

SB

582

COMMITTEE REPORT
SENATE

FURTHER: Finance

5/1/80

Date: 5/12/80

Mr. President:

The Committee on JUDICIARY has had SB 582
assessment, levy and collection of property taxes on transient aircraft

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for CS 11-95 same title
 new title
- and recommends CS 11-95
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

3-1-80
CHAIRMAN

Introduced: 5/1/80
Referred: Judiciary and
Finance

BY THE RULES COMMITTEE
BY REQUEST

1 IN THE SENATE

2 SENATE BILL NO. 582

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the assessment, levy and collection
7 of property taxes on transient aircraft; and providing
8 for an effective date."

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

10 * Section 1. AS 44.25.020 is amended by adding a new paragraph to read:

11 (5) assess the value of transient aircraft in accordance with
12 AS 29.53.038.

13 * Sec. 2. AS 29.53 is amended by adding a new section to read:

14 Sec. 29.53.038. TRANSIENT AIRCRAFT. (a) The Department of Revenue
15 shall assess the value of transient aircraft. The Department of Revenue
16 shall determine the value of aircraft assessed under this section at its
17 full and true value and shall determine the value of the aircraft as of
18 January 1 annually.

19 (b) The Department of Revenue may require by notice each person
20 having ownership or control of an interest in aircraft assessed under
21 this section to submit a return in the form prescribed by the Department
22 of Revenue, based on values existing on January 1 of each year. The
23 Department of Revenue by written notice may require a person to provide
24 additional information within 30 days of the notice.

25 (c) The Department of Revenue may investigate aircraft on which a
26 return has been filed or on which no return has been filed. In either
27 case, the department may make its own valuation of the aircraft, which
28 is prima facie evidence of full and true value. An employee or agent of
29 the Department of Revenue may enter an aircraft as necessary for the in-

1 vestigation during reasonable hours and may examine appropriate records.
2 When requested by an employee or agent of the Department of Revenue, the
3 owner of the aircraft shall furnish to the employee or agent reasonable
4 assistance required for the investigation. If refused entry, the Depart-
5 ment of Revenue may seek a court order to compel entry. For the purpose
6 of the investigation, the owner of the aircraft or his representative
7 may be required to present himself for examination under oath by the
8 Department of Revenue.

9 (d) The Department of Revenue shall prepare annually the assess-
10 ment roll for taxation of transient aircraft by municipalities. The
11 assessment roll shall contain

- 12 (1) a description of all aircraft assessed under this section;
- 13 (2) the assessed value of the aircraft;
- 14 (3) the names and addresses of persons owning aircraft

15 assessed under this section.

16 (e) On or before March 1 of each year, the Department of Revenue
17 shall send to each owner of aircraft named in the assessment roll a
18 notice of assessment, showing the assessed value of the aircraft.
19 Notice of assessment is effective on the date of mailing.

20 (f) The Department of Revenue shall send to each municipality
21 levying a real property tax a copy of the notice of assessment on air-
22 craft which is assessed under this section.

23 (g) An owner of aircraft or a municipality receiving an assessment
24 notice may object to the assessment by advising the Department of Revenue
25 in writing of the objections to the assessment within 20 days of the
26 effective date of the notice.

27 (h) The Department of Revenue shall provide by regulation for
28 notices of appeals to interested persons and municipalities.

29 (i) Following an objection, the Department of Revenue may adjust

1 the assessment and the assessment roll. An adjustment based on an
2 objection from an owner of aircraft or a municipality shall be made
3 within 30 days of the effective date of the notice of assessment.

4 (j) After a ruling by the Department of Revenue on an appeal made
5 under (g) of this section, the owner of aircraft or a municipality may
6 appeal to the State Assessment Review Board. The appeal must be filed
7 in writing within 20 days of the effective date of the notice of assess-
8 ment. The State Assessment Review Board shall provide by regulation for
9 notices of appeals to interested persons and municipalities.

10 (k) The State Assessment Review Board shall hear appeals filed
11 under (i) of this section. A majority of the State Assessment Review
12 Board constitutes a quorum required to transact business under this
13 section. The State Assessment Review Board shall provide by regulation
14 for notices of hearings to interested persons and municipalities. If an
15 appellant fails to appear at the hearing, the State Assessment Review
16 Board may proceed with the hearing in his absence. The appellant bears
17 the burden of proof at a hearing under this subsection.

18 (l) The only grounds for adjustment of assessed value is proof of
19 unequal, excessive or improper valuation or valuation not determined in
20 accordance with the standards set out in this section, based on facts
21 stated in a written appeal timely filed or proved at the hearing.

22 (m) The State Assessment Review Board shall certify its determina-
23 tion of an appeal to the Department of Revenue within seven days of the
24 hearing.

25 ~~(n) An owner of aircraft or a municipality may appeal to the~~
26 superior court for, and is entitled to, trial de novo of the action of
27 the State Assessment Review Board.

28 (o) No later than June 1 of each year, the Department of Revenue
29 shall certify the final assessment roll.

1 (p) The Department of Revenue shall include aircraft omitted from
2 the assessment roll or a supplementary assessment roll, using the proce-
3 dures set out in this section for the original assessment roll.

4 (q) In this section, "transient aircraft" means

5 (1) aircraft used in commerce by an air carrier to furnish
6 transportation to the public for compensation, hire or lease;

7 (2) equipment included in aircraft described in (1) of this
8 subsection; and

9 (3) ground cargo handling and containerization equipment
10 which can be transported in aircraft described in (1) of this subsection
11 and which is so transported.

12 * Sec. 3. AS 29.53 is amended by adding a new section to read:

13 Sec. 29.53.162. LEVY AND COLLECTION OF PROPERTY TAX ON TRANSIENT
14 AIRCRAFT. (a) A municipality may levy and collect property tax on
15 transient aircraft only under this section.

16 (b) A municipality may levy a property tax on transient aircraft
17 by applying the rate of levy, determined under AS 29.53.170(b), to a
18 value for all transient aircraft under the same ownership determined by

19 (1) adding the value of all transient aircraft owned by the
20 same taxpayer; and

21 (2) multiplying the value determined under (1) of this sub-
22 section by the ratio of the number of landings of transient aircraft
23 owned by the taxpayer in the municipality levying the tax during the
24 year preceding the assessment year to the total number of landings of
25 all transient aircraft owned by the taxpayer.

26 (c) In this section, "transient aircraft" means

27 (1) aircraft used in commerce by an air carrier to furnish
28 transportation to the public for compensation, hire or lease;

29 (2) equipment included in aircraft described in (1) of this

1 subsection; and

2 (3) ground cargo handling and containerization equipment
3 which can be transported in aircraft described in (1) of this subsection
4 and which is so transported.

5 * Sec. 4. Notwithstanding any other provision of AS 29.53, an assessment
6 return filed by the owner of transient aircraft under AS 29.53.070 for a
7 municipality for [the 1980] ^{all previous assessment years} assessment year is valid for determining the tax
8 due for that assessment year. If two or more municipalities levy a property
9 tax on transient aircraft under AS 29.53 for the 1980 assessment year, the
10 owner of the aircraft may ask the commissioner of revenue to determine the
11 tax due to each municipality. Upon receipt of the request of the taxpayer,
12 the commissioner of revenue shall apportion the tax due by applying to the
13 assessment of transient aircraft reported to a municipality under AS 29.53.070
14 the amount determined under AS 29.53.162, added by sec. 3 of this Act.

15 * Sec. 5. Sections 1 - 3 of this Act take effect January 1, 1981.

16 * Sec. 6. Sections 4 - 6 of this Act take effect immediately in accord-
17 ance with AS 01.10.070(c).

18
19
20
21
22
23
24
25
26
27
28
29

A M E N D M E N T

OFFERED IN THE SENATE:

By: The Judiciary Committee

To: _____ SENATE BILL No. SB 582

HOUSE BILL No. _____

PAGE: 2 and 3

21 and 23 on Page 2
LINE: 25 on page 3

Line 21, After the word "a" delete "real".

Line 23, Delete "An owner of aircraft or a municipality".
Insert "A municipality or an owner of aircraft".

Line 25, Delete "An owner of an aircraft or a municipality".
Insert "A municipality or an owner of aircraft".



April 18, 1980

The Honorable Mike Colletta
Pouch V, Mail Stop 3100
Juneau, AK 99811

Dear Senator Colletta:

I am writing to bring an urgent matter to your attention that can only get worse if not dealt with in a timely fashion. The matter is the multiple taxation of transient aircraft by the several boroughs.

Multiple taxation of transient aircraft occurs for two simple reasons. First, there is no agreed upon formula by which to allocate a fair portion of the aircraft fleet to each of the boroughs. Presently each borough decides for itself how many aircraft are within its jurisdiction. If a single allocation formula were adopted, then the entire aircraft fleet could be spread over the various boroughs by assigning a portion to each (e.g., 7 aircraft to one borough, 3.3 aircraft to another, etc.). The second way in which multiple taxation creeps into property taxation is through valuation because, once again, each borough decides for itself the value of the transient aircraft. These two concepts, of course, work together in property taxation. For example, it is very possible for a jurisdiction to decide that its portion of the fleet is small but then ascribe a huge valuation to that portion.

In order to rectify multiple taxation of transient aircraft, the legislature needs to address these two issues. A single fleet valuation needs to be accepted by all the boroughs, such as is done with valuation of the Trans Alaska Pipeline. I suggest that this valuation task be given to the Department of Revenue and that its determination be accepted by the boroughs. Finally, a single allocation formula needs to be decided upon that will allocate the fleet among the boroughs. Any rational method is acceptable. I suggest that landings be considered because that data is objective and is relatively easy to retrieve.

I am enclosing a draft bill which addresses these matters. It also provides that previous property returns, if not fraudulent, be accepted as already filed with the various boroughs.

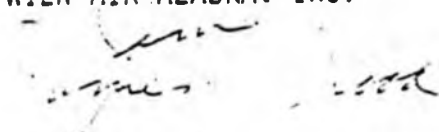
It should be emphasized that we are not seeking to avoid or reduce our share of property taxes. We are simply requesting that we not be subject to multiple taxation merely because we happen to own transient property.

The Honorable Mike Colletta
Page 2

Our legislative liaison, Rick Urion, is available to answer any specific questions you may have. I am also available to discuss the matter with you.

Very truly yours,

WIEN AIR ALASKA, INC.


James J. Flood
Chairman of the Board,
President, & Chief
Executive Officer

cc: Rick Urion

JJF/mls

Enclosure

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465 3800

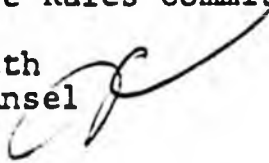
LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 30, 1980

SUBJECT: Municipal taxation of transient aircraft
(Work Order Number 8529)

TO: Senator Mike Colletta
Chairman, Senate Rules Committee

FROM: John B. Chenoweth
Legislative Counsel 

In its draft form, this bill is somewhat more complex than the one-page proposal offered as an attachment to the letter directed to you which pointed out the problems involving multiple assessment, levy and collection of a property tax on aircraft. This bill is made longer by the fact that, while the municipal code contains extensive procedures relative to assessment, levy and collection of general property taxes, and AS 43.56 contains extended provisions relating to state assessment, levy and collection of property subject to the tax jointly laid on oil exploration, production and pipeline transportation properties, the suggested mechanism for taxation of aircraft required preparation of a "hybrid" approach, allowing the commissioner of revenue to assess while leaving to municipalities the right to levy, subject to specific limitations.

This is a property tax levied for municipal purposes. The bill draft, therefore, adds sections to AS 29. I think the first three sections are fairly self-explanatory, though I would advise you to assure yourself that the definition of "transient aircraft" meets all aircraft you would intend to reach.

Section 4 speaks only to assessment year 1980 and would apply the formula offered in an earlier section to the assessment reported by the taxpayer under the law as it currently reads.

Senator Mike Colletta

Page 2

April 30, 1980

The permanent law portions of the bill are made effective January 1, 1981. The bill could have been given retroactive effect to January 1, 1980, (in which case section 4 would be deleted as unnecessary) but, because the principal provisions of the permanent law sections require the Department of Revenue to complete an assessment within a time frame of a few months at the outset of a calendar year, and because that time period has passed for 1980, it seemed preferable to delay the effective date and to provide an interim solution to problems posed by multiple claims of municipalities for just this one year based on the assessments which the taxpayers themselves reported. In other words, while the legislature could provide a complete term of relief in subsequent years, the "status quo" would be only marginally disturbed in the current assessment year. I do not know whether this approach would have an effect on litigation which may now be pending to resolve the legal questions presented, and cannot assure you that proposed sec. 4 of the bill would preclude litigation over issues presented. It is, at best, an effort at an interim, partial solution.

JBC:ljb

Enclosure

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH 5
JUNEAU, ALASKA 99811

May 8, 1980

The Honorable Robert H. Ziegler, Sr.
Chairman
Senate Judiciary Committee
Room 107 - Capitol Building
Juneau, AK 99802

Dear Senator Ziegler:

SENATE BILL NO. 582

Senate Bill No. 582, an Act relating to the assessment, levy and collection of property taxes on transient aircraft, was introduced in the Senate on May 1, 1980 and was referred to the Senate Judiciary and Finance Committees.

For the consideration of the Senate Judiciary Committee, I am enclosing copies of two Fiscal Notes prepared by Robert M. Johnson, Director Petroleum Revenue Division, Department of Revenue.

Sincerely,



R. D. Stevenson
Special Assistant
Phone (907) 465-2397

cc: The Honorable John Sackett
Chairman
Senate Finance Committee

Joseph K. Donohue
Deputy Commissioner
Department of Revenue

Robert M. Johnson, Director
Petroleum Revenue Division
Department of Revenue

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. SB 582
 Title Assessment and Levy on transient aircraft
 Requested by _____ Date _____

II. FISCAL DETAIL
 Agency Affected Revenue
 Program Category Affected General Government
 BRU, Program, or Subprogram(s) Affected Petroleum Revenue
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
200 TRAVEL	6	7	7	7	7	7
300 CONTRACTUAL	2	1	1	1	1	1
400 COMMODITIES	-0-	-0-	-0-	-0-	-0-	-0-
500 EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	8	8	8	8	8	8

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER (Specify Fund Source)	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS

FULL TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART TIME	-0-	-0-	-0-	-0-	-0-	-0-
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

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

Assuming the responsibilities under SB 582 are assigned to Pet Rev, no new positions are needed. However, additional travel expenses of \$5000 for each year are requested in order to cover such field audit trips as are needed in the assessment of aircraft, and an additional \$3000 would be required to fund additional per diem and travel expenses incurred by the Assessment Review Board through appeals based on the bill.

IV. DATE 5/6/82 PREPARED BY Robert M. Johnson
 AGENCY Revenue
 PHONE 276-1363
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

MEMORANDUM

TO: Joseph K. Donohue, Deputy Commissioner
Department of Revenue

DATE: May 6, 1980

FILE NO

TELEPHONE NO

FROM: Robert M. Johnson, Director *RMJ*
Petroleum Revenue Division

SUBJECT: SB 582
(Aircraft Assessments)

To meet some of the problems perceived in this bill, I would suggest the following amendments:

Page 1, sec. 2, lines 14-15. Sec. 29.53.038. TRANSIENT AIRCRAFT. The Department of Revenue shall assess the value of transient aircraft, when the value of such transient aircraft is relevant for purposes of levying a tax under AS 29.53.162. The Department. . . .

Page 3, sec. 2, line 7. "20 days" should be "50 days."

Page 4, sec. 2, line 5 and sec. 3, line 27. ". . . In this section, 'transient aircraft' means (1) aircraft with a gross operating weight in excess of 12,500 lbs. used. . . ."

The foregoing provisions reduce the total number of assessments the Department must make to those which are relevant. Thus, if Anchorage does not tax internationally-based carriers like Japan Airlines, the Department does not have the duty to assess. Also, the weight limitation on "transient aircraft" would avoid the assessment of hundreds of bush planes. (An FAA list of certified air taxi operations is being sent by pouch mail. It shows the volume of aircraft covered.) Those planes under the weight limit would continue to be taxed by municipalities as under present law and ordinance--that is, full assessment and tax if the plane has nexus in the municipality. It is my understanding that SB 582 was designed to cover large aircraft and their taxpaying owners, not bush aircraft. The 12,500 lbs. limit is an FAA break-point. Finally, the 20 to 50 day amendment is designed to insure consistent procedure before the Assessment Review Board.

RMJ/rdm

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. SB 582
 Title Assessment and Levy on transient aircraft
 Requested by _____ Date _____

II. FISCAL DETAIL
 Agency Affected _____ Revenue
 Program Category Affected General Government
 PRU, Program, or Subprogram(s) Affected Petroleum Revenue
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
200 TRAVEL	6	7	7	7	7	7
300 CONTRACTUAL	2	1	1	1	1	1
400 COMMODITIES	-0-	-0-	-0-	-0-	-0-	-0-
500 EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	8	8	8	8	8	8

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER (Specify Fund Source)	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS

FULL TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART TIME	-0-	-0-	-0-	-0-	-0-	-0-
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)
 The bill imposes the duty of assessing aircraft without the addition of taxes to the State for that effort. The burden of determining the value of aircraft is potentially onerous if the bill in fact requires the valuation of all aircraft of even international carriers such as Japan Airlines and the like. The proposed valuation formula works like this:

$$\frac{\text{landings}_{\text{municipality}}}{\text{landings}_{\text{worldwide}}} \times \text{assessed value}_{\text{worldwide}}$$

I am not sure how the "worldwide" scope can be reduced and still result in a realistic apportionment formula. However, Anchorage does not presently assess a tax on internationally-based carriers, such that there is no actual need to assess those aircraft. Nevertheless, the bill does not exempt such carriers from the mandatory duty to assess, but simply leaves the option of levying a tax to the

IV. DATE 5/1/82 PREPARED BY Robert M. Johnson
 AGENCY Revenue
 PHONE 276-1363
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Page 2

municipality. Whether these internationally-based aircraft can in fact be taxed is a question for the Attorney General's Office.

WIEN AIR ALASKA, INC.
PERSONAL PROPERTY TAX EXAMPLE

5.100
71.2

ASSUMPTIONS

1. ASSESSED VALUE PER AIRCRAFT \$ 1,000,000
FLEET \$ 4,000,000
2. ASSUME 2 JURISDICTIONS ONLY FOR SIMPLICITY
3. ASSUME #1 JURISDICTION ASSESSES BASED ON ONE AIRCRAFT'S TIME OVER IT, CALCULATED TO BE 30%
4. ASSUME #2 JURISDICTION IS THE SITUS OF THE FLEET. ALSO ASSUME THAT #2 ASSESSES BASED ON THE FULL TRUE VALUE OF THE FLEET, WITH CREDIT GIVEN ON ASSESSED VALUE BASED ON THE FOLLOWING:
$$** \text{Value per landing} \times \left(\frac{\text{Avg. Daily Landings}}{\text{in #1 Jurisdiction}} \right) = \text{Assessment Credit}$$
5. ASSUME THAT AN AIRCRAFT WILL SPEND 30 minutes ON THE GROUND PER LANDING. THEREFORE
 $1,000,000 \times .48 = \$20,800$ OF VALUE PER LANDING **
(there being 48 (1/2) hour periods in 1 day)
6. ASSUME THAT THE NUMBER OF LANDINGS BY FLEET IN PRIOR YEAR IN TOTAL WERE 20,129 AND THE NUMBER IN JURISDICTION #1 WERE 1838. THEREFORE,
 $1838 \div 365 = 5.03$ AVE. DAILY * LANDINGS

WING AIR ALASKA, INC.
Personal Property TAX EXAMPLE

5-1-00
 med

JURISDICTION # 1

PRESENT METHOD

Ave. AIRCRAFT VALUE 1,000,000

TIME OVER BOROUGH X .30

Assessed VALUE #1 300,000

PROPOSED METHOD

FLEET VALUE 4,000,000

PROPORTIONATE X 1538
 LANDINGS 20,729

ASSESSED VALUE #1 355,000

JURISDICTION # 2

VALUE OF FLEET 4,000,000

** 20,800
 X * 5.03
 ASSESSED CREDIT <104,624>

ASSESSED VALUE #2 3895,376

FLEET VALUE 4,000,000

Proportionate X 18,811
 LANDINGS 20,729

ASSESSED VALUE #2 3,645,000

TOTAL FLEET ASSESSED VALUE 4,195,376

ACTUAL FLEET VALUE 4,000,000

OVER ASSESSED 195,376
 1974 INC. MILL RATE .01444
 OVERTAXED 2,800

TOTAL FLEET ASSESSED VALUE 4,000,000

1838 LANDINGS IN #1
 % 365 DAYS

= * 5.03 LANDINGS / DAY

1,000,000
 % .18 (30 minutes of 24 HOURS)
 ** 20,800 VALUE PER LANDING

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800


LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 30, 1980

SUBJECT: Municipal taxation of transient aircraft
(Work Order Number 8529)

TO: Senator Mike Colletta
Chairman, Senate Rules Committee

FROM: John B. Chenoweth
Legislative Counsel 

In its draft form, this bill is somewhat more complex than the one-page proposal offered as an attachment to the letter directed to you which pointed out the problems involving multiple assessment, levy and collection of a property tax on aircraft. This bill is made longer by the fact that, while the municipal code contains extensive procedures relative to assessment, levy and collection of general property taxes, and AS 43.56 contains extended provisions relating to state assessment, levy and collection of property subject to the tax jointly laid on oil exploration, production and pipeline transportation properties, the suggested mechanism for taxation of aircraft required preparation of a "hybrid" approach, allowing the commissioner of revenue to assess while leaving to municipalities the right to levy, subject to specific limitations.

This is a property tax levied for municipal purposes. The bill draft, therefore, adds sections to AS 29. I think the first three sections are fairly self-explanatory, though I would advise you to assure yourself that the definition of "transient aircraft" meets all aircraft you would intend to reach.

Section 4 speaks only to assessment year 1980 and would apply the formula offered in an earlier section to the assessment reported by the taxpayer under the law as it currently reads.

Senator Mike Colletta

Page 2

April 30, 1980

The permanent law portions of the bill are made effective January 1, 1981. The bill could have been given retroactive effect to January 1, 1980, (in which case section 4 would be deleted as unnecessary) but, because the principal provisions of the permanent law sections require the Department of Revenue to complete an assessment within a time frame of a few months at the outset of a calendar year, and because that time period has passed for 1980, it seemed preferable to delay the effective date and to provide an interim solution to problems posed by multiple claims of municipalities for just this one year based on the assessments which the taxpayers themselves reported. In other words, while the legislature could provide a complete form of relief in subsequent years, the "status quo" would be only marginally disturbed in the current assessment year. I do not know whether this approach would have an effect on litigation which may now be pending to resolve the legal questions presented, and cannot assure you that proposed sec. 4 of the bill would preclude litigation over issues presented. It is, at best, an effort at an interim, partial solution.

JBC:ljb

Enclosure