

H B

4

COMMITTEE REPORT

HOUSE

FURTHER: FINANCE

⁴
2/2/81

(5)

Date: March 12, 1981

Mr. Speaker:

The Committee on COMMUNITY AND REGIONAL AFFAIRS has had HE 4

"An Act providing for reimbursement of taxes paid to a municipality for real property owned and occupied as a permanent place of abode; and providing for an effective date."

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 _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

Long

W. L. ...

John G. ...

MEMBERS HAVING
OTHER RECOMMENDATIONS:

W. L. ...

...

(signatures of Rep Randolph ?

CHAIRMAN

AMENDMENT

OFFERED IN THE HOUSE:

BY: HOUSE C&RA Committee

To: Committee Substitute HOUSE BILL No. 4

SENATE BILL No. _____

PAGE: 3

LINE: 9

After "utilities" add: ^{and} ~~of~~ other services.

psd. unanimously

AMENDMENT

OFFERED IN THE HOUSE:

By: 38 274

To: 111 HOUSE BILL No. 4

SENATE BILL No. _____

PAGE: 3

LINE: 9

with the same title as
the bill.

Introduced: 2/4/81
Referred: Community & Regional
Affairs and Finance

BY MILLER, DUNCAN, BROWN, BEIRNE,
BETTISWORTH, BUCHHOLDT, FULLER,
GARDINER, HURLBERT, MARTIN, MEEKINS,
MOSS, PHILLIPS, ROGERS, SMITH, ZHAROFF,
ABOOD, CLOCKSIN AND GRUSSENDORF -

1 IN THE HOUSE

2 HOUSE BILL NO. 4

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing for reimbursement of taxes paid to a
7 municipality for real property owned and occupied as a
8 permanent place of abode; and providing for an effective
9 date."

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

11 * Section 1. AS 29.53 is amended by adding new sections to read:

12 ARTICLE 6. REIMBURSEMENT OF PROPERTY TAXES.

13 Sec. 29.53.500. REIMBURSEMENT OF TAX ON PERMANENT PLACE OF ABODE.

14 During each calendar year, a resident is eligible to receive reimbursement
15 for taxes paid to a municipality for real property owned and
16 occupied as his permanent place of abode if he

17 (1) applies to the Department of Revenue for reimbursement;

18 and

19 (2) presents proof that the property taxes were paid.

20 Sec. 29.53.510. DUTIES OF DEPARTMENT OF REVENUE. The Department
21 of Revenue shall

22 (1) adopt regulations under the Administrative Procedure Act
23 (AS 44.62) establishing procedures for applying for reimbursement of
24 property taxes under AS 29.53.500;

25 (2) annually request the legislature for appropriations for
26 reimbursements under AS 29.53.500; and

27 (3) pay the reimbursements authorized by AS 29.53.500 from
28 annual appropriations made for that purpose.

29 * Sec. 2. AS 44.25.020 is amended by adding a new paragraph to read:

1 (5) administer the program of reimbursement to residents for
2 property taxes paid for a permanent place of abode (AS 29.53.500 -
3 29.53.510).

4 * Sec. 3. This Act is retroactive to January 1, 1980, and authorizes
5 reimbursement of property taxes paid for a permanent place of abode after
6 December 31, 1979.

7 * Sec. 4. This Act takes effect immediately in accordance with AS 01.10.-
8 070(c).

balance of the proceeds may be submitted. Notice is sufficient under this subsection if mailed to the former owner at his last address of record. Upon presentation of a proper claim, the municipality shall remit the excess to the former record owner. A claim for the excess filed after six months of the date of sale is forever barred. (§ 2 ch 118 SLA 1972; am § 7 ch 48 SLA 1977)

Effect of amendment. — The 1977 amendment: added subsection (b).

Article 3. City Property Tax.

Sec. 29.53.410. Limited property taxing power for second class cities.

Applied in *North Slope Borough v. 1750 (File Nos. 3460, 3513, 3659), 585 P.2d 534 (1978).*
Solo Petroleum Corp., Sup. Ct. Op. No. 534 (1978).

Article 4. Borough Sales and Use Taxes.

Section

- 415. Sales and use tax
- 420. Referendum, adoption and modification

Sec. 29.53.415. Sales and use tax. (a) A borough may levy and collect a sales tax not exceeding six percent on sales or rents, and on services made within the borough. The sales tax may apply to any or all of these sources. Exemptions may be granted by ordinance. (am § 3 ch 127 SLA 1980)

Effect of amendment. — The 1980 amendment substituted "six" for "three" in the first sentences of subsection (a).

As the rest of the section was not affected by the amendment, it is not set out.

Evolutionary development of present language of subsection (a). — See *Liberati v. Bristol Bay Borough, Sup. Ct. Op. No. 1735 (File No. 3365), 584 P.2d 1115 (1978).*

Subsection (a) of this section permits a selective sales tax. *Liberati v. Bristol Bay Borough, Sup. Ct. Op. No. 1735 (File No. 3365), 584 P.2d 1115 (1978).*

This section states no limits on what may be exempted. *Liberati v. Bristol Bay Borough, Sup. Ct. Op. No. 1735 (File No. 3365), 584 P.2d 1115 (1978).*

And there is nothing in the statute which expressly requires a general

tax. *Liberati v. Bristol Bay Borough, Sup. Ct. Op. No. 1735 (File No. 3365), 584 P.2d 1115 (1978).*

The term "sales tax" carries no connotation of generality. *Liberati v. Bristol Bay Borough, Sup. Ct. Op. No. 1735 (File No. 3365), 584 P.2d 1115 (1978).*

An effective implied collection power exists in the right to sue the collecting party for the tax moneys owed. *Fairbanks N. Star Borough v. Howard, Sup. Ct. Op. No. 2036 (File No. 4575), 608 P.2d 32 (1980).*

A real property lien is beyond the scope of what may be "necessarily or fairly implied in or incident to" the authority to collect a sales tax. *Fairbanks N. Star Borough v. Howard, Sup. Ct. Op. No. 2036 (File No. 4575), 608 P.2d 32 (1980).*

Sec. 29.53.420. Referendum, adoption and modification. (a) The assembly shall hold a referendum vote on the question of enacting a sales tax or increasing the rate of levy of sales taxes. Borough sales tax propositions may be presented only once in any 12-month period. A sales tax proposition may be submitted to the voters at a regular or special election or at a general election of the state.

(b) If the proposition receives a majority of the votes cast, the assembly may enact the sales tax or increase the rate of the sales tax as a levy upon buyers, sellers, or both. The sales tax is collected at the time of sale or at the time of payment in credit transactions and transmitted to the borough. (§ 2 ch 118 SLA 1972; am § 4 ch 127 SLA 1980)

HB 4 →

29.53.500 Reimbursement of Property Taxes.
510 Duties / Dept. Revenue

Effect of amendment. — The 1980 amendment inserted "enacting a sales tax or increasing the rate of" in the first sentence of subsection (a), added the third sentence of subsection (a), and inserted "the sales tax or increase the rate of" in the first sentence of subsection (b).

Chapter 58. Municipal Debt.

Article

8. Miscellaneous Provisions (§§ 29.58.300 — 29.58.350)

Article 1. Revenue Anticipation Notes.

Section

- 10. Borrowing in anticipation of revenue
- 20. Issuance of notes
- 30. (Repealed)

Sec. 29.58.010. Borrowing in anticipation of revenue. A municipality of the state which is authorized to incur indebtedness may borrow money to meet appropriations for any fiscal year in anticipation of the collection of the revenues for that year but all debt so contracted shall be paid before the end of the next fiscal year. Revenue anticipation notes may be issued as evidence of the borrowing. (§ 2 ch 118 SLA 1972; am § 1 ch 88 SLA 1974)

Effect of amendment. — The 1974 amendment divided the section into two sentences, and in the first sentence, deleted "in a fiscal year" following "may borrow money," substituted "any fiscal year" for "that fiscal year," "the revenues" for "taxes and estimated revenues," and

"that year" for "the fiscal year," and added "but all the debt so contracted shall be paid before the end of the next fiscal year" to the end. The amendment also, in the second sentence, substituted "Revenue anticipation notes may be issued" for "and may issue its revenue anticipation notes."

Sec. 29.58.020. Issuance of notes. The governing body of a municipality may, by ordinance or resolution, authorize the issuance of revenue anticipation notes and prescribe the form and details of the notes and the manner of their execution. The governing body of the

municipality may delegate to the notes from time to time ordinance or resolution which (§ 2 ch 118 SLA 1972; am § 5

Effect of amendment. — The amendment deleted the third sentence

Sec. 29.58.030. Issuance of notes. Repealed by § 3 ch 83 SLA 1977

Editor's note. — The repealed derived from § 2, ch. 118, SLA 1972

Article 3. General Obligations

Section

180. Payment

Sec. 29.58.180. Payment. A municipality are pledged for general obligation bonds. The bonds are in default of payment of the principal and interest. (§ 7 ch 94 SLA 1977)

Effect of amendment. — The amendment added the language "to pay or secure the payment" to the second sentence of subsection (a). As the rest of the section affected by the amendment, it is out.

Chapter 94, SLA 1977, re both state and local taxation violate Alaska Const., art. which requires every bill to be one subject. North Slope Borough Petroleum Corp., Sup. Ct. Op.

Article

Section

- 200. Revenue bonds
- 210. Forms and terms
- 220. Payment

Sec. 29.58.200. Revenue bonds. A municipality may, by ordinance or resolution, construct, improve and upon a revenue-producing project payable solely from unpledged revenues. The bonds are issued.



Rep. Ben Grussendorf
Chairman
465-3870

Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

Summary - HB 4- by Miller etc.

"An Act providing for reimbursement of taxes paid to a municipality for real property owned and occupied as a permanent place of abode; and providing for an effective date."

This bill allows a property owner to be reimbursed by the state for taxes paid to a municipality for "real property owned and occupied as his permanent place of abode."

The taxpayer must:

- 1). apply to the Dept. of Revenue for reimbursement;
and
- 2). present proof that the property taxes were paid.

The bill directs the Dept. of Revenue to adopt regulations establishing procedures for applying for reimbursement, to annually request the legislature to appropriate funds for reimbursement, and to pay the reimbursements. These provisions are added as new sections 500 and 510 to AS 29.53, Municipal Assessment and Taxation.

This Act is retroactive to January 1, 1980 and authorizes reimbursement of property taxes paid for a permanent place of abode after December 1, 1979. Also provides immediate effective date.

MEMORANDUM

State of Alaska

TO Marie Matsuno
Deputy Commissioner

DATE February 17, 1981

FILE NO:

TELEPHONE NO:

FROM: Terry Earley 
State Assessor

SUBJECT: House Bill #4

The staff of the House Community and Regional Affairs Committee has requested that we comment on House Bill #4.

House Bill #4 would require that the Department of Revenue reimburse residents for property taxes paid on their permanent place of abode.

The Bill would also require that the taxpayer must file an application and present proof of taxes paid.

Although I have not seen the fiscal note proposed by the Department of Revenue, I know that the processing of approximately 100,000 applications and warrants has to be expensive from an administrative standpoint.

It would seem to make a lot more sense to exempt the taxpayer in some manner and provide for state reimbursement to municipalities if in fact total exemption of abodes is desired.

We feel that total exemption of residential property is a less than desirable approach to property tax relief. It discriminates against non-owner occupied residences, apartment dwellers, and business owners. But more seriously than that it also will result in less local control and also less local interest in municipal government, even in this state where taxpayer awareness is more profound than in any other. Taxpayer awareness and interest wanes when financial considerations do not exist. Letting the taxpayer vote on rather than increase tax levies to support a service is a sure fire way to determine if that service is necessary.

Finally, removing the total tax burden will increase the demand for services. If local municipal services are free the demand for existing and new services will rise dramatically!

"How about an indoor pool and recreation center in every neighborhood. If its free why not?"

The above comments may be an exaggeration but they tend to prove a point.

Our additional concerns revolve around communities that by choice have opted for heavy reliance on other taxes, primarily sales tax.

All second class cities, many first class cities and several boroughs rely very heavily on sales tax. For example the City and Borough of Sitka levies

only a 3.5 mill property tax, but collects a 4% sales tax. Residents of the City of Fairbanks are currently paying a 5% sales tax. It would seem reasonable to allow these communities a choice of the kind of tax to be reduced. Also many of the first and second class cities do not have sufficient local tax resources to provide minimal services. It would seem reasonable if a substantial amount of state money is going to be distributed, to help provide municipal services, that those poorer communities be given a choice.

In conclusion it would be our recommendation that legislation be passed increasing state appropriations to all municipalities and they be allowed to exercise maximum flexibility in determining the use to which those increased revenues are put.

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH 5
JUNEAU, ALASKA 99811

February 20, 1981

*The Honorable Ben F. Grussendorf
Chairman
House Community and Regional
Affairs Committee
Room 104 - Capitol Building
Juneau, Alaska*

Re: House Bill No. 4

Dear Mr. Grussendorf:

House Bill No. 4, an Act providing for reimbursement of taxes paid to a municipality for real property owned and occupied as a permanent place of abode, was introduced in the House on February 4, 1981 and was referred to the House Community and Regional Affairs and Finance Committees.

For the consideration of the House Community and Regional Affairs Committee, I am enclosing a copy of a Fiscal Note prepared by Mr. Donald Barnes, Deputy Director, Administrative Services Division of the Department of Revenue concerning the proposed legislation.

Sincerely,



*R. D. Stevenson
Special Assistant*

*cc: The Honorable Samuel R. Cotten
Chairman
House Finance Committee*

*Joseph K. Donohue
Deputy Commissioner
Department of Revenue*

*Donald Barnes, Deputy Director
Administrative Services Division
Department of Revenue*

Positions - FY 81:

1. Two PPT Systems Analysts, four months each, to design and program refunds = 26.4
2. Four PPT clerical, four months each, and two PPT clerical, three months each, to process applications and payments. One PPT clerical, four months, to answer inquiries and telephone = 45.4
3. Overtime and shift differential = 9.6

Contractual:

Data Processing Chargeback = 44.9

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 4
 Title Reimbursement of Taxes Paid to a Municipality for Real Property Owned
 Requested by Community & Regional Affairs Committee Date 2-4-81

II. FISCAL DETAIL

Agency Affected _____ Revenue _____
 Program Category Affected _____ General Government _____
 BRU, Program, or Subprogram(s) Affected _____ Administration & Support, Management Services _____
 (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)

COSTS OF ADMINISTRATION

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	81.4	50.3	54.3	58.6	63.3	68.4
200 TRAVEL						
300 CONTRACTUAL	63.8	38.0	41.0	44.3	47.8	51.6
400 COMMODITIES	1.0	1.0	1.1	1.2	1.3	1.4
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	146.2	89.3	96.4	104.1	112.4	121.4

FUNDING (Thousands of Dollars)

GENERAL FUND	146.2	89.3	96.4	104.1	112.4	121.4
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME	1/3mm	8/21mm	8/21mm	8/21mm	8/21mm	8/21mm
TEMPORARY						

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

Assumption:

1. 100,000 Applicants.
2. FY 81 funding to be requested by supplemental with residuals carrying into FY 82 to complete initial processing.

(continued on next page)

IV. DATE 2-20-81

PREPARED BY _____
 AGENCY _____
 PHONE _____

Donald Barnes
 Donald Barnes
 Revenue
 2313

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

Positions - FY 81:

1. Two PPT Systems Analysts, four months each, to design and program refunds - 26.4
2. Four PPT clerical, four months each, and two PPT clerical, three months each, to process applications and payments. One PPT clerical, four months, to answer inquiries and telephone - 45.4
3. Overtime and shift differential - 9.6

Contractual:

- Data Processing Chargeback - 44.9

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution: No. HB 4
 Title Reimbursement of Taxes Paid to a Municipality for Real Property Owned
 Requested by Community & Regional Affairs Committee Date 2-4-81

II. FISCAL DETAIL

Agency Affected _____ Revenue _____
 Program Category Affected _____ General Government _____
 BRU, Program, or Subprograms, Affected Administration & Support, Management Services
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES ~~XXXXXXXXXXXX~~ (Millions of Dollars)

NEEDED APPROPRIATIONS FOR REIMBURSEMENTS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND	82.0	82.0	82.0	82.0	82.0	82.0
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

IV. DATE 2-20-81 PREPARED BY Donald Bamee
 AGENCY Revenue
 PHONE 2313
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)



Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

Rep. Ben Grussendorf
Chairman
465-3870

Pouch V
State Capitol
Juneau, Alaska 99811

M E M O R A N D U M

TO: Rep. Fuller, Chairman
All Members of House Bush Caucus

Date: April 16, 1981

FROM: Rep. Grussendorf, Chairman
House Community & Regional Affairs

RE: Tax Legislation Regarding Local Governments

The following list of attached legislation in regard to local government taxation and municipal aid programs has been summarized for your review. They are listed in numerical order and, to date, this is a complete representation of the municipal tax legislation that has been reviewed by the C&RA Committee and introduced in the House:

HOUSE BILLS

CSHB 4 (Fin)

"An Act relating to municipal taxes and state aid for municipal tax reduction; and providing for an effective date."

PRESENT STATUS - 4/14/81 House Rules

CSHB 190 (C&RA)

"An Act relating to state aid to municipalities and to Native village governments; and providing for an effective date."

PRESENT STATUS - 3/18/81 House Finance

CSHB 367 (C&RA)

"An Act relating to state aid for municipal sales and use tax relief; and providing for an effective date."

PRESENT STATUS - 4/14/81 House Finance

SENATE BILLS

House CSSB 125 (C&RA)

"An Act making supplemental appropriations to the Department of C&RA and the Department of Revenue for programs which provide state financial assistance to municipalities and other recipients; and providing for an effective date."

PRESENT STATUS - 4/15/81 Signed by Governor



Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

Rep. Ben Grussendorf

Chairman

465-3870

Bush Caucus Memo

Page 2

Municipal Tax Legislation

Pouch V

State Capitol

Juneau, Alaska 99811

CSSB 168(Fin)am

"An Act relating to state assistance for capital projects; and providing for an effective date."

PRESENT STATUS - 4/2/81 House C&RA

There are also two bills that were reviewed by the House C&RA Committee relating to the retirement of general obligation school bonds. These bills are HB 416, the authorization legislation and CSHB 311 (C&RA), the appropriation legislation. The special appropriation included in CSHB 311 to retire the municipalities outstanding general obligation bonds for schools is \$287,616,000. These bills were passed out of the House C&RA Committee on 4/10/81 and are currently in the House Finance Committee.

This legislation, if passed would have a major impact on municipal property tax and sales and use tax reductions.

Cook ✓

Original sponsors: Miller, Duncan,
Brown, et al

1 IN THE HOUSE

BY THE COMMUNITY AND REGIONAL
AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 4 (C&RA)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing relief from property taxes to resi-
7 dent owners and renters who occupy a permanent place
8 of abode; and providing for an effective date."

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

10 * Section 1. AS 29.53 is amended by adding new sections to read:

11 ARTICLE 6. REIMBURSEMENT OF PROPERTY TAXES.

12 Sec. 29.53.500. REIMBURSEMENT OF TAX ON PERMANENT PLACE OF ABODE.

13 During each calendar year, a resident is eligible to receive reimburse-
14 ment for taxes paid to a municipality for real property owned and
15 occupied as his permanent place of abode if he

16 (1) applies to the Department of Community and Regional
17 Affairs for reimbursement; and

18 (2) presents proof that the property taxes were paid.

19 Sec. 29.53.510. DUTIES OF DEPARTMENT. The Department of Community
20 and Regional Affairs shall

21 (1) adopt regulations under the Administrative Procedure Act
22 (AS 44.62) establishing procedures for applying for reimbursement of
23 property taxes under AS 29.53.500;

24 (2) annually request the legislature for appropriations for
25 reimbursements under AS 29.53.500;

26 (3) pay the reimbursements authorized by AS 29.53.500 from
27 annual appropriations made for that purpose;

28 (4) prescribe and furnish an application form for applying
29 for reimbursement of property taxes under AS 29.53.500 which contains a

1 statement of eligibility and a certification of residency in substan-
2 tially the following form:

3 I certify that I am a state resident on the date of this
4 application and that my claim for reimbursement is based on
5 taxes paid to a municipality that were levied on my permanent
6 place of abode during the year _____. I also understand that
7 a false claim of residency or eligibility to receive reim-
8 bursement for taxes is a criminal offense.

9 _____
10 (signature of individual)

11 Sec. 29.53.520. DEFINITION. In AS 29.53.500 - 29.53.520 "abode"
12 means a dwelling, a dwelling unit in a multiple unit dwelling or, if a
13 building is used for commercial purposes and as a dwelling, the portion
14 of the building used as a dwelling; and, as determined by the local
15 assessor, includes lots and outbuildings or a portion of lots and
16 outbuildings necessary to convenient use of the dwelling, limited to
17 not more than one acre if the dwelling is located in an urban area or
18 five acres if the dwelling is located in a rural area;

19 * Sec. 2. AS 29.73.060(a) is amended to read:

20 (a) ^{Applicant} A [resident] of the state [65 YEARS OF AGE OR OLDER] who rents
21 a permanent place of abode is eligible for tax equivalency payments
22 from the state through the Department of Community and Regional Affairs.

23 * Sec. 3. AS 29.73.060(c) is amended to read:

24 (c) To obtain tax equivalency payments the eligible resident must
25 apply to the Department of Community and Regional Affairs (DEPARTMENT)
26 for payment for the preceding year by March 1 [JANUARY 15] of each year
27 on forms and in the manner prescribed by the department. Each applicant
28 shall submit with the application rental receipts or, if rental receipts
29 are not available, other evidence satisfactory to the department for

determination of the fact of payment of rent and the amount paid.

* Sec. 4. AS 29.73.060(d) is amended to read:

(d) If two or more persons occupy a residence as tenants, not all of whom are eligible for tax equivalency payments under this section, the assessor shall determine equitable partial payments to be made to the eligible tenants. [HOWEVER, TAX EQUIVALENCY PAYMENTS TO AN ELIGIBLE APPLICANT MAY NOT BE REDUCED BECAUSE THE SPOUSE IS LESS THAN 65 YEARS OF AGE.] If all occupants in a residence are eligible for tax equivalency payments under this section, the occupants shall decide between and among themselves which shall receive payment.

* Sec. 5. AS 29.73.060 is amended by adding a new subsection to read:

f [(e)] The Department of Community and Regional Affairs shall prescribe and furnish an application form for applying for tax equivalency payments which contains a statement of eligibility and a certification of residency in substantially the following form:

I certify that I ^{was residing} ~~am a state resident~~ on the date of this application and that my claim for a tax equivalency payment is based upon rent paid for my permanent place of abode during the year _____. I also understand that a false claim of residency or eligibility to receive a tax equivalency payment is a criminal offense.

(signature of individual)

* Sec. 6. This Act is retroactive to January 1, 1980, and authorizes reimbursement of property taxes paid for a permanent place of abode after December 31, 1979, and tax equivalency payments for rent paid on a permanent place of abode after December 31, 1979.

* Sec. 7. This Act takes effect immediately in accordance with AS 01.10.-070(c).

March 3, 1981

To: Tony

From: Norman

Subject: Community and Regional Affairs Committee
March 4, 1981

Today we put in for an amendment to HB 4 which would provide for sales tax relief. The idea is pretty interesting and we can see where it will go. However, it probably will not be ready for a day or two. So if you are interested in putting it in simply say during the hearing tomorrow, if necessary, that you have an amendment and would like the committee to hold the bill while it is being drafted. Further, there are two communities in District 17 which are not second class cities and therefore cannot have a sales tax. They are Tuntutuliak and Oscarville. Further, Akiak, Aniak, Lower Kalskag, Tuluksak, and Upper Kalskag also appear not to have sales taxes even though they could impose them. Therefore, it is really a judgment call on this one as it would be giving money to some villages and not others. Of course, on the other hand, as Lyman put it, it would mean relief for those who in fact have paid. If the property tax people are going to be getting some relief and the relief is for taxes paid then the villages which do not pay taxes should not have too much to complain about.

As for SB 125 am the issues are a bit different. It appears that the bill would greatly increase the amount of money to be received by the municipalities eligible for revenue sharing. There are two funding mechanisms, revenue sharing and municipal assistance. The supplemental budget would increase both of these and there would be benefits for District 17 villages. The percentages of increase as shown in the computer printouts is misleading because the increase is based upon three factors: 1) in 1980 the revenue sharing formulas were changed to make a minimum of \$25,000 per municipality, so for villages with small populations the \$25,000 was a big increase and correspondingly the increases for these villages are high; 2) there was a hold harmless clause which grandfathered in existing levels if the new levels would be lower, therefore Anchorage did not go down; and 3) there is no cost of living adjustment in Title 29, chapter 88. This gets complicated and I do not know much about it, but the gist of the situation is that once the Municipal Tax Resource Equalization formula is worked out there is not area cost adjustment for those areas with higher costs. You might want to ask a question about this. The question could be as follows:

If an area cost adjustment was placed within the Municipal Tax Resource Equalization formula what would be the difference in the amounts of entitlements to the municipalities? This assumes that the increased entitlements based upon the supplemental grant would increase the amounts of money to be paid to the rural municipalities.

page 2

Presently, the only area cost adjustments made are contained within chapter 89 dealing with State Aid for Miscellaneous Municipal Purposes - specifically for roads and hospitals. However, as I understand it, for the revenue stabilization program there is not area cost of living differential built in. As you can imagine, once the differential is eliminated, the amount of money to the rural areas diminishes as it simply costs more to do the same amount, etc.



Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

Rep. Ben Grussendorf
Chairman
465-3870

Pouch V
State Capitol
Juneau, Alaska 99811

The C&RA Committee met at 8:30 A.M. on February 23, 1981, with the following members present:

Tony Vaska
Dick Randolph
Pat O'Connell
Bernard Bylsma
Ben Grussendorf, Chairman

The bill to be considered for this particular meeting was HB 4, dealing with direct tax relief. The bill is sponsored by Mike Miller, Russ Meekins and Jim Duncan, all three of whom testified. Mr. Miller gave a brief outline of the bill stating that this bill would pump \$106,000,000 into the economy because it was being paid directly to the taxpayers. He also offered a possible substitute to the bill as an amendment or addendum which included a renter rebate since renters indirectly pay property tax albeit through a landlord. Mr. Duncan supported Mr. Miller's testimony by saying that this bill does not eliminate a municipalities "machinery" to collect taxes as that wouldn't be wise. Senior citizens already get tax rebates so this particular rebating "machinery" is already operative. Mr. Meekins testified that this bill would GUARANTEE taxes go down. The individual has no control over property taxes which tend to be VERY inflationary. In the past, money has been given to municipalities, but no one has ever reduced taxes....they just rise maybe not so rapidly. Mr. Meekins said that this bill would make the tax retroactive for this current year. He added that the Senate bill merely returns the money to municipalities.

Mr. Randolph: This seems to be creating new state bureaucracy to handle rebates. Wouldn't it be simpler to let the municipalities handle it?

Mr. Miller: The municipal bonding ability is erased if the municipalities simply wipe out property taxes. We propose having the people pay the taxes, then get a rebate. This leaves the bonding ability intact.

Mr. Meekins: This also allows the public to keep a check on the municipal spending--it does not give them a blank check to keep raising taxes because the "state is going to pay the bill." Businesses are not having their property taxes eliminated, therefore keeping an additional check on the municipalities--it does not give them the key to the state treasury.



Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

Rep. Ben Grussendorf
Chairman
465-3870

Pouch V
State Capitol
Juneau, Alaska 99811

Page 2, C& RA meeting, Febr. 23, 1981

Mr. Vaska: This gives no one an incentive to lower taxes--why wouldn't they increase them?

Mr. Meekins: Property tax payers will still continue to watch since they will be paying the taxes and then having them returned--creating a cash flow situation that they will watch. Also the business people will definitely be aware since they are still having to pay their entire tax bill.

Mr. Vaska: Is there any financial help for unorganized boroughs? The state is subsidizing the boroughs, why not help for unorganized boroughs?

Mr. Miller: This is a tax relief bill--not a financial return to the citizen ergo: if you don't pay taxes, no return! How can you tie other aid via this bill?

Mr. Vaska: There's still no incentive to lower taxes!

Mr. Miller: The business community will put pressure on the assembly to keep taxes low.

Mr. Meekins: Property tax is the real issue of this bill.

Mr. Randolph: Why is there no reduction in business taxes? I know businesses are collectors, not payors, but why no relief?

Mr. Miller: We are already biting off a big chunk! It is probably more a political factor more than anything. Businesses will profit--from the \$106,000,000 being pumped into the economy.

Mr. O'Connell: There are two fiscal notes with this bill, one for reimbursements, one for administrative costs. The property tax remains the same through 1986, why? There is nothing here on possible impacts of municipalities switching sales taxes to property taxes because the state will be rebating property taxes.



Alaska State Legislature

House of Representatives

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Rep. Ben Grussendorf
Chairman
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Page 3, C&RA meeting Community & Regional Affairs
February 23, 1981

Pouch V
State Capitol
Juneau, Alaska 99811

Mr. Meekins: You're stating a hypothetical situation. It is nearly impossible to do a fiscal note on hypotheticals, so it's not in the fiscal note.

Mr. O'Connell: Is there anything tied to residency in this bill?

Mr. Miller: I think we've learned our lesson about that!!

Mr. Randolph: Outside the bonding aspect, I really think we should just send the municipalities a "big check."

Mr. Meekins: Revenue-sharing was for that--it didn't lower taxes.

Mr. Randolph: We should make a floor amount we will pay or some foundation unit to repay municipalities.

Mr. Meekins: That's just too cumbersome what with our wide range of localities and difference in cost of livings.

Mr. Bylsma: What about mobile homes? They are listed as personal property. That aspect must be checked.

Mr. Vaska: Back to the residency requirement--what about people who are in the state for only like 3 or 4 months in the summer?

Mr. Meekins: For example, college students? This is truly anti-inflationary. Everybody benefits.

Mr. Miller: A lot of people wouldn't bother to fill out the forms anyway but everyone would be rebated that applied.

Mr. O'Connell: This would eliminate sales taxes if this bill passes.

Mr. Miller: Right on!

Meeting recessed at 9:50, to be reconvened at 8:30 a.m. on February 24, 1981.

#84

Vasla - What about Bush compensation?
HB 182 gives all communities money

Randolph What about relief to business?
HB 182

Randolph One program (city) to collect, one program to refund (State)
HB 182 cuts 1 check to local gov

Meekins 1/2 need incentive to keep city from increasing
spending when they receive \$
HB 182 keeps incentive to keep down spending because
there is not enough to fund all capital project
+ ^{all} tax relief. The people will set priorities,
and the more they save in capital spending,
the more taxes will be reduced

O'Connell What about sales tax ^{relief}?
HB 182

O'Connell Is tax relief for just the months home is occupied?
Administrative expense?
HB 182

Miller Bonding problems if city told not to collect tax
HB 182 does not remove ability of city tax to tax
HB 182 funds capital projects - no need to bond for CIP

Bylsma personal property tax ^{relief}?
HB 182

Submitted

P R E S S R E L E A S E

February 18, 1981

Representative Dave Cuddy, District Seven, Anchorage

Dave Cuddy

The House Republicans announced today the introduction of their version of SB 168 relating to revenue sharing to local governments. This type of legislation would help solve a multitude of problems.

1. Pork barrel legislation
2. Lobbyists hired at the local level to procure monies for their cities
3. State government making spending decisions on local issues
4. Lengthy sessions
5. Inequitable appropriations
6. Property and sales tax relief
7. Funding of capital improvement projects

The bill basically calls for \$1,000 per person to be given to local governments. Anchorage, for example, with 200,000 people, would receive \$200,000,000.00. A minimum of \$40,000,000 would go to property tax relief as desired by the people. The balance would then fund capital improvement projects if desired by the people. This would shorten the legislative session since State legislators would no longer make decisions of spending matters which rightly belong with local government. This would reduce pork barrel legislation since local government would be handed money for projects

Press Release

February 18, 1981

and would not have to lobby to get 'their fair share',
and vote trading^{ing} to get funding for various projects would
decrease. Many times some communities don't get their pro-
rata share of the budget. This would solve that problem.
This would guarantee property and sales tax relief while
keeping an incentive for local government to keep costs
down. This would fund capital improvement projects.

This major piece of legislation is greatly needed
and will be a major point in the efforts of the House
Republicans to handle the affairs of the State.

Alaska MUNICIPAL League

TELEPHONES
(907) 586-1325
586-6526

204 N. FRANKLIN ST.
JUNEAU, ALASKA 99801

The Alaska Conference of Mayors met in Juneau on February 5 & 6, 1981 and adopted the following provisions:

Y 81 Supplemental (SB 125). The Alaska Conference of Mayors pledged to use any supplemental funding for tax relief.

Mobile Home Financing. The Conference of Mayors urges supplemental appropriation to the Alaska Housing Finance Corporation for mobile home loans in order to ease the serious statewide housing shortage.

High Unemployment Rate. The Conference of Mayors supports state funding for capital projects in order to alleviate the serious unemployment problem in the state by providing both construction jobs and operation and maintenance jobs when the projects are completed; urges the Legislature and Governor to approve funding early enough to get projects "on the street" this construction season.

In Lieu Of Bonds. The Conference of Mayors urges speedy passage of SB 13, making direct appropriations for projects approved by voters in lieu of selling bonds; additionally supports state interim financing for municipal bonds that have been authorized by the voters but cannot be sold because of the bond market.

Permanent Fund. The Conference of Mayors urges the Legislature to create special endowments for fundamental services, such as those provided by local governments instead of increasing the Permanent Fund, in order to lessen the risk of the federal government devising methods of taking away the state's money.

School Support. The Conference of Mayors endorses the concept of 100% state funding for schools, both operating and construction.

Communities represented at those meetings include the Municipality of Anchorage, the City of Angoon, the City of Fairbanks, Fairbanks North Star Borough, the City of Haines, Haines Borough, the City of Homer, the City of Hoonah, the City and Borough of Juneau, the City of Kenai, Kenai Peninsula Borough, Kodiak Island Borough, the City of Nenana, the City of Nome, North Slope Borough, the City of Petersburg, the City of Sand Point, the City of Seldovia and the City of Wrangell.

Bill Overstreet, President
Leo Rasmussen, Vice President
George Sullivan, Secretary/Treasurer

Resolution 870-R

Whereas the City Council of the City of Petersburg supports the use of unanticipated funds for tax relief, and

Whereas the City Council of the City of Petersburg is in agreement with the passage of Senate Bill 125 am, and

Whereas the City Council of the City of Petersburg promises to use the supplemental funds to cut local taxes.


Therefore Be It Resolved to endorse the House version of Senate Bill 125 as amended.

Passed and Approved by the City Council of the City of Petersburg,
Alaska, this 23rd day of February, 1981.



Mayor

Attest:



City Clerk

municipalities to reduce property tax levies with any certainty that such reductions will be met by anticipated state aid;

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

1. That the House of Representatives of the State of Alaska is urged to speedily consider and pass Senate Bill 125 so that the assembly may reduce real property levies for the coming fiscal year with the certainty that state aid will be available to make up the revenue loss.

2. That it is the intent of the assembly to use its distribution from the municipal assistance fund which is in excess of the amount it would have received from a business license tax refund for the purpose of providing a reduction in the real property tax levy which is in reasonable proportion to the increase.

3. That copies of this resolution be sent to The Honorable Jay Hammond, Governor of the State of Alaska and to each member of the Alaska State Legislature.

Adopted this 19th day of January, 1981.



Mayor

Attest:

Clerk

March 4, 1981

To: Tony

From: Norman

Subject: HB 4

You will be receiving a draft of an amendment from Legislative Legal Services tomorrow morning. The bill will be sent in time for your meeting of the C&RA Committee in the morning. At that time the committee is planning to take up HB 4 in mark up.

Some things about the bill. First, I have not seen it and will not be able to analyze it before the hearing to any great extent. Tam Cook (Greg's wife) did the drafting and wanted to let me know that it was a little different than we proposed. Basically what she said is that municipalities' sales taxes are based upon different formulas as they tax different things in different communities. In other words, a tax of 2% in Alakanuk might be something different than a 2% tax in Juneau. Therefore it is not possible to make the amendment a straight forward return based upon the amount of the sales tax. Therefore she suggested that the Department of Revenue take the entire amount of money collected from the municipality and then use formulas which would return a pro rata share based upon income and number of dependents. At least that is what I understood that she said.

In other words, if Bethel collects \$2,500,000 in sales and use taxes, The Department of Revenue will figure out, based upon income and dependents, amounts to be returned to persons in the different categories (so much for some many people in the family with so much income). It is an attempt to give some, though possibly not very equitable, rebate to the persons who live in areas without property taxes. I will take a look in the morning and see what it says before the mark up session.

A M E N D M E N T

Offered in the HOUSE

By Vaska

TO: HOUSE BILL NO. 4

Page 1, lines 7 - 8:

Delete "for real property owned and occupied as a permanent place of abode"

Page 1, line 12:

Delete "PROPERTY"

Page 1, after line 28:

Insert the following:

"Sec. 29.53.520. REIMBURSEMENT OF SALES AND USE TAXES. (a) During each year, a resident is eligible to receive reimbursement for sales and use taxes he and his dependents paid to a municipality during the previous year if he applies to the Department of Revenue.

(b) The amount of reimbursements under this section shall be calculated to equal the total amount of money collected by each municipality during the previous year from the levy of sales and use taxes.

Sec. 29.53.530. DUTIES OF THE DEPARTMENT OF REVENUE. The Department of Revenue shall

(1) adopt regulations under the Administrative Procedure Act (AS 44.62) establishing procedures for applying for reimbursement for sales and use taxes under AS 29.53.520 which include a graduated scale used for determining the amount of reimbursement based upon

Presented by: The Manager
Introduced: 02/19/81
Drafted by: G.L.S.

RESOLUTION OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 735

A RESOLUTION URGING THE LEGISLATURE TO PASS
SENATE BILL 125 AND STATING THE INTENT
OF THE ASSEMBLY TO USE I.S ENTITLEMENT TO
REDUCE PROPERTY TAXES IN THE COMING FISCAL YEAR.

WHEREAS, prior to 1978, the State of Alaska levied a business license tax and refunded to each municipality 60 percent of the revenues derived from that tax within the municipality, and

WHEREAS, in 1978 the legislature repealed the business license tax causing a loss to municipalities of this dedicated revenue, and

WHEREAS, the same legislature provided that in lieu of the business license tax revenues, the legislature would appropriate to a municipal assistance fund an amount equal to or greater than 10 percent of the corporate income tax revenue received by the State during the previous fiscal year for distribution to municipalities, and

WHEREAS, AS 43.20.016(b) and (c) provide that if sufficient funds are appropriated to the municipal assistance fund, a municipality will receive a base allocation equal to the amount it received in business license tax refunds during fiscal year 1978, and that the excess of the amount needed to make a base distribution to all municipalities would be distributed on the basis of population, and

WHEREAS, AS 43.20.016(d) sets forth the intent of the legislature that to the extent distribution to a municipality from the municipal assistance fund constitutes an increase in state aid to the municipality, the municipality will reduce property tax levies in reasonable proportion to the amount of the increase, and

WHEREAS, Senate Bill 125 which has passed the senate appropriates to the municipal assistance fund an amount which would constitute an increase in state aid, and

WHEREAS, because municipal budgets and tax levies are usually established before it is known how much state aid municipalities will receive, it is difficult or impossible for

municipalities to reduce property tax levies with any certainty that such reductions will be met by anticipated state aid;

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

1. That the House of Representatives of the State of Alaska is urged to speedily consider and pass Senate Bill 125 so that the assembly may reduce real property levies for the coming fiscal year with the certainty that state aid will be available to make up the revenue loss.

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(1) adopt regulations under the Administrative Procedure Act (AS 44.62) establishing procedures for applying for reimbursement for sales and use taxes under AS 29.53.520 which include a graduated scale used for determining the amount of reimbursement based upon

(A) the number of dependents which an applicant has;
and

(B) the amount of sales and use taxes collected by the municipality in which the applicant resides during the previous year divided by the total population of the municipality;

(2) annually request the legislature for appropriations for reimbursements under AS 29.53.520; and

(3) pay the reimbursements authorized by AS 29.53.520 from annual appropriations made for that purpose."

Page 2, line 2:

Delete "property" and delete "for a permanent place of abode"

Page 2, line 3:

Delete "29.53.510" and insert "29.53.520"

Page 2, line 5:

Delete "property" and delete "for a permanent place of abode"

Mon - 23 - #HB 4
 Tues - 24 - #HB 4
 Wed - 25 - #HB 4
 Thurs - 26 - TBA
 Fri - 27 - TBA

28/29 - S/S

March - 1 Mon 9:30 HB 201
 2 Tues HB 201
 3 Wed HB 125
 4 Thurs HB 125

Fri 5 HB 150
 HB 190
 Sat/Sun 6-7

8:30 - HB 4 / Vaska - O'Connell - Bylsma
 Bussendorf - Randolph

Mike Miller: Most important bill of this session:
 burdensome ① inc. tax
 ② prop. tax

* 106 million - into Ark. Economy that did go to municipalities.

Rec amendment as CS - would take care of prop tax equivalency payment.
 ① Direct owners
 ② Renters / via landlord

Duncan - Support of legis and renters amendment. Provide further relief of tax burden of Ark. residence.
 ① Gross B&E tax
 ② Inc Tax repeal
 ③ Prop tax release

also legis for increased new shen; to municip.

Russ Meekins Diff than more \$ to municip -
designed to guarantee that prop taxes go
down. Prop tax are most unfair tax
of all - not related to abilit, to pay.

Every year increased assistance to municip.
No reduction in local taxes - no increase
50% States Budget actually goes to
cities

retroactive clause - for 1980 tax year -
important to keep nature of this bill in tact.
Randolph - All need for local Govt will stay
in place - much easier way not to allow -

Miller Does not want legis to enlarge
bonding marketability of municip.

Vaska - Unorgan bond will not be comp. for this
prop-tax relief. Must look to unorgan borough

equalization is appealable under AS 44.62.560 – 44.62.570. (Eff. 1/28/73, Reg. 45)

Authority: AS 29.53.020(f)
AS 44.47.160

19 AAC 35.120. DEFINITIONS. In this chapter

(1) repealed (Eff. 1/27/73, Reg. 48);

(2) "exemption year" means the calendar year for which the exemption is sought;

(3) "real property" includes, but is not limited to, mobile homes, whether classified as real or personal property for municipal tax purposes;

(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;

(5) "resident" includes applicants who have a fixed habitation in the State of Alaska, and, when absent, intend to return to the State of Alaska;

(6) "ownership" means that an applicant is possessed of an interest, other than a leasehold, in real property, including a mobile home, which interest is recorded in the office of the district recorder, or, if unrecorded, is attested by a contract, bill of sale, deed of trust, or other proof in a form satisfactory to the local assessor;

(7) "department" means the Department of Community and Regional Affairs;

(8) "senior citizen" means an applicant who is 65 years of age or older on January 1 of the exemption year. (Eff. 1/28/73, Reg. 45, am 4/18/73, Reg. 45; am 1/27/74, Reg. 48; am 3/31/76, Reg. 57)

Authority: AS 29.53.020(f)
AS 44.47.160

CHAPTER 38. FARM AND AGRICULTURAL LAND

Section

- 10. Forms
- 20. (Annulled)
- 30. Appeal
- 40. Maintenance of records—Duplicate copies
- 50. Confidentiality
- 60. Definitions

19 AAC 38.010. FORMS. (a) The Department of Community and Regional Affairs Form 21-410 and Form 21-411 are adopted for use in application for the farm and agricultural land use assessment and tax deferment program.

(b) Application and authorization forms shall be made available by and shall be returned to the clerk or assessor of the municipality in which the land for which the farm use assessment and tax deferment are sought is located. (Eff. 12/31/75, Reg. 56)

Authority: AS 29.53.035(b) AS 44.47.130
AS 44.47.050 AS 44.47.160

19 AAC 38.020. SUPPLEMENTARY INFORMATION SUPPORTING APPLICATION FOR THE ASSESSMENT AND TAX DEFERMENT. Annulled under AS 44.62.320, passed 5/25/77.

19 AAC 38.030. APPEAL. An applicant for the farm use assessment and tax deferment who believes that the valuation or classification assigned to the land that is the subject of the application is erroneous may appeal to the board of equalization of the municipality in which the land is located in the manner provided by AS 29.53.130. The municipality shall report the disposition of all such appeals to the state assessor. (Eff. 12/31/75, Reg. 56)

Authority: AS 29.53.035(c)
AS 29.53.130
AS 44.47.160

19 AAC 38.040. MAINTENANCE OF



Rep. Ben Grussendorf
Chairman
465-3870

Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

Summary - HB 4- by Miller etc.

"An Act providing for reimbursement of taxes paid to a municipality for real property owned and occupied as a permanent place of abode; and providing for an effective date."

This bill allows a property owner to be reimbursed by the state for taxes paid to a municipality for "real property owned and occupied as his permanent place of abode."

The taxpayer must:

- 1). apply to the Dept. of Revenue for reimbursement;
and
- 2). present proof that the property taxes were paid.

The bill directs the Dept. of Revenue to adopt regulations establishing procedures for applying for reimbursement, to annually request the legislature to appropriate funds for reimbursement, and to pay the reimbursements. These provisions are added as new sections 500 and 510 to AS 29.53, Municipal Assessment and Taxation.

This Act is retroactive to January 1, 1980 and authorizes reimbursement of property taxes paid for a permanent place of abode after December 1, 1979. Also provides immediate effective date.

approp bill will have account set up to be ~~as in~~
(as in rec. accounts)

companion approp. bill sent to Dept CRA

- 1) costs to local gov't - Early will have estimated cost needed for local gov't
- 2) March 1 fine - / Except for this year
Admin - 2 yrs at once?
- 3) Major problem by Dept CRA:
 - a) local assessors - determining which portion of assessments of above "residential" applies to ~~urban, rural, other~~

- CRA - what are you doing now?
- 4) Dept Rev. - need. clause for them to issue warrants? - no
- 5) what constitutes "urban" or "rural" property? - in definition clause - **NO problem**

~~work-up
Comm Mtg Notes.~~

clear as to interest and penalties not being reimbursed?

Multiple problem not (miller)
1) Mechanism for determination of definition for effect of definition on

Connell - ① Questions as to a. nr. of land eligible "under definition of "abode" - 1 acre. 5 acres -

- ② utilities included in rent receipts - need to address question.

- Consider one time rebate to prop owners. -

O'Connell
Pay rebate to owner & dist. rein. back to renters.

also - Tenants pay prop. tax - have not worried about this with old times. -

Think that remain renters clause from bill.

~~Handwritten scribbles and signatures at the bottom of the page.~~

Check w/ Rev.
Fiscal Note

8125

Gussen, Vaska, O'Connell, Bylsma, Randolph

Terry Easley - CRA Assessor -
Admin Concerns w/ draft.

- 1) Contract w/ Dept Rev. for prep. of warrants
- 2) ~~Local assessor must split~~ the give additional admin money to local assessor (1st time) to figure unit residential rebates
- 3) meet ^{annually} to tell what mortgage % statement
- 4) business in home?

Rebate limit one average -

Don't have problem w/ definition - just don't have data to enforce properly

CRA - sec. no retro clause.

people selling prop in middle of year - then buy new house - what's intent

Local higher - Dept of Rev left out mortgage point approach, \$500,000 -

physical search necessary for split int^o as applicant. Come in.

~~Contract~~ what kind of response from local assessor

Members Present: All — March 4, 1981

Markup Session on HB 4

Lyman Hoffman - City of Bethel - spoke to HB 4 -

Would prefer to see sales tax reimbursement program.

Bethel has no prop. tax. - levy 5% sales tax - revenue is 1.2 million dollars.

Bausen - ~~House~~ ^{Body} has duty to give tax relief. We are now addressing prop tax relief. Would like to address sales tax relief as a separate issue

Workup on HB 4 - Began —

no provision for anyone to file - March 1 Deadline -

Amendments to HB 4 (Reimbursement of real property taxes) for the CRA
Committee by Dick Randolph

A. Page 1, line 7 and 8 delete the following:

"owned and occupied as a permanent place of abode"

B. Page 1, delete line 13 to 19 and substitute the following:

"Sec. 29.53.500. REIMBURSEMENT OF TAX ON REAL PROPERTY.

(a) Each municipality may apply to the Department for a lump sum payment in an amount equalling the total real property taxes collected by that municipality during calendar years 1980 and 1981. Applications for such lump sum payment shall be received by February 15, 1982. Payment of the lump sum to each municipality is conditioned on reimbursement by each municipality to each real property taxpayer who paid property taxes to that municipality during calendar years 1980 and 1981 of an amount equalling their total respective property tax payments during those calendar years. The Department shall make lump sum payments to the municipalities applying for such payments by March 15, 1982. Municipalities receiving lump sum payments for real property taxes collected during calendar years 1980 and 1981 shall reimburse each real property taxpayer by May 1, 1982 for the amount of real property taxes paid during calendar years 1980 and 1981.

(b) Beginning with calendar year 1982 each municipality may elect to receive monthly payments from the Department for the amount of real property taxes it would have collected within the municipality during each month of the calendar year using millage rates in effect on January 1, 1981 but not including amounts for taxes collected under (1), (2), or (3) of this subsection. Such monthly payments are conditioned upon agreement by each municipality not to collect real property taxes from taxpayers except in the following ways and under the following conditions:

- (1) increases in service area millage rates after December 31, 1980 which have been approved by the majority of the registered voters residing within that service area.
- (2) millage rates resulting from the creation of new service areas when both the creation of the service area and the millage rate have been approved by the majority of the registered voters residing within the proposed service area.
- (3) property taxes levied to pay off general obligation bonds issued by the municipality after December 31, 1980 and approved by a majority of the registered voters voting on the question of approval at a regular or special election called for that purpose."

C. Page 2, line 1 - delete (5) and substitute therefore:

"(5) administer the program of reimbursement of tax on real property (AS 29.53.500 - 29.53.510)."

D. Page 2, line 4 - delete Section 3 and renumber Section 4 as Section 3.

Amendment Set #2 (to HB 4)

*Same as
HB 22?*

This set of amendments is included as a complete change to HB 4.

Amendment A - this amendment changes the title to reflect that all property taxes, not just residentially occupied taxes are to be included.

Amendment B

Subsection (a) - this subsection sets up the refund of 1980 and 1981 taxes in a manner that shifts the administrative burden of reimbursement to the local governments for all property taxes in one lump sum payment by the state with individual taxpayer reimbursement being accomplished by the boroughs by May 1, 1982. This avoids setting up a new bureaucracy in the Department of Revenue, and because there is no longer any distinction between owner occupied and non owner occupied property, boroughs can refund more efficiently.

Subsection (b) - this subsection sets up the ongoing HB 4 program in a manner that does not require an added bureaucracy to deal each year with reimbursement of taxes to thousands of individuals. Instead, property taxes would simply not be collected from individuals and local governments would bill the state each month for taxes it would have received from individual property taxpayers. This subsection also allows millage rate increases only for service area changes or to pay new bonds. Any revenues from these increases would be collected by the municipality from individual property taxpayers affected.

*} Bonding
marketability?*

Amendment C - this amendment merely changes wording to reflect that the bill now relates to all real property taxes.

Amendment D - this amendment merely renumbers the bill sections.

8:44 am HCRA. All but Randolph

HB 4 Markup session -

no support for Randolph amendments to HB4

O'Connell - more - lang = debate being based on
assessed value ~~on square footage etc.~~
Pg 2 subsection (c)

proportionate share of assessed value.

① - CRA Dept

Amendments
to CSHB 4

1. Line 3 through 10, page 2:

Accepted
OK
②

Delete paragraph and insert:

I certify that I was ~~residing in~~ ^{residing in} the State of Alaska during the period of time for which I am applying for a reimbursement and that my claim for reimbursement is based on taxes paid to a municipality that were levied on my permanent place of abode during the year _____. I also understand that a false claim of residency or eligibility to receive reimbursement for taxes is a criminal offense.

(signature of applicant)

2. Line 18, page 2:

③
Accepted
OK

change the period to a semi-colon after the word 'area' and insert:

— "a person may only occupy one permanent place of abode during any period of time."

3. Line 12, page 3:

no

re-letter subsection; change (e) to (f) and add a new subsection (e) which reads as follows:

"That portion of rent paid for utilities does not qualify for reimbursement under this section."

4. Line 16 through 22, page 3

amended to read as above paragraph for criminal offense clause. (re-letter to subsection 'f').

④ - resident to applicant on line 24 pg. 2 (ok)

Page 3, line 27:

After "1979." add

"Notwithstanding AS 29.73.060(c) as amended by this Act, each applicant shall, by October 1, 1981, submit an application and evidence satisfactory to the Department of Community and Regional Affairs for determination of payment of rent and the amount paid after December 31, 1979 to December 31, 1980. The department shall disburse payments under this section by December 31, 1981. A person 65 years of age or older shall not qualify for a tax equivalency payment for rent paid after December 31, 1979 to December 31, 1980 if he has received a payment under AS 20,73.060 as in effect January 15, 1981.

This amendment would allow the Department to issue two checks to rentors. The first issued by Dec.31,1981 for the 1980 year. The other would be applied for between Jan and March of 82 for the 1981 year.

Subjects
interior
Regional
requests

My Notes

on form:

assessment
mill rate
exact location
tax ID #
items in unit

Incl. would fill out form stating
Value _____ of bldg apartment is in.

Still not equitable

~~proposed~~

Value x mill rate

Facts:

- Rental reimbursement in present bill is based on 1% per mil - including, in some cases, utility payments.
- Additional costs administratively to separate these ^{% of} included utilities from ^{rental} reimbursements (~~by~~ example above) does not appear to be worthwhile.
- There are other inequities ~~in the present bill~~ ^{in the present bill} that are unapproachable and create further problems by being addressed. ^{the current Senior Citizen Exemption Program}
- Most difficulties with HB4 are related to the 'rentors amendment'

For example, the inequality of a Senior Citizen living in a million dollar home and not having to presently pay any property tax - on any of the excessive acreage surrounding his home.

Keep old timer exemption as spots

(Problem w/ retroactive)

single sub problem

1) problems - ~~residence~~ - opens wrong no residency problem
"per place to abode"
| lane - 29,73,060 alone ✓
- delete [permanent]

(2) both programs under CRA ✓

(3) apply change Jan 15 to March 1 ✓

4) proportional ^{living} units in dwelling - language necessary? ✓

5) penalty clause / similar to firm fund dividend ~~language~~
if caught - no further application ✓

6) - ^{clause} Commercial situation / ^{position} used as private abode - ^{definition} section ✓

- new fiscal note re/ CS

don't let anyone repeal exempt section for old timers -

Utility's included in rent ?

1-Form penalty clause

OR an apartment in a complex as your abode

Ben:

After this morning's meeting, Ginny Chitwood & I met w/ Terry Earley to discuss the 'rentor amendment' problems. Specifically, we addressed the 'utility reimbursement' ^{problem} ~~possibilities~~ with ^{and} possible resolves.

Ginny's suggestion of the individual filling out an application containing ~~the following~~ ^{the following} info was ~~discussed~~ ^{discussed}: Application to include: ^{If you rent a portion of a home, fill out following:}

Prop. Tax ID # _____
location. Legal description of residence: lot #, block # _____
total Assessment value of bldg. _____
of dwelling units in bldg. _____

② list any utilities included in rent pymts
subtracted from mo. rent = _____
1% x mill rate times rent excluding utilities _____

all

400.00
~~600.00~~
600.00 mo. rent.
- 200.00 Utilities
adj rent 400.00
1% x mill (3%)
% off fee

example 65000

"based upon assessed evaluation"

"that portion of rent paid for utilities does not qualify for reimbursement under this section."

A direct appropriation bill will be necessary to accompany this legis, ^{that get up the account under D.CRA and} ~~and consequently~~ fund the Reimbursement Program

Presently the Dept of C&RA administers ~~the~~ ^{accounts} the ~~reimbursement~~ of existing Revenue Sharing ~~Account~~ Programs to municipalities - Why can't they do the same w

~~the requirement that pay for~~

① Decree - check 1981 on ~~to~~ owner rebate -
~~NO WAY for Boston~~

- Amendment to some check in 1981 to

lower 1980 prop. taxes for renters apply Oct 1

amendment

1. Line 3 through 10, page 2:

Delete paragraph and insert:

I certify that I was a resident of the State of Alaska during the period of time for which I am applying for a reimbursement and that my claim for reimbursement is based on taxes paid to a municipality that were levied on my permanent place of abode during the year ____. I also understand that a false claim of residency or eligibility to receive reimbursement for taxes is a criminal offense.

(signature of applicant)

2. Line 18, page 2:

change the period to a semi-colon after the word 'area' and insert:

"a person may only occupy one permanent place of abode during any period of time."

3. Line 12, page 3:

re-letter subsection; change (e) to (f) and add a new subsection (e) which reads as follows:

"That portion of rent paid for utilities does not qualify for reimbursement under this section."

4. Line 16 through 22, page 3

amended to read as above paragraph for criminal offense clause. (re-letter to subsection 'f').

language intent here is to not allow reimbursement payments, for example, on property tax paid on a privately owned home and an abode rented by that same property owner during the same period of time for which reimbursements are being applied for. —

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 28, 1981

SUBJECT: Property tax reimbursement
(CSHB 4)

TO: Representative Ben F. Grussendorf
Chairman
House Community and Regional Affairs Committee

FROM: Tamara Brandt Cook
Legislative Counsel *TBC*

Here is a draft of the committee substitute you requested for HB 4 providing for property tax equivalency payments to renters and making other changes. I believe that this bill would be improved if a definition of "resident" were included. In addition, I have some question as to the use of the phrase "permanent place of abode". If the phrase means "residency" that would be a better term to use throughout the bill. It is unclear whether a person may have more than one permanent place of abode in the state and qualify for reimbursement of taxes paid for each of them.

TBC:jdn

Enclosure

reason for amendment #2

ALASKA

STATE LEGISLATURE

MEMORANDUM

TO: Ben

DATE: March 2, 1981

FROM: Linda

RE: CS for HB 4/ comparison with original bill

HB 4

CSHB 4

Section 1.

Sec 29.53.500 - Adds Article 6 entitled
'Reimbursement of Property Taxes'

Sec. 29.53.510- Outlined duties of the
Dept. of Revenue

Section 2.

Sec 44.25.020 included to allow for
administrative procedures necessary
for Dept. to carry out Article 6

Section 3.

Retroactive clause for reimbursements
of property taxes paid after 12/31/79.

Section 4.

Effective date clause (01.10.070)

Section 1.

Sec 29.53.500 - Adds Article 6 entitled
'Reim. of Prop. Taxes' and changes
duties over to Dept. of C&RA

Sec 29.53.510 - Outlines duties of Dept. of
C&RA - (subsections 1 through 3 same as
original bill)

29.53.510(4) new subsection for Dept. of
C&RA to include liability clause for mis-
use in application form

Sec 29.53.520 - adds new section to include
definition of 'abode' in determining
property eligible for property tax
reimbursement

Section 2.

Sec 29.73.060(a) - renters amendment - amends
present statute 'Senior Citizens Exemption
Program' for use by all renters in the
State (does not repeal present exemption
program - 29.73.060)

Section 3.

Sec 20.73.060(c) - Changed to Dept. of C&RA
for renters reimbursement program
- application submitted by
March 1 rather than present statute date
of Jan. 15.

Section 4.

Sec 29.73.060(d) - provides for partial pay-
ments to habitants of shared rental units

Section 5.

Sec 29.73.060(e) - renters reimbursement pro-
gram application must also provide for
liability clause for misuse

Section 6. - Retroactive to Jan. 1, 1980

Section 7. - Effective Date Clause (01.10.070)

Cook ✓

Original sponsors: Miller, Duncan,
Brown, et al

1 IN THE HOUSE

BY THE COMMUNITY AND REGIONAL
AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 4 (C&RA)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing relief from property taxes to resi-
7 dent owners and renters who occupy a permanent place
8 of abode; and providing for an effective date."

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

10 * Section 1. AS 29.53 is amended by adding new sections to read:

11 ARTICLE 6. REIMBURSEMENT OF PROPERTY TAXES.

12 Sec. 29.53.500. REIMBURSEMENT OF TAX ON PERMANENT PLACE OF ABODE.

13 During each calendar year, a resident is eligible to receive reimburse-
14 ment for taxes paid to a municipality for real property owned and
15 occupied as his permanent place of abode if he *due to permanent*

16 *ok* (1) applies to the Department of Community and Regional
17 Affairs for reimbursement; and *ok*

18 (2) presents proof that the property taxes were paid.

19 Sec. 29.53.510. DUTIES OF DEPARTMENT. The Department of Community
20 and Regional Affairs shall

21 (1) adopt regulations under the Administrative Procedure Act
22 (AS 44.62) establishing procedures for applying for reimbursement of
23 property taxes under AS 29.53.500;

24 (2) annually request the legislature for appropriations for
25 reimbursements under AS 29.53.500;

26 *←* (3) pay the reimbursements authorized by AS 29.53.500 from
27 annual appropriations made for that purpose;

28 (4) prescribe and furnish an application form for applying
29 for reimbursement of property taxes under AS 29.53.500 which contains a

*1/20/11
success*

1 statement of eligibility and a certification of residency in substan-
2 tially the following form:

3 I certify that I ^{was a resident of the State during the period of} am a state resident on the date of this
4 application and that my claim for reimbursement is based on ^{the form which I}
5 taxes paid to a municipality that were levied on my permanent ^{apply for a year}
6 place of abode during the year _____. I also understand that
7 a false claim of residency or eligibility to receive reim-
8 bursement for taxes is a criminal offense.

*no being
on title form
Amend #4*

(signature of individual)

11 Sec. 29.53.520. DEFINITION. In AS 29.53.500 - 29.53.520 "abode"
12 means a dwelling, a dwelling unit in a multiple unit dwelling, or, if a
13 building is used for commercial purposes and as a dwelling, the portion
14 of the building used as a dwelling; and, as determined by the local
15 assessor, includes lots and outbuildings or a portion of lots and
16 outbuildings necessary to convenient use of the dwelling, limited to
17 not more than one acre if the dwelling is located in an urban area or
18 five acres if the dwelling is located in a rural area.

19 * Sec. 2. AS 29.73.060(a) is amended to read:

RENTORS ↓

20 (a) A resident of the state (65 YEARS OF AGE OR OLDER) who rents
21 a permanent place of abode is eligible for tax equivalency payments
22 from the state through the Department of Community and Regional Affairs.

23 * Sec. 3. AS 29.73.060(c) is amended to read:

applicant

24 (c) To obtain tax equivalency payments the eligible resident must
25 apply to the Department of Community and Regional Affairs (DEPARTMENT)
26 for payment for the preceding year by March 1 (JANUARY 15) of each year
27 on forms and in the manner prescribed by the department. Each applicant
28 shall submit with the application rental receipts or, if rental receipts
29 are not available, other evidence satisfactory to the department for

Amend #5

determination of the fact of payment of rent and the amount paid.

* Sec. 4. AS 29.73.060(d) is amended to read:

(d) If two or more persons occupy a residence as tenants, not all of whom are eligible for tax equivalency payments under this section, the assessor shall determine equitable partial payments to be made to the eligible tenants. [HOWEVER, TAX EQUIVALENCY PAYMENTS TO AN ELIGIBLE APPLICANT MAY NOT BE REDUCED BECAUSE THE SPOUSE IS LESS THAN 65 YEARS OF AGE.] If all occupants in a residence are eligible for tax equivalency payments under this section, the occupants shall decide between and among themselves which shall receive payment.

* Sec. 5. AS 29.73.060 is amended by adding a new subsection to read:

(e) - utility clause
(f) The Department of Community and Regional Affairs shall pre-

scribe and furnish an application form for applying for tax equivalency payments which contains a statement of eligibility and a certification of residency in substantially the following form:

I certify that I am a state resident on the date of this application and that my claim for a tax equivalency payment is based upon rent paid for my permanent place of abode during the year _____. I also understand that a false claim of residency or eligibility to receive a tax equivalency payment is a criminal offense

Amend #6
OK

Works - amend # delete Sec 6.

signature of individual
1981

* Sec. 6. This Act is retroactive to January 1, 1980 and authorizes reimbursement of property taxes paid for a permanent place of abode after December 31, 1980, and tax equivalency payments for rent paid on a permanent place of abode after December 31, 1980.

* Sec. 7. This Act takes effect immediately in accordance with AS 01.10.070(c).

1. Line 3 through 10, page 2:

Delete paragraph and insert:

I certify that I was ^{residing in} ~~resident of~~ the State of Alaska during the period of time for which I am applying for a reimbursement and that my claim for reimbursement is based on taxes paid to a municipality that were levied on my permanent place of abode during the year _____. I also understand that a false claim of residency or eligibility to receive reimbursement for taxes is a criminal offense.

(signature of applicant)

2. Line 18, page 2:

change the period to a semi-colon after the word 'area' and insert:

"a person may only occupy one permanent place of abode during any period of time."

3. Line 12, page 3:

re-letter subsection; change (e) to (f) and add a new subsection (e) which reads as follows:

"That portion of rent paid for utilities does not qualify for reimbursement under this section."

4. Line 16 through 22, page 3

amended to read as above paragraph for criminal offense clause. re-letter to subsection 'f').

1 IN THE HOUSE

BY MILLER

2 HOUSE BILL NO.

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing for property tax equivalency payments
7 to residents who rent a permanent place of abode; and
8 providing for an effective date."

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

0 * Section 1. AS 29.73.060(a) is amended to read:

1 (a) A resident of the state [65 YEARS OF AGE OR OLDER] who rents
2 a permanent place of abode is eligible for tax equivalency payments
3 from the state through the Department of Community and Regional Affairs.

4 * Sec. 2. AS 29.73.060(d) is amended to read:

5 (d) If two or more persons occupy a residence as tenants, not all
6 of whom are eligible for tax equivalency payments under this section,
7 the assessor shall determine equitable partial payments to be made to
8 the eligible tenants. [HOWEVER, TAX EQUIVALENCY PAYMENTS TO AN ELIGIBLE
9 APPLICANT MAY NOT BE REDUCED BECAUSE THE SPOUSE IS LESS THAN 65 YEARS
0 OF AGE.] If all occupants in a residence are eligible for tax equi-
1 valency payments under this section, the occupants shall decide between
2 and among themselves which shall receive payment.

3 * Sec. 3. This Act is retroactive to January 1, 1980, and authorizes tax
4 equivalency payments for rent paid on a permanent place of abode after
5 December 31, 1979.

6 * Sec. 4. This Act takes effect immediately in accordance with AS 01.10.-
7 070(c).

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. _____

Title Providing for the 7th anniversary of the State

Requested by Rep. Miller Date _____

II. FISCAL DETAIL

Agency Affected Commissioner of Personnel Services

Program Category Affected Social Services

BRU, Program, or Subprogram(s) Affected State Assessor

(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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	132.9	150.0	165.0	178.2	192.5	207.9
200 TRAVEL	5.6	6.7	6.9	7.5	8.2	9.0
300 CONTRACTUAL	68.2	75.0	82.5	90.8	99.9	109.8
400 COMMODITIES	3.0	2.2	2.6	4.0	4.6	4.5
500 EQUIPMENT	11.6	2.0	2.0	2.0	2.0	2.0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	23,305.0	25,125.5	25,199.1	21,019.1	24,121.1	27,533.7
TOTAL	23,522.3	25,572.5	25,489.0	31,302.1	34,422.7	37,847.20

FUNDING (Thousands of Dollars)

	23,522.3	25,572.5	25,489.1	31,302.1	34,422.7	37,847.20
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	3	3	3	3	3	3
FULL TIME						
PART TIME						
TEMPORARY <u>Seasonal</u>	11	11	11	11	11	11

4 months

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

- 65,000 rental units
- 3,700 mobile homes

IV. DATE _____

PREPARED BY _____

AGENCY _____

PHONE _____

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

Sec. 29.68.360. Public hearings.

Applied in Municipality of Anchorage v. Frohne, Sup. Ct. Op. No. 1477 (File Nos. 3050, 3104), 568 P.2d 3 (1977).

Sec. 29.68.390. Election on charter.

Cited in Municipality of Anchorage v. Frohne, Sup. Ct. Op. No. 1477 (File Nos. 3050, 3104), 568 P.2d 3 (1977).

Chapter 73. Miscellaneous Provisions.

Section

- 60. Property tax equivalency payments
- 70. Taxpayer notice

Sec. 29.73.060. Property tax equivalency payments. (a) A resident of the state 65 years of age or older who rents a permanent place of abode is eligible for tax equivalency payments from the state through the Department of Community and Regional Affairs.

(b) For purposes of determining payments to eligible persons, the department shall calculate a property tax equivalent percentage for each home rule or general law municipality which levies a general property tax at the rate of one percent per mil. The property tax equivalent percentage applied to the annual rent charged to the applicant equals the property tax equivalency payment payable under this section.

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

(d) If two or more persons occupy a residence as tenants, not all of whom are eligible for tax equivalency payments under this section, the assessor shall determine equitable partial payments to be made to the eligible tenants. However, tax equivalency payments to an eligible applicant may not be reduced because the spouse is less than 65 years of age. If all occupants in a residence are eligible for tax equivalency payments under this section, the occupants shall decide between and among themselves which shall receive payment (§ 2 ch 217 SLA 1976; am § 1 ch 124 SLA 1980)

Effect of amendment. — The 1980 amendment, effective July 1, 1980, and retroactive to January 1, 1980, inserted a comma following "municipality" and "general property tax", substituted "one" for "4", substituted "The property tax

equivalent" for "This", substituted and added "payable under this section", all "equals" for "or \$375, whichever is less is", in subsection (b).

Sec. 29.73.070. Taxpayer notice. (a) If a municipality levies and collects real or personal property taxes, the governing body shall provide the following notice:

"NOTICE TO TAXPAYER

For the current fiscal year the (city) (borough) has been allocated the following amount of state aid for school and municipal purposes under the applicable financial assistance Acts:

PUBLIC SCHOOL FOUNDATION PROGRAM ASSISTANCE (AS 14.17)	§
STATE AID FOR RETIREMENT OF SCHOOL CONSTRUCTION DEBT (AS 43.18.100)	§
MUNICIPAL TAX RESOURCE EQUALIZATION ASSISTANCE (AS 29.88)	§
STATE AID FOR MISCELLANEOUS MUNICIPAL SERVICES (AS 29.89)	§
TOTAL AID	§

The millage equivalent of this state aid, based on the dollar value of a mill in the municipality during the current assessment year and for the preceding assessment year, is:

	MILLAGE EQUIVALENT	
	PREVIOUS YEAR	THIS YEAR
PUBLIC SCHOOL FOUNDATION PROGRAM ASSISTANCE	.... MILLS	.... MILLS
STATE AID FOR RETIREMENT OF SCHOOL CONSTRUCTION DEBT	.... MILLS	.... MILLS
MUNICIPAL TAX RESOURCE EQUALIZATION ASSISTANCE	.... MILLS	.... MILLS
STATE AID FOR MISCELLANEOUS MUNICIPAL SERVICES	.... MILLS	.... MILLS
TOTAL MILLAGE EQUIVALENT	.... MILLS	.... MILLS

Notice shall be provided

(1) by furnishing a copy of the notice with tax statements mailed for the fiscal year for which aid is received; or

(2) by publishing in a newspaper of general circulation within the municipality a copy of the notice once each week for a period of three successive weeks, with publication to occur not later than 45 days after the final adoption of the municipality's budget.

(b) If the municipal governing body shall in (a) of this section, council or assembly estimate of the equivalent financial assistance provided

(1) by publishing in municipality a copy of successive weeks, with the final adoption of

(2) if there is no municipality, by posting least two public places not later than 45 days budget.

(c) Compliance with receipt of municipal 29.88 and state aid 29.89. The Department withhold annual allocations officials demonstrate met. (§ 9 ch 155 SLA

Effective date. — Section SLA 1980, provides that (including this section) of effect on the first day of the which \$33,400,000 or more and allowed by the distribution to municipal recipients under the provision 12 of this act, or on July 1, 1980, is earlier. A total of \$33,400,000 appropriated for the program fiscal year beginning July appropriations were made in ch. 20, SLA 1980, and § 6, 1980.

Editor's note. — Section SLA 1980, effective on the 29.73.070, provides: "(a) No other provisions of sec. 1 — (1) a municipality may not than \$25,000 plus an area differential during the first which this act is effective municipality which would AS 29.88, added by sec. 2 of than 125 percent of the amount received for the last fiscal year 43.18.010 — 43.18.045, repealed of this act, is, for each of the

Page 3, line 27:

After "1979." add

"Notwithstanding AS 29.73.060(c) as amended by this Act, each applicant shall, by October 1, 1981, submit an application and evidence satisfactory to the Department of Community and Regional Affairs for determination of payment of rent and the amount paid after December 31, 1979 to December 31, 1980. The department shall disburse payments under this section by December 31, 1981. A person 65 years of age or older shall not qualify for a tax equivalency payment for rent paid after December 31, 1979 to December 31, 1980 if he has received a payment under AS 20,73.060 as in effect January 15, 1981.

This amendment would allow the Department to issue two checks to renters. The first issued by Dec.31,1981 for the 1980 year. The other would be applied for between Jan and March of 82 for the 1981 year.



Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

Rep. Ben Grussendorf
Chairman
465-3870

Pouch V
State Capitol
Juneau, Alaska 99811

To: Billy Berrier, Director
Division of Legal Services

March 6, 1981

From: Rep. Ben Grussendorf, Chairman
House Community & Regional Affairs
Committee

Re: Amendments to the Work Draft of CSHB 4 (C&RA)

The Committee has incorporated the following amendments to the work draft of CSHB 4 (C&RA) and would like the draft revised into final form as the Committee Substitute for HB 4 (C&RA):

Amendment #1:

Line 3 through 10, page 2: Delete paragraph and insert:

I certify that I was ~~a resident of~~ ^{residing in or} the State of Alaska during the period of time for which I am applying for a reimbursement and that my claim for reimbursement is based on taxes paid to a municipality that were levied on my permanent place of abode during the year _____. I also understand that a false claim of residency or eligibility to receive reimbursement for taxes is a criminal offense.

(signature of applicant)

Amendment #2:

Line 18, page 2: Change the period to a semi-colon after the word "area" and insert: "a person may only occupy one permanent place of abode during any period of time." (see memo from Tam Cook, 2/28/81, for purpose of amendment)

Amendment #3:

Line 24, Page 2: Delete the word "resident" and replace it with the word "applicant"

Amendment #4

Line 27, page 2: Insert after the word 'department.':

'The tax equivalency payment shall be based on the assessed value of the applicants "abode".

The intent of the committee is to guide the department on calculations of the reimbursements, excluding any utilities included in rental fees.

Amendment #5

Line 16 through 22, Page 3: Delete and add same language as amendment #1

Amendment #6

Sec. 6, page 3:

Line 24, change date to January 1, 1981

Line 26, change date to December 31, 1980

Line 27, change date to December 31, 1980

Cook ✓

Original sponsors: Miller, Duncan,
Brown, et al

1 IN THE HOUSE

BY THE COMMUNITY AND REGIONAL
AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 4 (C&RA)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing relief from property taxes to resi-
7 dent owners and renters who occupy a permanent place
8 of abode; and providing for an effective date."

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

10 * Section 1. AS 29.53 is amended by adding new sections to read:

11 ARTICLE 6. REIMBURSEMENT OF PROPERTY TAXES.

12 Sec. 29.53.500. REIMBURSEMENT OF TAX ON PERMANENT PLACE OF ABODE.

13 During each calendar year, a resident is eligible to receive reimburse-
14 ment for taxes paid to a municipality for real property owned and
15 occupied as his permanent place of abode if he

16 (1) applies to the Department of Community and Regional
17 Affairs for reimbursement; and

18 (2) presents proof that the property taxes were paid.

19 Sec. 29.53.510. DUTIES OF DEPARTMENT. The Department of Community
20 and Regional Affairs shall

21 (1) adopt regulations under the Administrative Procedure Act
22 (AS 44.62) establishing procedures for applying for reimbursement of
23 property taxes under AS 29.53.500;

24 (2) annually request the legislature for appropriations for
25 reimbursements under AS 29.53.500;

26 (3) pay the reimbursements authorized by AS 29.53.500 from
27 annual appropriations made for that purpose;

28 (4) prescribe and furnish an application form for applying
29 for reimbursement of property taxes under AS 29.53.500 which contains a

1 statement of eligibility and a certification of residency in substan-
2 tially the following form:

change to amendment #1

3 I certify that I am a state resident on the date of this
4 application and that my claim for reimbursement is based on
5 taxes paid to a municipality that were levied on my permanent
6 place of abode during the year _____. I also understand that
7 a false claim of residency or eligibility to receive reim-
8 bursement for taxes is a criminal offense.

(signature of individual)

11 Sec. 29.53.520. DEFINITION. In AS 29.53.500 -- 29.53.520 "abode"
12 means a dwelling, a dwelling unit in a multiple unit dwelling, or, if a
13 building is used for commercial purposes and as a dwelling, the portion
14 of the building used as a dwelling; and, as determined by the local
15 assessor, includes lots and outbuildings or a portion of lots and
16 outbuildings necessary to convenient use of the dwelling, limited to
17 not more than one acre if the dwelling is located in an urban area or
18 five acres if the dwelling is located in a rural area. *add amendment #2 here*

19 * Sec. 2. AS 29.73.060(a) is amended to read:

20 (a) A resident of the state (65 YEARS OF AGE OR OLDER) who rents
21 a permanent place of abode is eligible for tax equivalency payments
22 from the state through the Department of Community and Regional Affairs.

23 * Sec. 3. AS 29.73.060(c) is amended to read:

24 (c) To obtain tax equivalency payments the eligible ~~resident~~ *#3 applicant* must
25 apply to the Department of Community and Regional Affairs (DEPARTMENT)
26 for payment for the preceding year by March 1 (JANUARY 15) of each year
27 on forms and in the manner prescribed by the department. *#4* Each applican-
28 shall submit with the application rental receipts or, if rental receipts
29 are not available, other evidence satisfactory to the department for

determination of the fact of payment of rent and the amount paid.

* Sec. 4. AS 29.73.060(d) is amended to read:

(d) If two or more persons occupy a residence as tenants, not all of whom are eligible for tax equivalency payments under this section, the assessor shall determine equitable partial payments to be made to the eligible tenants. [HOWEVER, TAX EQUIVALENCY PAYMENTS TO AN ELIGIBLE APPLICANT MAY NOT BE REDUCED BECAUSE THE SPOUSE IS LESS THAN 65 YEARS OF AGE.] If all occupants in a residence are eligible for tax equivalency payments under this section, the occupants shall decide between and among themselves which shall receive payment.

* Sec. 5. AS 29.73.060 is amended by adding a new subsection to read:

(e) The Department of Community and Regional Affairs shall prescribe and furnish an application form for applying for tax equivalency payments which contains a statement of eligibility and a certification of residency in substantially the following form:

I certify that I am a state resident on the date of this application and that my claim for a tax equivalency payment is based upon rent paid for my permanent place of abode during the year _____. I also understand that a false claim of residency or eligibility to receive a tax equivalency payment is a criminal offense.

Amendment #5 - (same as #1)

(signature of individual)

* Sec. 6. This Act is retroactive to January 1, 1980, and authorizes reimbursement of property taxes paid for a permanent place of abode after December 31, 1979, and tax equivalency payments for rent paid on a permanent place of abode after December 31, 1979.

* Sec. 7. This Act takes effect immediately in accordance with AS 01.10.-070(c).

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

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

MEMORANDUM

February 28, 1981

SUBJECT: Property tax reimbursement
(CSHB 4)

TO: Representative Ben F. Grussendorf
Chairman
House Community and Regional Affairs Committee

FROM: Tamara Brandt Cook
Legislative Counsel *TBC*

Here is a draft of the committee substitute you requested for HB 4 providing for property tax equivalency payments to renters and making other changes. I believe that this bill would be improved if a definition of "resident" were included. In addition, I have some question as to the use of the phrase "permanent place of abode". If the phrase means "residency" that would be a better term to use throughout the bill. It is unclear whether a person may have more than one permanent place of abode in the state and qualify for reimbursement of taxes paid for each of them.

TBC:jdn

Enclosure

Cook ✓

Original sponsors: Miller, Duncan,
Brown, et al

1 IN THE HOUSE

BY THE COMMUNITY AND REGIONAL
AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 4 (C&RA)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing relief from property taxes to resi-
7 dent owners and renters who occupy a permanent place
8 of abode; and providing for an effective date."

*Does not this
simply include
all renters?!!*

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

10 * Section 1. AS 29.53 is amended by adding new sections to read:

11 ARTICLE 6. REIMBURSEMENT OF PROPERTY TAXES.

12 Sec. 29.53.500. REIMBURSEMENT OF TAX ON PERMANENT PLACE OF ABODE.

13 During each calendar year, a resident is eligible to receive reimburse-
14 ment for taxes paid to a municipality for real property owned and
15 occupied as his permanent place of abode if he

16 (1) applies to the Department of Community and Regional
17 Affairs for reimbursement; and

18 (2) presents proof that the property tax s were paid.

19 Sec. 29.53.510. DUTIES OF DEPARTMENT. The Department of Community
20 and Regional Affairs shall

21 (1) adopt regulations under the Administrative Procedure Act
22 (AS 44.62) establishing procedures for applying for reimbursement of
23 property taxes under AS 29.53.500;

24 (2) annually request the legislature for appropriations for
25 reimbursements under AS 29.53.500;

26 (3) pay the reimbursements authorized by AS 29.53.500 from
27 annual appropriations made for that purpose;

28 (4) prescribe and furnish an application form for applying
29 for reimbursement of property taxes under AS 29.53.500 which contains a

Why do they have to be a resident on the date of application?

statement of eligibility and a certification of residency in substantially the following form:

I certify that I am a state resident on the date of this application and that my claim for reimbursement is based on taxes paid to a municipality that were levied on my permanent place of abode during the year _____. I also understand that a false claim of residency or eligibility to receive reimbursement for taxes is a criminal offense.

(signature of individual)

Sec. 29.53.520. DEFINITION. In AS 29.53.500 - 29.53.520 "abode" means a dwelling, a dwelling unit in a multiple unit dwelling, or, if a building is used for commercial purposes and as a dwelling, the portion of the building used as a dwelling; and, as determined by the local assessor, includes lots and outbuildings or a portion of lots and outbuildings necessary to convenient use of the dwelling, limited to not more than one acre if the dwelling is located in an urban area or five acres if the dwelling is located in a rural area.

* Sec. 2. AS 29.73.060(a) is amended to read:

(a) A resident of the state [65 YEARS OF AGE OR OLDER] who rents a permanent place of abode is eligible for tax equivalency payments from the state through the Department of Community and Regional Affairs.

* Sec. 3. AS 29.73.060(c) is amended to read:

(c) To obtain tax equivalency payments the eligible resident must apply to the Department of Community and Regional Affairs (DEPARTMENT) for payment for the preceding year by March 1 (JANUARY 15) of each year on forms and in the manner prescribed by the department. Each applicant shall submit with the application renta. receipts or, if rental receipts are not available, other evidence satisfactory to the department for

determination of the fact of payment of rent and the amount paid.

* Sec. 4. AS 29.73.060(d) is amended to read:

(d) If two or more persons occupy a residence as tenants, not all of whom are eligible for tax equivalency payments under this section, the assessor shall determine equitable partial payments to be made to the eligible tenants. [HOWEVER, TAX EQUIVALENCY PAYMENTS TO AN ELIGIBLE APPLICANT MAY NOT BE REDUCED BECAUSE THE SPOUSE IS LESS THAN 65 YEARS OF AGE] If all occupants in a residence are eligible for tax equivalency payments under this section, the occupants shall decide between and among themselves which shall receive payment.

* Sec. 5. AS 29.73.060 is amended by adding a new subsection to read:

(e) The Department of Community and Regional Affairs shall prescribe and furnish an application form for applying for tax equivalency payments which contains a statement of eligibility and a certification of residency in substantially the following form:

I certify that I am a state resident on the date of this application and that my claim for a tax equivalency payment is based upon rent paid for my permanent place of abode during the year _____. I also understand that a false claim of residency or eligibility to receive a tax equivalency payment is a criminal offense.

(signature of individual)

* Sec. 6. ~~This Act is retroactive to January 1, 1980~~ ^{This Act} and authorizes reimbursement of property taxes paid for a permanent place of abode after December 31, 19⁸⁰~~79~~, and tax equivalency payments for rent paid on a permanent place of abode after December 31, 19⁸⁰~~79~~.

* Sec. 7. This Act takes effect immediately in accordance with AS 01.10.-070(c).

Amendment to HB 4 by Dick Randolph for
the Community and Regional Affairs Committee

A. Page 1, lines 13-16 - substitute the following:

"Sec. 29.53.500. REIMBURSEMENT OF TAX ON REAL AND PERSONAL PROPERTY.

During each calendar year, a taxpayer is eligible to receive reimbursement for taxes paid to a municipality for real and personal property if he or she..."

B. Page 1, after line 19 add a new section to read:

"Sec. 29.53.505. PAYMENTS TO MUNICIPALITIES IN LIEU OF SALES TAX COLLECTIONS.

Beginning with calendar year 1982, each municipality may receive from the Department, on a quarterly basis, a payment equalling local sales taxes which would have been collected during that quarter. These payments are based on sales tax rates in effect on January 1, 1981 and are conditioned on the non collection of sales taxes up to that rate from taxpayers."

Amendments to HB 4 (Reimbursement of real property taxes) for the CRA Committee by Dick Randolph

A. Page 1, line 7 and 8 delete the following:

"owned and occupied as a permanent place of abode"

B. Page 1, delete line 13 to 19 and substitute the following:

"Sec. 29.53.500. REIMBURSEMENT OF TAX ON REAL PROPERTY.

(a) Each municipality may apply to the Department for a lump sum payment in an amount equalling the total real property taxes collected by that municipality during calendar years 1980 and 1981. Applications for such lump sum payment shall be received by February 15, 1982. Payment of the lump sum to each municipality is conditioned on reimbursement by each municipality to each real property taxpayer who paid property taxes to that municipality during calendar years 1980 and 1981 of an amount equalling their total respective property tax payments during those calendar years. The Department shall make lump sum payments to the municipalities applying for such payments by March 15, 1982. Municipalities receiving lump sum payments for real property taxes collected during calendar years 1980 and 1981 shall reimburse each real property taxpayer by May 1, 1982 for the amount of real property taxes paid during calendar years 1980 and 1981.

*includes
business
real
property?*

(b) Beginning with calendar year 1982 each municipality may elect to receive monthly payments from the Department for the amount of real property taxes it would have collected within the municipality during each month of the calendar year using millage rates in effect on January 1, 1981 but not including amounts for taxes collected under (1), (2), or (3) of this subsection. Such monthly payments are conditioned upon agreement by each municipality not to collect real property taxes from taxpayers except in the following ways and under the following conditions:

- (1) increases in service area millage rates after December 31, 1980 which have been approved by the majority of the registered voters residing within that service area.
- (2) millage rates resulting from the creation of new service areas when both the creation of the service area and the millage rate have been approved by the majority of the registered voters residing within the proposed service area.
- (3) property taxes levied to pay off general obligation bonds issued by the municipality after December 31, 1980 and approved by a majority of the registered voters voting on the question of approval at a regular or special election called for that purpose."

*they want
get
reimbursement
for new
taxes?*

C. Page 2, line 1 - delete (5) and substitute therefore:

"(5) administer the program of reimbursement of tax on real property (AS 29.53.500 - 29.53.510)."

D. Page 2, line 4 - delete Section 3 and renumber Section 4 as Section 3.

Amendment Set #2 (to HB 4)

This set of amendments is included as a complete change to HB 4.

Amendment A - this amendment changes the title to reflect that all property taxes, not just residentially occupied taxes are to be included.

Amendment B

Subsection (a) - this subsection sets up the refund of 1980 and 1981 taxes in a manner that shifts the administrative burden of reimbursement to the local governments for all property taxes in one lump sum payment by the state with individual taxpayer reimbursement being accomplished by the boroughs by May 1, 1982. This avoids setting up a new bureaucracy in the Department of Revenue, and because there is no longer any distinction between owner occupied and non owner occupied property, boroughs can refund more efficiently.

Subsection (b) - this subsection sets up the ongoing HB 4 program in a manner that does not require an added bureaucracy to deal each year with reimbursement of taxes to thousands of individuals. Instead, property taxes would simply not be collected from individuals and local governments would bill the state each month for taxes it would have received from individual property taxpayers. This subsection also allows millage rate increases only for service area changes or to pay new bonds. Any revenues from these increases would be collected by the municipality from individual property taxpayers affected.

Amendment C - this amendment merely changes wording to reflect that the bill now relates to all real property taxes.

Amendment D - this amendment merely renumbers the bill sections.

Rep. Cloekin

A M E N D M E N T

Offered in the HOUSE

TO: HOUSE BILL NO. 4

Page 1, line 8:

After "abode", insert the following:

"and for property tax equivalency payments to renters"

Page 2, after line 3:

Insert the following:

"* Sec. 3. AS 29.73.060(a) is amended to read:

(a) A resident of the state [65 YEARS OF AGE OR OLDER] who rents a permanent place of abode on which taxes are levied under AS 29.53.-010 or 29.53.400 is eligible for tax equivalency payments from the state through the Department of Community and Regional Affairs.

* Sec. 4. AS 29.73.060(d) is amended to read:

(d) If two or more persons occupy a residence as tenants, not all of whom are eligible for tax equivalency payments under this section, the assessor shall determine equitable partial payments to be made to the eligible tenants. [HOWEVER, TAX EQUIVALENCY PAYMENTS TO AN ELIGIBLE APPLICANT MAY NOT BE REDUCED BECAUSE THE SPOUSE IS LESS THAN 65 YEARS OF AGE.] If all occupants in a residence are eligible for tax equivalency payments under this section, the occupants shall decide between and among themselves which shall receive payment.

* Sec. 5. AS 29.73.060 is amended by adding a new subsection to read:

(e) Annual rent under (b) of this section includes a security deposit if the deposit is rent for the year for which a tax equivalency payment is sought and also includes payment for a utility service which is collected as part of the rent. Annual rent under (b) of this section does not include a security deposit paid during the year for which a tax equivalency payment is sought if the deposit is rent for a prior or future year.

Page 2, line 4:

Delete "3" and insert "6"

Page 2, line 6, after "1979" insert the following:

"and property tax equivalency payments for rent paid for a permanent place of abode after December 31, 1979"

Page 2, line 7:

Delete "4" and insert "7"

Cook

Original sponsors: Cuddy, Abood,
Anderson, et al

1 IN THE HOUSE

BY THE COMMUNITY AND
REGIONAL AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 182 (C&RA)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a special municipal aid program;
7 and providing for an effective date."

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

9 * Section 1. MUNICIPAL AID PROGRAM. (a) The department shall compute
10 and pay to each qualified municipality which applies an annual entitlement
11 for the fiscal year ending June 30, 1981, and for the following three fiscal
12 years. The entitlement shall be computed in accordance with (b) of this
13 section.

14 (b) A qualified municipality is entitled to receive during each of the
15 four fiscal years listed in (a) of this section \$1,000 per person residing
16 within the boundaries of the municipality, or \$25,000, whichever is greater.

17 (c) To qualify for an entitlement under this section during the fiscal
18 year ending June 30, 1981, a municipality which levies taxes must agree to
19 reduce the amount of taxes levied in 1981 by at least 20 percent of the
20 amount of the entitlement. To qualify for an entitlement during each of the
21 next three fiscal years, a municipality which levies taxes must agree to
22 levy no more than the amount of taxes levied in 1981 reduced by at least 20
23 percent of the amount of the entitlement for the fiscal year for which the
24 municipality is applying. This eligibility requirement does not apply to a
25 tax levied on oil and gas production and pipeline property under AS 29.53.045
26 or to a tax levied on unimproved land. The agreement and application must
27 be submitted in writing to the department by October 1 of the fiscal year
28 following the fiscal year for which an entitlement is sought.

29 (d) Except for the percentage of the entitlement by which the municipi-

1 pality agrees to reduce the amount of taxes levied in accordance with (c) of
2 this section, an entitlement shall be used for capital projects. The per-
3 centage of an entitlement to a home rule or general law borough to be used
4 for capital projects shall be used in the area within the boundaries of the
5 borough but outside of a city.

6 (e) During the fiscal year ending June 30, 1981, and the following
7 three fiscal years the department shall compute an annual entitlement for
8 the unorganized borough of \$1,000 per person residing within the unorganized
9 borough. The department shall administer the entitlements for the unorga-
10 nized borough and disburse money from the entitlements for capital projects
11 in the unorganized borough upon authorization of the legislature.

12 * Sec. 2. DETERMINATION OF POPULATION. For purposes of this Act, the
13 population of a municipality and of the unorganized borough shall be deter-
14 mined from the latest figures of the United States Bureau of the Census or
15 other population data which, in the judgment of the department is reliable.
16 For purposes of determining the population of a home rule or general law
17 borough, the population of each city located within the boundaries of the
18 borough shall be subtracted from the population of the borough.

19 * Sec. 3. MUNICIPAL AID ACCOUNT. The municipal aid account is estab-
20 lished in the department. Money to carry out the provisions of this Act
21 shall be appropriated to the account and distributed by the department as
22 authorized under sec. 1 of this Act. If the amount appropriated to the
23 account is not sufficient to finance all entitlements, the amount appropri-
24 ated shall be distributed pro rata among eligible municipalities and the
25 unorganized borough. If the amount appropriated to the account exceeds the
26 amount authorized for entitlements under sec. 1 of this Act, the excess
27 money lapses into the general fund on June 30, 1985.

28 * Sec. 4. DEFINITIONS. In this Act

29 (1) "department" means the Department of Community and Regional

1 Affairs;

2 (2) "municipality" means a city, borough, or unified municipality
3 incorporated under state law and includes home rule and general law munici-
4 palities.

5 * Sec. 5. This Act terminates July 1, 1985.

6 * Sec. 6. This Act takes effect July 1, 1981.

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Presented by: The Manager
Introduced: 02/19/81
Drafted by: G.L.S.

RESOLUTION OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 735

A RESOLUTION URGING THE LEGISLATURE TO PASS
SENATE BILL 125 AND STATING THE INTENT
OF THE ASSEMBLY TO USE ITS ENTITLEMENT TO
REDUCE PROPERTY TAXES IN THE COMING FISCAL YEAR.

WHEREAS, prior to 1978, the State of Alaska levied a business license tax and refunded to each municipality 60 percent of the revenues derived from that tax within the municipality, and

WHEREAS, in 1978 the legislature repealed the business license tax causing a loss to municipalities of this dedicated revenue, and

WHEREAS, the same legislature provided that in lieu of the business license tax revenues, the legislature would appropriate to a municipal assistance fund an amount equal to or greater than 10 percent of the corporate income tax revenue received by the State during the previous fiscal year for distribution to municipalities, and

WHEREAS, AS 43.20.016(b) and (c) provide that if sufficient funds are appropriated to the municipal assistance fund, a municipality will receive a base allocation equal to the amount it received in business license tax refunds during fiscal year 1978, and that the excess of the amount needed to make a base distribution to all municipalities would be distributed on the basis of population, and

WHEREAS, AS 43.20.016(d) sets forth the intent of the legislature that to the extent distribution to a municipality from the municipal assistance fund constitutes an increase in state aid to the municipality, the municipality will reduce property tax levies in reasonable proportion to the amount of the increase, and

WHEREAS, Senate Bill 125 which has passed the senate appropriates to the municipal assistance fund an amount which would constitute an increase in state aid, and

WHEREAS, because municipal budgets and tax levies are usually established before it is known how much state aid municipalities will receive, it is difficult or impossible for

STATE OF ALASKA
THE LEGISLATURE

POUCHY STATE TAPIC
JUNEAU ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 7, 1981

SUBJECT: Property tax relief
(CSSB 4)

TO: Representative Ben F. Grussendorf
Chairman, House Community and Regional
Affairs Committee

FROM: Billy G. Berrier
Director
Division of Legal Services

In the absence of Tam Cook, I have prepared the committee substitute requested.

After discussion with you, my understanding of the committee's intent in the substitute is:

1. To eliminate the requirement that a person be a resident of Alaska in order to be eligible. This could not be done simply by changing the form of the application; changes in the substantive provisions are also required.
2. To allow only one dwelling be claimed. Instead of making this requirement as part of the definition, it is better drafting to have it as a substantive provision. I have made it a new subsection (b) to sec. 29.53.500.
3. To exclude costs of utilities from the rent for which reimbursement is claimed. This cannot be done by inserting an assessed value requirement in AS 29.73.060(c) since the method of determining the amount is prescribed in (b) of this section thereby creating a conflict. I have therefore amended (b) and directly excluded utilities from the rent. It is reasonably certain that the department will need to provide the method of exclusion by regulation.
4. To move the retroactive time up one year.

BGB:ljb

Enclosure

STATE OF ALASKA
THE LEGISLATURE

POUCHY STATE CAPITOL
JUP-BAU ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

March 7, 1981

SUBJECT: Property tax relief
(CSSB 4)

TO: Representative Ben F. Grussendorf
Chairman, House Community and Regional
Affairs Committee

FROM: Billy G. Berrier
Director
Division of Legal Services

In the absence of Tam Cook, I have prepared the committee substitute requested.

After discussion with you, my understanding of the committee's intent in the substitute is:

1. To eliminate the requirement that a person be a resident of Alaska in order to be eligible. This could not be done simply by changing the form of the application; changes in the substantive provisions are also required.
2. To allow only one dwelling be claimed. Instead of making this requirement as part of the definition, it is better drafting to have it as a substantive provision. I have made it a new subsection (b) to sec. 29.53.500.
3. To exclude costs of utilities from the rent for which reimbursement is claimed. This cannot be done by inserting an assessed value requirement in AS 29.73.060(c) since the method of determining the amount is prescribed in (b) of this section thereby creating a conflict. I have therefore amended (b) and directly excluded utilities from the rent. It is reasonably certain that the department will need to provide the method of exclusion by regulation.
4. To move the retroactive time up one year.

BGB:ljb

Enclosure

Original sponsors: Miller, Duncan,
Brown, et al

BY THE COMMUNITY AND REGIONAL
AFFAIRS COMMITTEE

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 4 (C&RA)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing relief from property taxes to owners
7 and renters; and providing for an effective date."

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

9 * Section 1. AS 29.53 is amended by adding new sections to read:

10 ARTICLE 6. REIMBURSEMENT OF PROPERTY TAXES.

11 Sec. 29.53.500. REIMBURSEMENT OF TAX ON PLACE OF ABODE. (a)

12 During each calendar year, a person is eligible to receive reimburse-
13 ment for taxes paid to a municipality for real property owned and
14 occupied as his place of abode if he

15 (1) applies to the Department of Community and Regional
16 Affairs for reimbursement; and

17 (2) presents proof that the property taxes were paid.

18 (b) A person may claim only one dwelling as his place of abode.

19 Sec. 29.53.510. DUTIES OF DEPARTMENT. The Department of Community
20 and Regional Affairs shall

21 (1) adopt regulations under the Administrative Procedure Act
22 (AS 44.62) establishing procedures for applying for reimbursement of
23 property taxes under AS 29.53.500;

24 (2) annually request the legislature for appropriations for
25 reimbursements under AS 29.53.500;

26 (3) pay the reimbursements authorized by AS 29.53.500 from
27 annual appropriations made for that purpose;

28 (4) prescribe and furnish an application form for applying
29 for reimbursement of property taxes under AS 29.53.500 which contains a

1 statement of eligibility in substantially the following form:

2 I certify that I am occupying the premises for which tax
3 reimbursement is claimed as my place of abode and that my
4 claim for reimbursement is based on taxes paid to a munic-
5 pality that were levied on my place of abode during the
6 year____. I also understand that a false claim of eligi-
7 bility to receive reimbursement for taxes is a criminal
8 offense.

9
10 _____
(signature of individual)

11 Sec. 29.53.520. DEFINITION. In AS 29.53.500 - 29.53.520 "abode"
12 means a dwelling, a dwelling unit in a multiple unit dwelling, or, if a
13 building is used for commercial purposes and as a dwelling, the portion
14 of the building used as a dwelling; and, as determined by the local
15 assessor, includes lots and outbuildings or a portion of lots and
16 outbuildings necessary to convenient use of the dwelling, limited to
17 not more than one acre if the dwelling is located in an urban area or
18 five acres if the dwelling is located in a rural area.

19 * Sec. 2. AS 29.73.060(e) is amended to read:

20 (a) A resident of the state [65 YEARS OF AGE OR OLDER] who rents
21 a permanent place of abode is eligible for tax equivalency payments
22 from the state through the Department of Community and Regional Affairs.

23 * Sec. 3. AS 29.73.060(c) is amended to read:

24 (c) To obtain tax equivalency payments the eligible person [RESI-
25 DENT] must apply to the Department of Community and Regional Affairs
26 [DEPARTMENT] for payment for the preceding year by March 1 [JANUARY 15]
27 of each year on forms and in the manner prescribed by the department.
28 Each applicant shall submit with the application rental receipts or, if
29 rental receipts are not available, other evidence satisfactory to the

1 department for determination of the fact of payment of rent and the
2 amount paid.

3 * Sec. 4. AS 29.73.060(b) is amended to read:

4 (b) For purposes of determining payments to eligible persons, the
5 department shall calculate a property tax equivalent percentage for
6 each home rule or general law municipality which levies a general
7 property tax at the rate of one percent per mil. The property tax
8 equivalent percentage applied to the annual rent, exclusive of any
9 utilities ^{and services} included in the rent, charged to the applicant equals the
10 property tax equivalency payment payable under this section.

11 * Sec. 5. AS 29.73.060(d) is amended to read:

12 (d) If two or more persons occupy a residence as tenants, not all
13 of whom are eligible for tax equivalency payments under this section,
14 the assessor shall determine equitable partial payments to be made to
15 the eligible tenants [HOWEVER, TAX EQUIVALENCY PAYMENTS TO AN ELIGIBLE
16 APPLICANT MAY NOT BE REDUCED BECAUSE THE SPOUSE IS LESS THAN 65 YEARS
17 OF AGE.] If all occupants in a residence are eligible for tax equiva-
18 lency payments under this section, the occupants shall decide between
19 and among themselves which shall receive payment.

20 * Sec. 6. AS 29.73.060 is amended by adding a new subsection to read:

21 (a) The Department of Community and Regional Affairs shall pre-
22 scribe and furnish an application form for applying for tax equivalency
23 payments which contains a statement of eligibility in substantially the
24 following form:

25 I certify that my claim for a tax equivalency payment is
26 based upon rent paid for my place of abode during the year
27 _____. I also understand that a false claim of eligibility
28 to receive a tax equivalency payment is a criminal offense.
29

(signature of individual)

1
2 * Sec. 7. This Act is retroactive to January 1, 1981, and authorizes
3 reimbursement of property taxes paid for a place of abode after December 31,
4 1980, and tax equivalency payments for rent paid on a place of abode after
5 December 31, 1980.

6 * Sec. 8. This Act takes effect immediately in accordance with AS 01.10.-
7 070(c).
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1 IN THE HOUSE

BY MILLER

2 HOUSE BILL NO.

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing for property tax equivalency payments
7 to residents who rent a permanent place of abode; and
8 providing for an effective date."

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

10 * Section 1. AS 29.73.060(a) is amended to read:

11 (a) A resident of the state [65 YEARS OF AGE OR OLDER] who rents
12 a permanent place of abode is eligible for tax equivalency payments
13 from the state through the Department of Community and Regional Affairs.

14 * Sec. 2. AS 29.73.060(d) is amended to read:

15 (d) If two or more persons occupy a residence as tenants, not all
16 of whom are eligible for tax equivalency payments under this section,
17 the assessor shall determine equitable partial payments to be made to
18 the eligible tenants. [HOWEVER, TAX EQUIVALENCY PAYMENTS TO AN ELIGIBLE
19 APPLICANT MAY NOT BE REDUCED BECAUSE THE SPOUSE IS LESS THAN 65 YEARS
20 OF AGE.] If all occupants in a residence are eligible for tax equi-
21 valency payments under this section, the occupants shall decide between
22 and among themselves which shall receive payment.

23 * Sec. 3. This Act is retroactive to January 1, 1980, and authorizes tax
24 equivalency payments for rent paid on a permanent place of abode after
25 December 31, 1979.

26 * Sec. 4. This Act takes effect immediately in accordance with AS 01.10.-
27 070(c).

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. _____
 Title 11.000000 - Personal Services - 7th Commissioner's Department
 Requested by Rep. Miller Date _____

II. FISCAL DETAIL

Agency Affected Commissioner of Personal Services
 Program Category Affected Social Services
 BRU, Program, or Subprogram(s) Affected State Assessor

(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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	128.9	150.0	165.0	178.2	192.5	207.9
200 TRAVEL	5.6	6.7	6.9	7.5	8.2	9.0
300 CONTRACTUAL	68.2	75.0	92.5	90.8	99.9	109.8
400 COMMODITIES	3.0	3.3	3.6	4.0	4.4	4.8
500 EQUIPMENT	11.6	2.0	2.0	2.0	2.0	2.0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	23,305.0	25,635.5	25,199.1	21,019.1	24,121.1	27,533.7
TOTAL	23,522.3	25,872.5	28,459.0	31,302.1	34,428.7	37,867.20

FUNDING (Thousands of Dollars)

GENERAL FUND	23,522.3	25,872.5	28,459.1	31,302.1	34,428.7	37,867.20
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	3	3	3	3	3	3
PART TIME						
TEMPORARY <i>Seasonal</i>	11	11	11	11	11	11

4 months

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

- 65,000 rental units
- 3,700 mobile homes

IV. DATE _____ PREPARED BY Frank G. [Signature]
 AGENCY _____
 PHONE _____
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Sec. 29.68.360. Public hearings.

Applied in Municipality of Anchorage v. Frohne, Sup. Ct. Op. No. 1477 (File Nos. 3050, 3104), 568 P.2d 3 (1977).

Sec. 29.68.390. Election on charter.

Cited in Municipality of Anchorage v. Frohne, Sup. Ct. Op. No. 1477 (File Nos. 3050, 3104), 568 P.2d 3 (1977).

Chapter 73. Miscellaneous Provisions.

Section

- 60. Property tax equivalency payments
- 70. Taxpayer notice

Sec. 29.73.060. Property tax equivalency payments. (a) A resident of the state 65 years of age or older who rents a permanent place of abode is eligible for tax equivalency payments from the state through the Department of Community and Regional Affairs.

(b) For purposes of determining payments to eligible persons, the department shall calculate a property tax equivalent percentage for each home rule or general law municipality which levies a general property tax at the rate of one percent per mil. The property tax equivalent percentage applied to the annual rent charged to the applicant equals the property tax equivalency payment payable under this section.

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

(d) If two or more persons occupy a residence as tenants, not all of whom are eligible for tax equivalency payments under this section, the assessor shall determine equitable partial payments to be made to the eligible tenants. However, tax equivalency payments to an eligible applicant may not be reduced because the spouse is less than 65 years of age. If all occupants in a residence are eligible for tax equivalency payments under this section, the occupants shall decide between and among themselves which shall receive payment. (§ 2 ch 217 SLA 1976; am § 1 ch 124 SLA 1980)

Effect of amendment. — The 1980 amendment, effective July 1, 1980, and retroactive to January 1, 1980, inserted a comma following "municipality" and "general property tax", substituted "one" for "4", substituted "The property tax

equivalent" for "This", substituted and added "payable under this section", all "equals" for "or \$375, whichever is less is", in subsection (b).

Sec. 29.73.070. Taxpayer notice. (a) If a municipality levies and collects real or personal property taxes, the governing body shall provide the following notice:

"NOTICE TO TAXPAYER

For the current fiscal year the (city) (borough) has been allocated the following amount of state aid for school and municipal purposes under the applicable financial assistance Acts:

PUBLIC SCHOOL FOUNDATION PROGRAM ASSISTANCE (AS 14.17)	§
STATE AID FOR RETIREMENT OF SCHOOL CONSTRUCTION DEBT (AS 43.18.100)	§
MUNICIPAL TAX RESOURCE EQUALIZATION ASSISTANCE (AS 29.88)	§
STATE AID FOR MISCELLANEOUS MUNICIPAL SERVICES (AS 29.89)	§
TOTAL AID	§

The millage equivalent of this state aid, based on the dollar value of a mill in the municipality during the current assessment year and for the preceding assessment year, is:

	MILLAGE EQUIVALENT	
	PREVIOUS YEAR	THIS YEAR
PUBLIC SCHOOL FOUNDATION PROGRAM ASSISTANCE	..... MILLS	..... MILLS
STATE AID FOR RETIREMENT OF SCHOOL CONSTRUCTION DEBT	..... MILLS	..... MILLS
MUNICIPAL TAX RESOURCE EQUALIZATION ASSISTANCE	..... MILLS	..... MILLS
STATE AID FOR MISCELLANEOUS MUNICIPAL SERVICES	..... MILLS	..... MILLS
TOTAL MILLAGE EQUIVALENT	..... MILLS	..... MILLS

Notice shall be provided

(1) by furnishing a copy of the notice with tax statements mailed for the fiscal year for which aid is received; or

(2) by publishing in a newspaper of general circulation within the municipality a copy of the notice once each week for a period of three successive weeks, with publication to occur not later than 45 days after the final adoption of the municipality's budget.

(b) If the municipal governing body shall in (a) of this section. council or assembly estimate of the equivalent financial assistance provided

(1) by publishing in municipality a copy of successive weeks, with the final adoption of the

(2) if there is no municipality, by posting least two public places not later than 45 days budget.

(c) Compliance with receipt of municipal 29.88 and state aid for 29.89. The Department withhold annual allocations officials demonstrate met. (§ 9 ch 155 SLA

Effective date. — Section SLA 1980, provides that (including this section) of effect on the first day of the which \$33,400,000 or more is and allowed by the distribution to municipal recipients under the provision 12 of this act, or on July 1, 1980, is earlier. A total of \$20 appropriated for the program fiscal year beginning July appropriations were made in ch. 120, SLA 1980, and § 6 1980.

Editor's note. — Section SLA 1980, effective on the 29.73.070, provides: "(a) No other provisions of sec. 1 (1) a municipality may not than \$25,000 plus an area differential during the first which this act is effective municipality which would AS 29.88, added by sec. 2 of than 125 percent of the aid received for the last fiscal 43.18.010 — 43.18.045, repe of this act, is, for each of the

1. Sales Tax
 2. Resident
 3. Permanent Place of Abode
 4. Renter - how handle renter who moves frequently (to 15% of rent taxes!)
 5. Business - shifts burden to local small businesses.
 6. Mobile Home Owner in the position of paying the local tax twice?
(pay no property tax)
- State will pay 15% of rent for the whole damn state!!!

(15% of rent is thrust of formula)

(To a high "rent" community like Jackson this a classic "ry" - it would infuse money into the local economy through

- a. a full tax rebate to property owner
- b. a 15% ~~tax~~ rent rebate

(Maybe doesn't apply if definitions of "resident" & "permanent place of abode" are tightly written)

2. Mechanics

- ① "Over 1/2 state budget goes to cities"
- ② "Local gov't has grown w/o local resident saving tax relief"

Question Won't this put an even larger part of state budget to cities with no restraint on cities to raise local taxes even higher, knowing that state will pick up any increase in local mill rates.

3. What about Sales Taxes?

(a) does fiscal note account for transfer of sales taxes to property tax rolls?

4. What if I live in my house as a "citizen" for 30 days and then rent it at 15% rebate for 10 months - the state pays twice.



Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

Rep. Ben Grussendorf
Chairman
465-3870

Pouch V
State Capitol
Juneau, Alaska 99811

The C&RA Committee met at 9:30 A.M. on February 23, 1981, with the following members present:

Tony Vaska
Dick Randolph
Pat O'Connell
Bernard Bylsma
Ben Grussendorf, Chairman

The bill to be considered for this particular meeting was HB 4, dealing with direct tax relief. The bill is sponsored by Mike Miller, Russ Meekins and Jim Duncan, all three of whom testified. Mr. Miller gave a brief outline of the bill stating that this bill would pump \$106,000,000 into the economy because it was being paid directly to the taxpayers. He also offered a possible substitute to the bill as an amendment or addendum which included a renter rebate since renters indirectly pay property tax albeit through a landlord. Mr. Duncan supported Mr. Miller's testimony by saying that this bill does not eliminate a ~~municipalities~~ ^{municipalities} "machinery" to collect taxes as that wouldn't be wise. Senior citizens already get tax rebates so this particular rebating "machinery" is already operative. Mr. Meekins testified that this bill would GUARANTEE taxes go down. The individual has no control over property taxes which tend to be VERY inflationary. In the past, money has been given to municipalities, but no one has ever reduced taxes...they just rise maybe not so rapidly. Mr. Meekins said that this bill would make the tax retroactive for this current year. He added that the Senate bill merely returns the money to municipalities.

Mr. Randolph: This seems to be creating a new state bureaucracy to handle rebates. Wouldn't it be simpler to let the municipalities handle it?

Mr. Miller: The municipal bonding ability is erased if the municipalities simply wipe out property taxes. We propose having the people pay the taxes, then get a rebate. This leaves the bonding ability intact.

Mr. Meekins: This also allows the public to keep a check on the municipal spending--it does not give them a blank check to keep raising taxes because the "state is going to pay the bill." Businesses are not having their property taxes eliminated, therefore keeping an additional check on the municipalities--it does not give them the key to the state treasury.



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Page 2, C& RA meeting, Febr 23, 1981

Mr. Vaska; This gives no one an incentive to lower taxes--why wouldn't they increase them?

Mr. Meekins: Property tax payers will still continue to watch since they will be paying the taxes and then having them returned--creating a cash flow situation that they will watch. Also the business people will definitely be aware since they are still having to pay their entire tax bill.

Mr. Vaska: Is there any financial help for unorganized boroughs? The state is subsidizing the boroughs, why not help for unorganized boroughs?

Mr. Miller: This is a tax relief bill--not a financial return to the citizen ergo: if you don't pay taxes, no return! How can you tie other aid via this bill?

Mr. Vaska: There's still no incentive to lower taxes!

Mr. Miller: The business community will put pressure on the assembly to keep taxes low.

Mr. Meekins: Property tax is the real issue of this bill.

Mr. Randolph: Why is there no reduction in business taxes? I know businesses are collectors, not payors, but why no relief?

Mr. Miller: We are already biting off a big chunk! It is probably more a political factor more than anything. Businesses will profit--from the \$106,000,000 being pumped into the economy.

Mr. O'Connell: There are two fiscal notes with this bill, one for reimbursements, one for administrative costs. The property tax remains the same through 1986, why? There is nothing here on possible impacts of municipalities switching sales taxes to property taxes because the state will be rebating property taxes.



Alaska State Legislature

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Page 3, C&RA meeting
February 23, 1981

Pouch V
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Juneau, Alaska 99811

Mr. Meekins: You're stating a hypothetical situation. It is nearly impossible to do a fiscal note on hypotheticals, so it's not in the fiscal note.

Mr. O'Connell: Is there anything tied to residency in this bill?

Mr. Miller: I think we've learned our lesson about that!!

Mr. Randolph: Outside the bonding aspect, I really think we should just send the municipalities a "big check."

Mr. Meekins: Revenue-sharing was for that--it didn't lower taxes.

Mr. Randolph: We should make a floor amount we will pay or some foundation unit to repay municipalities.

Mr. Meekins: That's just too cumbersome what with our wide range of localities and difference in cost of livings.

Mr. Bylsma: What about mobile homes? They are listed as personal property. That aspect must be checked.

Mr. Vaska: Back to the residency requirement--what about people who are in the state for only like 3 or 4 months in the summer?

Mr. Meekins: For example, college students? This is truly anti-inflationary. Everybody benefits.

Mr. Miller: A lot of people wouldn't bother to fill out the forms anyway but everyone would be rebated that applied.

Mr. O'Connell: This would eliminate sales taxes if this bill passes.

Mr. Miller: Right on!

Meeting recessed at 9:50, to be reconvened at 8:30 a.m. on February 24, 1981.

CRA
25 Feb 81

Salver McCarter

* Only 31 (39?) of all the organized municipalities in the state ~~offer~~ levy a property tax.

Terry Early
State Assessor

* \$33 million statewide collected on sales tax

* Mobile Homes:

Equivalent for Renters - State reimburses renter
Sr. Citizens - reimburse municipality

600 people currently in rent reimbursement
65,000 if we go to full rent reimbursement

Mill rates over past few years have gone down
(Anac. was 19.2 mills in 1975, 12.06 in 1980)

CLA

24 Feb 81

HB 4

Dave Cuddy

- HB 182 calls for \$1,000 per person to local govt.
- * 20% to tax relief
- * balance to local capital projects

Lee Sharp

Atty - City of Juncos

- * Must be careful about local municipality's ability to raise bonds
- * Must be careful not to restrict municipalities' ability to raise money

(they should not be dependent upon the legislature or the governor for local funding)

- * HB 4 meets these needs -

- would not affect bonding capacity
- municip. could go ahead @ normal levy.
- taxpayer would get relief w/o affecting local tax structure.

IS IT CONSTITUTIONAL

to rebate local taxes on varying level from the general fund?

WHY WOULDN'T A STRAIGHT PAYMENT TO THE PEOPLE (SAY \$1,000 EACH) BE BETTER THAN THE RELIEF AT SOME VARIABLE RATE?

- * EVERY CITIZEN GETS EQUAL TREATMENT
- * INCENTIVE REMAINS TO KEEP LOCAL TAXES DOWN.

Jimmy Chetwood

- * Basically echoes Lee Sharp

- No impairment of local ability to meet local needs
- No impairment to sell bonds

- * ("Draw Sticks:")

1. Expense to administer

- * Local govt raised ~~\$24~~^{\$24+} million last year

ALASKA

STATE LEGISLATURE

MEMORANDUM

TO: Ben

DATE: March 2, 1981

FROM: Linda

RE: CS for HB 4/ comparison with original bill

HB 4

CSHB 4

Section 1.

Sec 29.53.500 - Adds Article 6 entitled 'Reimbursement of Property Taxes'

Sec. 29.53.510 - Outlined duties of the Dept. of Revenue

Section 2.

Sec 44.25.020 included to allow for administrative procedures necessary for Dept. to carry out Article 6

Section 3.

Retroactive clause for reimbursements of property taxes paid after 12/31/79.

Section 4.

Effective date clause (01.10.070)

Section 1.

Sec 29.53.500 - Adds Article 6 entitled 'Reim. of Prop. Taxes' and changes duties over to Dept. of C&RA

Sec 29.53.510 - Outlines duties of Dept. of C&RA - (subsections 1 through 3 same as original bill)

29.53.510(4) new subsection for Dept. of C&RA to include liability clause for misuse in application form

Sec 29.53.520 - adds new section to include definition of 'abode' in determining property eligible for property tax reimbursement

Section 2.

Sec 29.73.060(a) - renters amendment - amends present statute 'Senior Citizens Exemption Program' for use by all renters in the State (does not repeal present exemption program - 29.73.060)

Section 3.

Sec 20.73.030(c) - Changed to Dept. of C&RA for renters reimbursement program

- application submitted by March 1 rather than present statute date of Jan. 15.

Section 4.

Sec 29.73.060(d) - provides for partial payments to habitants of shared rental units

Section 5.

Sec 29.73.060(e) - renters reimbursement program application must also provide for liability clause for misuse

Section 6. - Retroactive to Jan. 1, 1980

Section 7. - Effective Date Clause (01.10.070)

#B4

Vasla - What about Bush compensation?
HB 182 gives all communities money

Randolph What about relief to business?
ANSWER HB 182

Randolph One program (city) to collect, one program to refund (State)
HB 182 cuts 1 check to local gov

Meekins We need incentive to keep city from increasing spending when they receive \$
HB 182 keeps incentive to keep down spending because there is not enough to fund all capital project + ^{all} tax relief. The people will set priorities, and the more they save in capital spending, the more taxes will be reduced

O'Connell What about sales tax ^{relief}?
HB 182

O'Connell Is a tax relief for just the months home is occupied? Administrative expense? Fiscal note to administer renter rebate?
HB 182

Miller Bonding problems if city told not to collect tax
HB 182 does not remove ability of city to tax
HB 182 funds capital projects - no need to bond for CIP

Bylsma personal property tax ^{relief}? (Mobile Homes?)
HB 182

Submitted

P R E S S R E L E A S E

February 18, 1981

Representative Dave Cuddy, District Seven, Anchorage

Dave Cuddy

The House Republicans announced today the introduction of their version of SB 168 relating to revenue sharing to local governments. This type of legislation would help solve a multitude of problems.

1. Pork barrel legislation
2. Lobbyists hired at the local level to procure monies for their cities
3. State government making spending decisions on local issues
4. Lengthy sessions
5. Inequitable appropriations
6. Property and sales tax relief
7. Funding of capital improvement projects

The bill basically calls for \$1,000 per person to be given to local governments. Anchorage, for example, with 200,000 people, would receive \$200,000,000.00. A minimum of \$40,000,000 would go to property tax relief as desired by the people. The balance would then fund capital improvement projects if desired by the people. This would shorten the legislative session since State legislators would no longer make decisions of spending matters which rightly belong with local government. This would reduce pork barrel legislation since local government would be handed money for projects

Press Release

February 18, 1981

and would not have to lobby to get 'their fair share',
and vote trading^{ing} to get funding for various projects would
decrease. Many times some communities don't get their pro-
rata share of the budget. This would solve that problem.
This would guarantee property and sales tax relief while
keeping an incentive for local government to keep costs
down. This would fund capital improvement projects.

This major piece of legislation is greatly needed
and will be a major point in the efforts of the House
Republicans to handle the affairs of the State.

2/23/91

Miller
D
Mackin

ACCESS -

Sitka - Prop tax
FY 80 - 959,729
Sales tax 2,119,403
Pop - 8,000

HB - #4 -

1. Direct Relief
\$106,000,000 in the economy
2. Keeping the property tax mechanism in the municipalities for Bonding purpose.
3. By collecting the property the Citizen is aware of govt. operations because he has to give up front money
4. Sending the applicants would give us positive demographic factors of homeowners - property title
5. Property tax relief only on private.. permanent place of abode..
not commercial property..
Business could get the Exemption for the 1st 100,000 - 250,000 is taxable corporate profits for all Alaska Corps.

Being the hub of Wood at the harbor of Water -- ^{expenses of Wood Resources} most business and commercial ventures are foreign or Absentee land or business ownership.

- ① - - How do we define Rent - Permanent Place of Abode
- ② - - Role of Sales tax.
- ③ - - Renters Equivalency Rebate Program.
- ④ - - Federal income problems

* Thoughts

Public awareness to municipal govt. because the Citizen is giving the local government a loan -- a short term investment that is reimbursed by the state -- the investment to the citizen is the up front \$ and loss of interest on the \$ -- that should keep his public interest Citizen keen and Responsible govt.

HB 4

Rep. Dave Cobby - stated HB 4 is the vehicle for property tax relief

Lee Sharp - Bonding concerns

Local govt. need the authority to levy taxes -- needs predictability of funding -- worries about attempt to limit local property tax levels.

Municipality must know the programs will be fully funded.

HB 4 would accomplish this

SB. 125 -& HB 182 are one shot programs and are not predictable for municipal budgeting.

With Property tax Mechanism in fact -- statistics such as request by HE-73 cases (studies) Assessment Records

Thought 3

[How about an Average Millage Rate to be applied State wide -- could be useful for unincorporated areas.]

Giving Chitwood - Municipal League.

HB. 4 .. ? cost of Admin.

might decrease citizen involvement by the Business and commercial world keep the officials honest and responsible

Giving Stadel in 1980. Local Govt. raised \$264,000,000

Also stated the federal budget/ Funding is being cut - \$3m federal shared Revenues
\$4m in lieu of taxes program

Tony Earley
Palmer McCants

My thoughts

We have many proposals that address the rural and unorganized areas. (Many have Restricted Dead Statutes) so can not collect property tax.

S.B. 125 - is a one shot deal for Municipalities to increase the level of service with no mandatory tax value requirement while HB 4 - is for citizen - direct tax relief.

39 Municipalities levy property taxes - -
? What % of the States population -- 85% to 95%.

Palmer - Problems with mixture of property tax and sales tax. He claims HB 4 better than HB 22. because of citizen involvement.

Earley - State Assessor -
* 33,000,000 Sales tax collected by local govt.

Check Administrative Cost vs. benefits

Routier - 24,000,000 vs *200,000

Prude H 82,000,000 vs
*400,000 roughly cost

Administrative should dropped after programs get moving 7ys down this level etc.

less than 1/2 of 1%

See Some Property Tax

*50,000 Adm 4,300 people

2,000,000 back -

- ? 1. Place of Abode - -
- ? 2. Factoring in a living unit.
- ? 3. Permanent first penalty clause.
- ? 4. Old times exemption to remain the same in the AS. -
- ? 5. Date change Jan 15th to March 1st.
- ? 6. Planning total under C.R.A.

Palmer

CS HB-4

- ? Place of Abode - residency - permanent place
- ? definition of resident (not necessary for voter)
- ? (Permanent fund) Parity clause
- ? Old timers' exemptions to remain the same in A.S.S.
- ? Factored living unit
- ? - Dates changed from Jan 15 to March 1st
- Placed under C.R.A.
- Utilization

① Would the tax be collected from the property owner. If he knew he was going to get it back?

Yes! .. This is not a deal between State govt and local govt. The taxpayer gets his money back from the State not the local govt. -- It is an agreement between the citizen and the State; leaving the taxing mechanism in local govt intact and doing business as usually -- which is the long ^{hand} term is necessary should funds run out or not get fully funded - the Local govt does not become helpless or ^{become} dependent -

The citizen would pay his property tax because local govt depends on it for operating expenses. The local govt. would pay for collection - penalties, interest, etc. liens - business as usually - public involvement - through public investment

Assess

① Retroactive tax date - strict if this tax year? ii
 Problem because of Rent rebate.

Property Tax Relief

During the last five weeks the House Standing Committee on Community and Regional Affairs has been considering various ways to institute a general property tax relief program.

Many questions had to be answered and each question brought forth another question. By my count eleven basic concerns faced the Committee. After much deliberation H.B. 4, of which I am a co-sponsor, was selected as the main vehicle to carry forth our ideas on direct tax relief. Thus CSHB 4 became the ~~final~~ product, that answered the basic questions ~~which~~ ~~I will~~ ~~briefly~~ we faced.

- (1) How could a community sell bonds if their taxing Authority was stripped from them? We had to develop a program that would keep the municipal property tax mechanism intact for bonding purposes.
- (2) What about the role of the citizen in keeping local government responsible? If the property tax was repealed and the state oil and gas revenues then replaced the "blood, sweat and tears" municipalities would the citizen continue his watchdog role on spending. Would the public attitude change towards extravagant spending and waste? Would such "in the street statements" as, "We know the project, program etc. is questionable but do not worry about it, the state will pick up the tab" prevail in public thinking.

The answer to questions one and two ^{are addressed} ~~point~~ ~~at~~ CSHB 4. The bill creates an agreement between the citizen and the state, leaving the taxing mechanism of the local government intact and doing business as usual. This approach is, the long haul is necessary should ^{eventually} funds run out or if the program could not be fully funded. By allowing the local governments to continue in the established pattern they do not become

helpless beggars are completely dependent upon the State.

The citizen would pay his property tax because the local government depends on it for its operating budget. The local government would push for collection, enforced by penalties, interest and liens on the property. The property taxpayer would not get reimbursed by the state until he ~~would~~ send in a receipt that the taxes had been paid.

This property tax "business as usual" approach keeps public involvement through public investment. The citizen is giving the local government a loan, a short term one, that is reimbursed by the state. So the citizen is providing the up front money and this 10% interest investment should keep his public interest keen and concerned about responsible governments.

(3) To what extent should property tax relief be given? Should it be a total repeal, reduction in millage or a reimbursement program?

Tax relief would be to that item we all have in common our place of Abode. Not commercial property. ⁽⁴⁾ There would be little equity in exempting commercial properties. Being the home of what the hunters or water... exporters & raw resources... Most of the business and commercial ventures are foreign or absentee land or business ownership.

Besides business and commercial ventures will benefit under other legislation... such as exempting in taxable Corporate profits. (Exempt the first 250,000 tax. Corp. profit tax)

② Should the state give the money to the municipality ^{with hope that would} to reduce taxes or should the money be reimbursed to the taxpayer directly?

③ How can we avoid causing problems for the old times tax exemption programs?

④ Should the tax relief be retroactive to 1980?

⑤ Will there be an end to each question being up another question?

After much deliberation H.B. 4, of which I am a co sponsor, was selected as the main vehicle to carry forth our idea of direct tax relief. The following 3 pm Answer Q 1-42

H.B. 4, creates an agreement between the citizen and the state, leaving the taxing mechanism of the local government intact and doing business as usual. This approach in the long haul is necessary should funding run out or if the program is not fully funded. By allowing the local governments to continue in the established pattern they do not become helpless or dependent.

The citizen would pay his property tax because local govt. depends on it for its operating expenses. The local government would put in collection, enforced by penalties, interests and liens on the property. The property tax payers would not get reimbursed by the state until he received and send in a receipt that the taxes had been paid.

This property tax "business as usual" approach still has public involvement through public investments. The citizen is giving the local government a loan -- a short term one that is reimbursed by the state. So the citizen is providing the up front money and this is interest investment should keep his public interest keen and concerned about responsible government.

Answer to Question ③ - Tax relief would to that item we all have in common or place a abode, not common property. There would be little equity

in exempting commercial properties. Being the hives of
wood and the handlers of water -- exporters of raw
resources -- most of the business and commercial ventures
are foreign or absentee land or business ownership --
Besides business and commercial ventures will benefit under
other legislation -- such as exemptions in taxable corporate
profits

Question 5 - What about renters? We developed a
Renters Equivalency Rebate Program in HB4 that
has been used in other states with great success. ~~I~~

Question 6 - How do we define rented or permanent
place of abode? - We, for constitutional reasons do
not try to define the terms if you are paying
property tax you get a rebate but only one one
abode.

Question 7. How do we handle areas without
property tax -- If you do not have the disease
you do not get the cure? Other legislation will
be introduced to address unincorporated areas and
sales tax Question.

Question 8 - ~~Where~~ ^{Where} should the funds go to the
Municipal or township?

A check is hand even though Uncle Sam gets his
share is better than having the average citizen
wonder if he really benefited from the money
given to his local government. Besides State Shared Revenue
at Municipal Assistance
has increased

Question 9. Can we avoid raising Cane with
the Old timers tax exemption program -- yes we
just extended it to everyone.

Question 10. Should the tax be retroactive to 1980?
No, to start the program up is difficult enough
without complicating it any more than it has to
be.

Q. ①. Will there be an end to each question brings up another question - No, I am sure by now you have several questions yourself. HB4, is just trying for equity in a property tax relief program.

In conclusion we find between 85% to 95% of the states population living in areas with a property tax. HB.4 would get about \$106,000,000 back to taxpayers with an administrative cost of about \$450,000. That's less than $\frac{1}{2}$ % administrative cost, so the benefits vs. cost is acceptable especially since the administrative cost should drop after the program get moving.

Will HB.4 become law? Well, something like it should, the concepts are there now to get a majority to believe in these ideas. -- The program is one I would like to explain further to you.

Property Tax Relief

During the last five weeks the ^{House} Standing Committee on Community and Regional Affairs has been considering various ways to institute a general property tax relief program.

Many questions had to be answered and each question brought forth another question or two. Three basic concerns faced the Committee.

1. How could a community sell bonds if their taxing Authority was stripped from them? We had to develop a ~~property tax~~ program that would keep the municipal property tax mechanisms intact for bonding purposes.
2. What about the role of the citizen in keeping local government responsible? If the property tax was repealed and the state oil and gas revenues then replaced the "blood, sweat and tears" money would the citizen continue his watch dog role on spending. Would the attitude ^{change} towards extravagant spending and waste be fortified by such statements as "We know the project, program etc. is questionable but do not worry about it, the state will pick up the tab."
3. To what extent should property tax relief be given? a total repeal, reduction in millage or reimbursement program?
4. Should the tax relief be on all types of real property or just ones permanent place of abode?
5. What about renters, even though they pay a built in property tax.
6. How do we define resident or permanent place of abode -
7. How do we handle areas that do not have a property tax or have a mixture of owners tax and sales tax?

$500 \times 12 = 6,000$
 $.10\%$ max. $.10$
 $\frac{1}{2}\%$
600

Average 4 plex. 240,000
 x .010

 \$ 2,400
\$ 600

Renters have to be in
 HB 4 when it comes out
 of CRN.

Acta hio 22 p 2. work draft

These Tax equivalency payments
 shall be based solely on the
 assessed evaluation of the
 property. Individual payments
 are to be based on the
 amount of space occupied
 by the renter.

\$600

- Divided

Will stay away from reforms - but will use the reform formula for tax relief -

Use Millage rate equivalent to bring in State tax.

Funds based on per capita - total amount for area

Take the average per capita Value. (excluding oil & Gas.) \uparrow (31,790)
APCV. X Weighted Av. Millage rate equivalent (14.9%)

~~$31,790 \times 14.90 \text{ mills} = 473.67 \text{ per capita}$~~

~~$\$ 473.67 \times \text{population} = \times 9,000$~~

~~$4,263,030 = \text{will pay up to}$~~

X then turned to millage and then subtracted from millage rate changed.

$180,000 \text{ people} - \times 473.67 = \uparrow 85,250,600$

$31,790 \times 8.76$

$\uparrow 278.44 \times 9000 = \underline{2,506,320}$



Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

Rep. Ben Grussendorf
Chairman
465-3870

Pouch V
State Capitol
Juneau, Alaska 99811

Summary - HB 4- by Miller etc.

"An Act providing for reimbursement of taxes paid to a municipality for real property owned and occupied as a permanent place of abode; and providing for an effective date."

This bill allows a property owner to be reimbursed by the state for taxes paid to a municipality for "real property owned and occupied as his permanent place of abode."

The taxpayer must:

- 1). apply to the Dept. of Revenue for reimbursement;
and
- 2). present proof that the property taxes were paid.

The bill directs the Dept. of Revenue to adopt regulations establishing procedures for applying for reimbursement, to annually request the legislature to appropriate funds for reimbursement, and to pay the reimbursements. These provisions are added as new sections 500 and 510 to AS 29.53, Municipal Assessment and Taxation.

IC
Alaska

^{would be}
~~This Act is retroactive to January 1, 1980~~ and authorizes reimbursement of property taxes paid for a permanent place of abode after December 1, 1979. Also provides immediate effective date.

MEMORANDUM

State of Alaska

TO: Marie Matsuno
Deputy Commissioner

DATE: February 17, 1981

FILE NO:

TELEPHONE NO:

FROM: Terry Earley 
State Assessor

SUBJECT: House Bill #4

The staff of the House Community and Regional Affairs Committee has requested that we comment on House Bill #4.

House Bill #4 would require that the Department of Revenue reimburse residents for property taxes paid on their permanent place of abode.

The Bill would also require that the taxpayer must file an application and present proof of taxes paid.

Although I have not seen the fiscal note proposed by the Department of Revenue, I know that the processing of approximately 100,000 applications and warrants has to be expensive from an administrative standpoint.

It would seem to make a lot more sense to exempt the taxpayer in some manner and provide for state reimbursement to municipalities if in fact total exemption of abodes is desired.

We feel that total exemption of residential property is a less than desirable approach to property tax relief. It discriminates against non-owner occupied residences, apartment dwellers, and business owners. But more seriously than that it also will result in less local control and also less local interest in municipal government, even in this state where taxpayer awareness is more profound than in any other. Taxpayer awareness and interest wanes when financial considerations do not exist. Letting the taxpayer vote on rather to increase tax levies to support a service is a sure fire way to determine if that service is necessary.

Finally, removing the total tax burden will increase the demand for services. If local municipal services are free the demand for existing and new services will rise dramatically!

"How about an indoor pool and recreation center in every neighborhood. If its free why not?"

The above comments may be on an exaggeration but they tend to prove a point.

Our additional concerns revolve around communities that by choice have opted for heavy reliance on other taxes, primarily sales tax.

All second class cities, many first class cities and several boroughs rely very heavily on sales tax. For example the City and Borough of Sitka levies

only a 3.5 mill property tax, but collects a 4% sales tax. Residents of the City of Fairbanks are currently paying a 5% sales tax. It would seem reasonable to allow these communities a choice of the kind of tax to be reduced. Also many of the first and second class cities do not have sufficient local tax resources to provide minimal services. It would seem reasonable if a substantial amount of state money is going to be distributed, to help provide municipal services, that those poorer communities be given a choice.

In conclusion it would be our recommendation that legislation be passed increasing state appropriations to all municipalities and they be allowed to exercise maximum flexibility in determining the use to which those increased revenues are put.

increased Municipal Assistance
State Shared Revenues planned

ALASKA

STATE LEGISLATURE

MEMORANDUM

TO: Ben

DATE: March 2, 1981

FROM: Linda

RE: CS for HB 4/ comparison with original bill

HB 4

CSHB 4

Section 1.

Sec 29.53.500 - Adds Article 6 entitled 'Reimbursement of Property Taxes'

Sec. 29.53.510 - Outlined duties of the Dept. of Revenue

Section 2.

Sec 44.25.020 included to allow for administrative procedures necessary for Dept. to carry out Article 6

Section 3.

Retroactive clause for reimbursements of property taxes paid after 12/31/79.

Section 4.

Effective date clause (01.10.070)

Section 1.

Sec 29.53.500 - Adds Article 6 entitled 'Reim. of Prop. Taxes' and changes duties over to Dept. of CRRA - *Substantive*

Sec 29.53.510 - Outlines duties of Dept. of CRRA - (subsections 1 through 3 same as original bill)
29.53.510(4) new subsection for Dept. of CRRA to include liability clause for misuse in application form *Substantive*

Sec 29.53.520 - adds new section to include definition of 'abode' in determining property eligible for property tax reimbursement

Section 2.

Sec 29.73.060(a) - renters amendment - amends present statute 'Senior Citizens Exemption Program' for use by all renters in the State (does not repeal present exemption program - 29.73.060)

Section 3.

Sec 20.73.060(c) - (changed to Dept. of CRRA for renters reimbursement program - application submitted by March 1 rather than present statute date of Jan. 15.

Section 4.

Sec 29.73.060(d) - provides for partial payments to habitants of shared rental units.

Section 5.

Sec 29.73.060(e) - renters reimbursement program application must also provide for liability clause for misuse

Section 6. - retroactive to Jan. 1, 1980

Section 7. - Effective Date Clause (01.10.070)

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 28, 1981

SUBJECT: Property tax reimbursement
(CSHB 4)

TO: Representative Ben F. Grussendorf
Chairman
House Community and Regional Affairs Committee

FROM: Tamara Brandt Cook
Legislative Counsel *TBC*

Here is a draft of the committee substitute you requested for HB 4 providing for property tax equivalency payments to renters and making other changes. I believe that this bill would be improved if a definition of "resident" were included. In addition, I have some question as to the use of the phrase "permanent place of abode". If the phrase means "residency" that would be a better term to use throughout the bill. It is unclear whether a person may have more than one permanent place of abode in the state and qualify for reimbursement of taxes paid for each of them.

TBC:jdn

Enclosure

Some thoughts on the Rental Rebate bill....

Given that the Administration prefers assistance to municipalities rather than rebates to individuals, their position on the rental rebate proposal is, in State Assessor Terry Earley's words, "it is a logical supplement to H.B. 4."

The rental rebate amendment is based on an existing program called the "Renters' Equivalency Rebate Program" which grants direct payments to eligible senior citizens who are renters to reimburse them for the amount of property tax which is included as part of their rent. AS 29.73.060.

Rental rebates would be based on one percent rebate per property tax mil. In other words, if the property tax mil rate for a section of Juneau is 12 mils, then the renter would receive 12% of total rent paid back from the state under the program.

There are some problems:

People who live in areas with high mil rates tend to be more well to do. Yet they will receive the highest percentage of rebates. The point is that this bill is not intended to be a state subsidy for housing-- it is intended to reimburse, to the most accurate extent possible, the portion of rent that is based on property taxes paid by the landlords.

The existing statute has an application deadline of January 15th. This allows very little time for renters to put together their records from the past year. The committee should consider extending the application deadline.

ASHA housing (HUD subsidized) tenets do not pay property taxes, even though they do pay rent. The rebate program will not apply to them (they are already subsidized)

The definition of "permanent place of abode" has been a source of constant problem for the Administrators. There is no easy answer for cases where "rent" may include 500 acres of adjacent land and others. Some rent includes utilities and furnishings, and other services.

is that
addressed
in the
bill
yes...
renters would
not receive
the subsidy

John M. [unclear]

not in members files

ALASKA
STATE LEGISLATURE
MEMORANDUM

TO: Ben

2/18/81

FROM: Linda

RE: HB 4

Just a few notes on the opinions of HB 4.

Spoke with Ginny Chitwood/Ak. Municiple League:

She has no problem with this bill other than the fact that it has no provisions for rentors, commercial buildings and businesses, nor does it approach the equity issue.

The most important issue mentioned by Ginny was the fact that property tax relief is fine, as long as it does not have an adverse effect on a municipalities' ability to issue bonds. In other words, their market-ability of bonds.

She also thought the cost of this to the state may be very high - approx. 240 million.

Rep Miller: has some proposed language for possible amendment to the bill (info in members files) relating to provision for rentors.

Dept. of C&RA will be at the meeting.
Ginny Chitwood will be present

Rep. Clocksin also has an amendment to the bill (included in folders).

(Miller)

Commercial/Renters -- bills the overhead into charges that include property taxes of the commercial venture --
The owner gets no pass through rents to government -- tax deductible
Homeowner has no overhead -- with tax deduction
50 cents % in the dollars..

Amends

IN THE HOUSE

BY MILLER

HOUSE BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act providing for property tax equivalency payments to residents who rent a permanent place of abode; and providing for an effective date."

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

* Section 1. AS 29.73.060(a) is amended to read:

(a) A resident of the state [65 YEARS OF AGE OR OLDER] who rents a permanent place of abode is eligible for tax equivalency payments from the state through the Department of Community and Regional Affairs.

* Sec. 2. AS 29.73.060(d) is amended to read:

(d) If two or more persons occupy a residence as tenants, not all of whom are eligible for tax equivalency payments under this section, the assessor shall determine equitable partial payments to be made to the eligible tenants. [HOWEVER, TAX EQUIVALENCY PAYMENTS TO AN ELIGIBLE APPLICANT MAY NOT BE REDUCED BECAUSE THE SPOUSE IS LESS THAN 65 YEARS OF AGE.] If all occupants in a residence are eligible for tax equivalency payments under this section, the occupants shall decide between and among themselves which shall receive payment.

* Sec. 3. This Act is retroactive to January 1, 1980, and authorizes tax equivalency payments for rent paid on a permanent place of abode after December 31, 1979.

* Sec. 4. This Act takes effect immediately in accordance with AS 01.10.070(c).

(Q. How this affects 2% 53.070 - 4E
10,000
exemption section)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. _____

Title Proposition providing for a temporary Department

Requested by Rep. Miller Date _____

II. FISCAL DETAIL

Agency Affected Commissioner of Personnel Affairs

Program Category Affected Social Services

BRU, Program, or Subprogram(s) Affected State Assessor

(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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	1389	1500	1650	1782	1925	2079
200 TRAVEL	5.6	6.2	6.9	7.5	8.2	9.0
300 CONTRACTUAL	68.2	75.0	82.5	90.0	99.9	109.8
400 COMMODITIES	3.0	3.3	3.6	4.0	4.4	4.8
500 EQUIPMENT	11.6	2.0	2.0	2.0	2.0	2.0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	23,305.0	25,125.5	25,199.1	21,019.6	24,121.6	27,533.7
TOTAL	23,522.3	25,572.5	28,459.0	31,302.1	34,428.7	37,867.20

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND	23,522.3	25,572.5	28,459.1	31,302.1	34,428.7	37,867.20
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME	3	3	3	3	3	3
PART TIME						
TEMPORARY <u>Seasonal</u>	11	11	11	11	11	11

4 months

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

65,000 rental units
3,700 mobile homes

IV. DATE _____

PREPARED BY Jerry Coyle

AGENCY _____

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

PHONE _____

Sec. 29.68.360. Public hearings.

Applied in Municipality of Anchorage v. Frohne, Sup. Ct. Op. No. 1477 (File Nos. 3050, 3104), 568 P.2d 3 (1977).

Sec. 29.68.390. Election on charter.

Cited in Municipality of Anchorage v. Frohne, Sup. Ct. Op. No. 1477 (File Nos. 3050, 3104), 568 P.2d 3 (1977).

Chapter 73. Miscellaneous Provisions.

Section

- 60. Property tax equivalency payments
- 70. Taxpayer notice

Sec. 29.73.060. Property tax equivalency payments. (a) A resident of the state 65 years of age or older who rents a permanent place of abode is eligible for tax equivalency payments from the state through the Department of Community and Regional Affairs.

(b) For purposes of determining payments to eligible persons, the department shall calculate a property tax equivalent percentage for each home rule or general law municipality which levies a general property tax at the rate of one percent per mil. The property tax equivalent percentage applied to the annual rent charged to the applicant equals the property tax equivalency payment payable under this section.

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

(d) If two or more persons occupy a residence as tenants, not all of whom are eligible for tax equivalency payments under this section, the assessor shall determine equitable partial payments to be made to the eligible tenants. However, tax equivalency payments to an eligible applicant may not be reduced because the spouse is less than 65 years of age. If all occupants in a residence are eligible for tax equivalency payments under this section, the occupants shall decide between and among themselves which shall receive payment. (§ 2 ch 217 SLA 1976; am § 1 ch 124 SLA 1980)

Effect of amendment. — The 1980 amendment, effective July 1, 1980, and retroactive to January 1, 1980, inserted a comma following "municipality" and "general property tax", substituted "one" for "4", substituted "The property tax

equivalent" for "This", substituted and added "payable under this section", all "equals" for "or \$375, whichever is less is", in subsection (b).

Sec. 29.73.070. Taxpayer notice. (a) If a municipality levies and collects real or personal property taxes, the governing body shall provide the following notice:

"NOTICE TO TAXPAYER

For the current fiscal year the (city) (borough) has been allocated the following amount of state aid for school and municipal purposes under the applicable financial assistance Acts:

PUBLIC SCHOOL FOUNDATION PROGRAM ASSISTANCE (AS 14.17)	§
STATE AID FOR RETIREMENT OF SCHOOL CONSTRUCTION DEBT (AS 43 18.100)	§
MUNICIPAL TAX RESOURCE EQUALIZATION ASSISTANCE (AS 29.88)	§
STATE AID FOR MISCELLANEOUS MUNICIPAL SERVICES (AS 29.89)	§
TOTAL AID	§

The millage equivalent of this state aid, based on the dollar value of a mill in the municipality during the current assessment year and for the preceding assessment year, is:

	MILLAGE EQUIVALENT	
	PREVIOUS YEAR	THIS YEAR
PUBLIC SCHOOL FOUNDATION PROGRAM ASSISTANCE	.... MILLS	.... MILLS
STATE AID FOR RETIREMENT OF SCHOOL CONSTRUCTION DEBT	.... MILLS	.... MILLS
MUNICIPAL TAX RESOURCE EQUALIZATION ASSISTANCE	.... MILLS	.... MILLS
STATE AID FOR MISCELLANEOUS MUNICIPAL SERVICES	.... MILLS	.... MILLS
TOTAL MILLAGE EQUIVALENT	.... MILLS	.... MILLS

Notice shall be provided

(1) by furnishing a copy of the notice with tax statements mailed for the fiscal year for which aid is received; or

(2) by publishing in a newspaper of general circulation within the municipality a copy of the notice once each week for a period of three successive weeks, with publication to occur not later than 45 days after the final adoption of the municipality's budget.

(b) If the municipal governing body shall in (a) of this section. council or assembly estimate of the equivalent financial assistance provided

(1) by publishing in municipality a copy of successive weeks, with the final adoption of

(2) if there is no municipality, by posting least two public places not later than 45 days budget.

(c) Compliance with receipt of municipal 29.88 and state aid 29.89. The Department withhold annual allocations officials demonstrate met. (§ 9 ch 165 SLA

Effective date. — Section SLA 1980, provides that (including this section) of effect on the first day of the which \$33,400,000 or more is and allowed by the distribution to municipalities recipients under the provision 12 of this act or on July 1, 19 is earlier. A total of \$33 appropriated for the present fiscal year beginning July appropriations were made in ch. 120, SLA 1980, and 1981.

Editor's note. — Section SLA 1980, effective on the 29 73.070, provides: "(a) No other provisions of sec. 1 — (1) a municipality may not than \$25,000 plus an area differential during the first which this act is effective municipality which would AS 29.88, added by sec. 2 or than 125 percent of the amount received for the last fiscal year 43.78.010 — 43.18.045, repealed of this act, is, for each of the:

Rep. Clocksin

A M E N D M E N T

Offered in the HOUSE

TO: HOUSE BILL NO. 4

Page 1, line 8:

After "abode", insert the following:

"and for property tax equivalency payments to renters"

Page 2, after line 3:

Insert the following:

"* Sec. 3. AS 29.73.060(a) is amended to read:

(a) A resident of the state [65 YEARS OF AGE OR OLDER] who rents a permanent place of abode on which taxes are levied under AS 29.53.-010 or 29.53.400 is eligible for tax equivalency payments from the state through the Department of Community and Regional Affairs.

* Sec. 4. AS 29.73.060(d) is amended to read:

(d) If two or more persons occupy a residence as tenants, not all of whom are eligible for tax equivalency payments under this section, the assessor shall determine equitable partial payments to be made to the eligible tenants. [HOWEVER, TAX EQUIVALENCY PAYMENTS TO AN ELIGIBLE APPLICANT MAY NOT BE REDUCED BECAUSE THE SPOUSE IS LESS THAN 65 YEARS OF AGE.] If all occupants in a residence are eligible for tax equivalency payments under this section, the occupants shall decide between and among themselves which shall receive payment.

* Sec. 5. AS 29.73.060 is amended by adding a new subsection to read:

(e) Annual rent under (b) of this section includes a security deposit if the deposit is rent for the year for which a tax equivalency payment is sought and also includes payment for a utility service which is collected as part of the rent. Annual rent under (b) of this section does not include a security deposit paid during the year for which a tax equivalency payment is sought if the deposit is rent for a prior or future year. - delinquent payment.

Page 2, line 4:

Delete "3" and insert "6"

Page 2, line 6, after "1979" insert the following:

"and property tax equivalency payments for rent paid for a permanent place of abode after December 31, 1979"

Page 2, line 7:

Delete "4" and insert "7"

HB. 4 - ① Does what Phillips wants -- in fact goes to max. benefits to property owners --

② even uses permanent Abode as base .

Conclusion
- Phillips bill is less than a half a loaf measure .

1 IN THE HOUSE

BY PHILLIPS

2 HOUSE BILL NO. 166

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 An Act entitled: "An Act providing for reimbursement for property taxes
7 levied by municipalities for school purposes; and
8 providing for an effective date."

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

10 * Section 1. AS 29.53.170(b) is amended to read:

11 (b) The assembly shall annually determine the rate of levy before
12 June 15. By July 1 the tax collector shall mail tax statements setting
13 out the levy for the operation of schools, the levy for school construc-
14 tion debt retirement, the levy for all other purposes, the dates when
15 taxes are payable and delinquent, and penalties and interest.

16 * Sec. 2. AS 29.53 is amended by adding new sections to read:

17 ARTICLE 6. REIMBURSEMENT OF PROPERTY TAXES
18 FOR SUPPORT OF SCHOOLS. HB. 4
Act. All. Tax.

19 S. 11.100
S. 11.100
20 Sec. 29.53.500. REIMBURSEMENT OF PROPERTY TAX. (a) During each
21 calendar year, a resident is entitled to reimbursement for property
22 taxes which he has paid to a municipality ^{for the operation of schools} ~~for the operation of schools~~
23 and for retirement of school construction debt. The reimbursement
24 equals the assessed value of real property occupied by the resident as
25 his permanent place of abode, multiplied by the rate of levy made by
26 the municipality for the operation of schools and for school construc-
27 tion debt retirement, as set out by the municipality under AS 29.53.-
28 170(b).

29 (b) A resident who owns real property is eligible to receive
reimbursement for property taxes which he has paid to a municipality if

1 (1) he applies to the Department of Revenue for the reim-
2 bursement; and

3 (2) he presents, with his application, proof that the prop-
4 erty tax has been paid to the municipality.

5 Sec. 29.53.505. PROPERTY TAX EQUIVALENCY PAYMENT FOR SCHOOL
6 SUPPORT. A resident who rents real property is eligible for a tax
7 equivalency payment for real property taxes paid to a municipality for
8 real property which he rents. To determine payments under this subsec-
9 tion, the Department of Revenue shall calculate a property tax equiva-
10 lent percentage for each municipality which levies a general property
11 tax for the operation of schools and for school construction debt
12 retirement at the rate of one percent per mil of levy for the operation
13 of schools and for school construction debt retirement. The property
14 tax equivalent percentage applied to the annual rent paid by the resi-
15 dent equals the property tax equivalency payment payable under this
16 subsection. To obtain a tax equivalency payment, the resident shall
17 apply for the payment and shall submit with the application rental
18 receipts or, if rental receipts are not available, other evidence of
19 the amount of rent paid.

20 Sec. 29.53.510. DUTIES OF DEPARTMENT OF REVENUE. The Department
21 of Revenue shall

22 (1) adopt regulations under the Administrative Procedure Act
23 (AS 44.62) establishing procedures for submission of applications for
24 reimbursements under AS 29.53.500 and for payments under AS 29.53.505;

25 (2) annually request the legislature for appropriations for
26 reimbursements under AS 29.53.500 and for payments under AS 29.53.505;
27 and

28 (3) pay the reimbursements authorized by AS 29.53.500 and
29 the payments authorized by AS 29.53.505 from annual appropriations made

1 for that purpose.

2 * Sec. 3. AS 44.25.020 is amended by adding a new paragraph to read:

3 (5) administer the program of reimbursement for property
4 taxes paid for the operation of schools and for retirement of school
5 construction debt (AS 29.53.500 - 29.53.510).

6 * Sec. 4. AS 29.73.060 is amended by adding a new subsection to read:

7 (e) A resident may not obtain a property tax equivalency payment
8 under this section for the same year in which he applies for and
9 receives a property tax equivalency payment for school purposes under
10 AS 29.53.505.

11 * Sec. 5. This Act is retroactive to January 1, 1981, and authorizes
12 reimbursement of property taxes levied and collected by a municipality for
13 the operation of schools and for school ~~construction debt retirement~~ after
14 December 31, 1980.

15 * Sec. 6. This Act takes effect immediately in accordance with AS 01.10.-
16 070(c).

1. Appears to be on all property tax not just provide devel
2. Losses public awareness or public investment - low

Introduced: 2/4/81
Referred: Community & Regional
Affairs and Finance

1 IN THE HOUSE

BY RANDOLPH

2 HOUSE BILL NO. 22

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state aid for municipalities;
7 establishing the Alaska local property tax program;
8 and providing for an effective date."

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

10 * Section 1. AS 29.53.010 is amended to read:

11 Sec. 29.53.010. GENERAL PROPERTY TAX. (a) A home [HOME] rule or
12 [AND] general law borou_h [BOROUGH] may levy

13 (1) an areawide property tax for areawide functions, and

14 (2) a property tax limited to the area outside cities for
15 functions limited to the area outside cities. A property tax if levied
16 must be assessed, levied and collected on real and personal property as
17 provided in this chapter.

18 (b) In place of levying the property tax, a borough may partici-
19 rate in the Alaska local property tax relief program (AS 29.92).

20 * Sec. 2. AS 29 is amended by adding a new chapter to read:

21 CHAPTER 92. ALASKA LOCAL PROPERTY TAX RELIEF PROGRAM.

22 Sec. 29.92.010. ALASKA LOCAL PROPERTY TAX RELIEF PROGRAM. The
23 Alaska local property tax relief program is established to provide
24 state aid to municipalities in place of money raised by levying taxes
25 on property. An entitlement from the Alaska local property tax relief
26 program may be used by a municipality for all purposes for which the
27 municipality is authorized to use money raised from property taxes.

28 Sec. 29.92.020. APPLICATION. (a) Each year a municipality may
29 apply to the department for an entitlement from the Alaska local prop-

1 erty tax relief program. Assessments of property of the municipality,
2 made in accordance with AS 29.53.060, shall be supplied together with
3 financial statements required by the department for the year for which
4 an application is filed.

5 (b) A municipality which applies under this section may not
6 impose or collect property taxes during the year for which the entitle-
7 ment is sought.

8 Sec. 29.92.030. REVIEW. The department shall review each applica-
9 tion for an entitlement from the Alaska local property tax relief
10 program. If the commissioner determines that the property assessments
11 contained in an application do not meet the requirements of AS 29.53.060,
12 he may adjust the assessments and notify the municipality in writing.

13 Sec. 29.92.040. ENTITLEMENTS. (a) An entitlement from the
14 Alaska local property tax relief program shall equal the total property
15 assessments accepted or adjusted by the commissioner times the millage
16 rate in effect in the municipality on December 1, 1980. If a municipal-
17 ity has more than one millage rate in effect, the assessment to which
18 each rate is applied shall be multiplied by the rate and the entitlement
19 shall be the total of the results of those calculations.

20 (b) An entitlement shall be reduced by the amount of money re-
21 ceived that year by the municipality from

22 (1) an increase in the rate of levy for a municipal tax over
23 the rate in effect on December 1, 1980;

24 (2) an increase in municipal license or permit fees over
25 those in effect on December 1, 1980, in excess of the percentage of
26 increase in the consumer price index since December 1, 1980;

27 (3) an increase in fees over those in effect on December 1,
28 1980, for a municipal service in excess of the percentage of increase
29 in the consumer price index since December 1, 1980, and not justified

1 by an increase in the cost of providing the service;

2 (4) municipal taxes, fees, licenses, or permits enacted
3 after December 1, 1980.

4 (c) An entitlement may not be reduced because of

5 (1) payments received by a municipality from the state or
6 federal government;

7 (2) an increase in fees or charges for a municipal service
8 justified by an increase in the cost of providing the service;

9 (3) receipt of money from the sale or lease of property by
10 the municipality.

11 Sec. 29.92.050. ALASKA LOCAL PROPERTY TAX RELIEF ACCOUNT. The
12 Alaska local property tax relief account is established. Money to
13 carry out the provisions of this chapter shall be allocated by the
14 department to the account from appropriations for the purpose. If
15 appropriations are not sufficient to pay the entitlements, the amount
16 allocated to the account shall be distributed by the department pro
17 rata among eligible municipalities.

18 Sec. 29.92.060. ADMINISTRATION. (a) The department may adopt
19 regulations necessary to implement this chapter. The regulations shall
20 include

21 (1) procedures and filing dates for submitting applications
22 and financial reports;

23 (2) procedures for obtaining information required to review
24 assessments and financial reports supplied by a municipality.

25 (b) The department shall make reasonable efforts to advise and
26 assist a municipality in collecting information and completing applica-
27 tions necessary for the determination of an entitlement under this
28 chapter.

29 (c) Each year the department shall project the amount needed to

1 fully fund the Alaska local property tax relief program and shall
2 request an appropriation of that amount from the legislature.

3 Sec. 29.92.070. JUDICIAL REVIEW. A decision made by the depart-
4 ment under this chapter may be appealed to the superior court within 60
5 days after the decision is made.

6 Sec. 29.92.080. DEFINITION. In this chapter "department" means
7 the Department of Community and Regional Affairs.

8 * Sec. 3. This Act takes effect July 1, 1981.
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Amendments to HF 4 (Reimbursement of real property taxes) for the CRA Committee by Dick Randolph

A. Page 1, line 7 and 8 delete the following:

"owned and occupied as a permanent place of abode"

B. Page 1, delete line 13 to 19 and substitute the following:

"Sec. 29.53.500. REIMBURSEMENT OF TAX ON REAL PROPERTY.

(a) Each municipality may apply to the Department for a lump sum payment in an amount equalling the total real property taxes collected by that municipality during calendar years 1980 and 1981. Applications for such lump sum payment shall be received by February 15, 1982. Payment of the lump sum to each municipality is conditioned on reimbursement by each municipality to each real property taxpayer who paid property taxes to that municipality during calendar years 1980 and 1981 of an amount equalling their total respective property tax payments during those calendar years. The Department shall make lump sum payments to the municipalities applying for such payments by March 15, 1982. Municipalities receiving lump sum payments for real property taxes collected during calendar years 1980 and 1981 shall reimburse each real property taxpayer by May 1, 1982 for the amount of real property taxes paid during calendar years 1980 and 1981.

(b) Beginning with calendar year 1982 each municipality may elect to receive monthly payments from the Department for the amount of real property taxes it would have collected within the municipality during each month of the calendar year using millage rates in effect on January 1, 1981 but not including amounts for taxes collected under (1), (2), or (3) of this subsection. Such monthly payments are conditioned upon agreement by each municipality not to collect real property taxes from taxpayers except in the following ways and under the following conditions:

- (1) increases in service area millage rates after December 31, 1980 which have been approved by the majority of the registered voters residing within that service area.
- (2) millage rates resulting from the creation of new service areas when both the creation of the service area and the millage rate have been approved by the majority of the registered voters residing within the proposed service area.
- (3) property taxes levied to pay off general obligation bonds issued by the municipality after December 31, 1980 and approved by a majority of the registered voters voting on the question of approval at a regular or special election called for that purpose."

1. Banking Question.
2. Public awareness
3. All property taxes equalling it

C. Page 2, line 1 - delete (5) and substitute therefore:

"(5) administer the program of reimbursement of tax on real property (AS 29.53.500 - 29.53.510)."

D. Page 2, line 4 - delete Section 3 and renumber Section 4 as Section 3.

Rep. Clocksin

A M E N D M E N T

Offered in the HOUSE

TO: HOUSE BILL NO. 4

Page 1, line 8:

After "abode", insert the following:

"and for property tax equivalency payments to renters"

Page 2, after line 3:

Insert the following:

"* Sec. 3. AS 29.73.060(a) is amended to read:

(a) A resident of the state [65 YEARS OF AGE OR OLDER] who rents a permanent place of abode on which taxes are levied under AS 29.53.-010 or 29.53.407 is eligible for tax equivalency payments from the state through the Department of Community and Regional Affairs.

* Sec. 4. AS 29.73.060(d) is amended to read:

(d) If two or more persons occupy a residence as tenants, not all of whom are eligible for tax equivalency payments under this section, the assessor shall determine equitable partial payments to be made to the eligible tenants. [HOWEVER, TAX EQUIVALENCY PAYMENTS TO AN ELIGIBLE APPLICANT MAY NOT BE REDUCED BECAUSE THE SPOUSE IS LESS THAN 65 YEARS OF AGE.] If all occupants in a residence are eligible for tax equivalency payments under this section, the occupants shall decide between and among themselves which shall receive payment.

* Sec. 5. AS 29.73.060 is amended by adding a new subsection to read:

(e) Annual rent under (b) of this section includes a security deposit if the deposit is rent for the year for which a tax equivalency payment is sought and also includes payment for a utility service which is collected as part of the rent. Annual rent under (b) of this section does not include a security deposit paid during the year for which a tax equivalency payment is sought if the deposit is rent for a prior or future year.

Page 2, line 4:

Delete "3" and insert "6"

Page 2, line 6, after "1979" insert the following:

"and property tax equivalency payments for rent paid for a permanent place of abode after December 31, 1979"

Page 2, line 7:

Delete "4" and insert "7"