursement in April 1978. The contingency is requested as the tax rolls at this point are not complete and the number of applicants is uncertain. The \$193,500 represents the City of Fairbanks' current estimated requirement under this program. The City and Borough of Juneau has notified the State Assessor that their levy date has been adjusted from January 1, 1978 to January 1, 1979.

It should be noted that the dollars expended under this program represent a lien on the property and if sold to a non-qualified buyer, the amount of the assessment paid is reimbursed to the State.

Agricultural Land Use Assessment - \$25,000

FY '78 Appropriation	\$125,000
Municipality of Anchorage	- 12,763
Fairbanks North Star Borough	- 4,054
Kenai Peninsula Borough	- 4,836
Matanuska-Susitna Borough	- 111,416
	(\$ 8,070)
Contingency for underestimation	- 16,929
	(\$ 25,000)

Under this program, owners of farm land must apply to the appropriate municipality by February 1 to qualify for the Farm Land Assessment Rate for that tax year; therefore, the estimates provided by the Municipality should approximate actual costs of the program.

The primary reason for the shortfall is the increase in the full and true value assessment and a relatively stable farm use value assessment; thus, increasing the deferred assessment value and the corresponding deferred taxes paid by the State under AS 29.53.035.

State legislation has mandated that these three groups of taxpayers are exempt from payment in the appropriate category and indicates that the State will reimburse the Municipality for revenue lost through the operation of these programs. Payment of less than 100% of the municipal claims will result in lost revenue to the municipality.

If you need additional information, please contact us.

LAW:cd

cc: Oren Pomeroy

Senior Citizen Property Tax Exemption  
 FY '78 Program Report of Municipal Estimates

<u>Boroughs</u>	<u>Tax Exempt</u>
Anchorage, Municipality of	\$ 741,785.81
Bristol Bay	1,081.51
Fairbanks North Star	137,096.86
Haines	4,183.78
Juneau, City & Borough of	219,866.19
Kenai	100,814.44
Ketchikan Gateway	99,549.73
Kodiak Island	26,550.75
Matanuska-Susitna	73,988.61
North Slope	2,284.86
Sitka, City & Borough of	17,064.92
TOTAL BOROUGHs	<u>\$1,424,267.46</u>

<u>Cities</u>	
Cordova	\$ 17,962.01
Craig	1,599.11
Dillingham	7,096.09
Nenana	465.00
Nome	19,843.22
Pelican	323.40
Petersburg	25,090.65
Skagway	7,279.37
Unalaska	1,449.89
Valdez	2,824.53
Wrangell	16,086.38
Yakutat	1,233.23
TOTAL CITIES	<u>\$ 101,252.88</u>

Estimated FY '78 to Date	\$1,525,520.34
Late File Contingency	<u>76,276.00</u>
Total Estimate, FY '78 Need	\$1,601,796.00