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COMMITTEE REPORT

HOUSE

4/1/82

FURTHER: FINANCE

(5)

Date: 4/16/82

Mr. Speaker:

COMMUNITY & REGIONAL
AFFAIRS

The Committee on _____ has had CSSB 314(C&RA) am

"An Act relating to exemptions from municipal property taxation; eff 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

[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]

Need new fiscal note

[Signature]
CHAIRMAN



Official Business

Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

Summary -----CSSB 314(CRA)am

The Senate Committee Substitute for SB 314 allows exemption from municipal property tax assessments on one motor vehicle owned by a resident Alaskan who is over 65 and exempts such a person from payment of municipal motor vehicle registration tax (AS 28.10.431). It also provides that the state will reimburse a municipality for revenues lost to it by the exemption from payment of registration tax. Amends existing statutes effective immediately and retroactive to January 1, 1982.

Upon passage of the revised municipal code, the appropriate sections of the new code would be amended, and the amendments to the old code would be repealed.

Senate floor action included an amendment offered by Senator Ray:

language included: "per household" Page 1, line 16.

Chapter 53. Municipal Assessment and Taxation.

Article 1. Municipal Property Tax.

| | |
|---|---|
| Section | Section |
| 20. Required exemptions | 50. Tax limitation |
| 25. Optional exemptions and exclusions | 55. No limitation on taxes to ^{by} bonds |
| 35. Farm or agricultural lands | 60. Full and true value |
| 45. Tax on oil and gas production and pipeline property | 100. Assessment roll |

Sec. 29.53.010. General property tax.

NOTES TO DECISIONS

The North Slope Borough is a viable legal entity with powers to tax as provided to boroughs by this section. Arco Pipe Line Co. v. North Slope Borough.

Superior Court, 4th Jud. Dist., C.A. No. 73-336 and C.A. Nos. 73-294 to 73-306 (1973).

Sec. 29.53.020. Required exemptions. (a) The following property is exempt from general taxation:

- (1) municipal, state or federally owned property, except that private leaseholds, contracts or other interest in the property shall be taxable to the extent of those interests;
 - (2) household furniture of the head of a family or a householder not exceeding \$500 in value;
 - (3) property used exclusively for nonprofit religious, charitable, cemetery, hospital or educational purposes;
 - (4) property of a nonbusiness organization composed entirely of persons with 90 days or more of active service in the armed forces of the United States whose conditions of service and separation were other than dishonorable, or the property of the auxiliary of such organization;
 - (5) money on deposit;
 - (6) the real property of certain residents of the state to the extent and subject to the conditions provided in (e) of this section.
 - (7) real property to the extent and subject to the conditions provided in (j) of this section.
 - (8) inventories located within a foreign trade zone established under AS 45.77.010, before those inventories are cleared by the United States Customs Service and admitted into domestic commerce.
- (b) "Property used exclusively for religious purposes" includes the following property owned by a religious organization:
- (1) the residence of a bishop, pastor, priest, rabbi, minister or religious order of a recognized religious organization;
 - (2) a structure, its furniture and its fixtures used solely for public worship, charitable purposes, religious administrative offices, religious education or a nonprofit hospital;

(3) lots supporting and mentioned in (1) or (2) of convenient use;

(4) lots required by local defined in (2) of this subsection

(c) Property described in (is derived is exempt only if t erty by nonprofit religious, c for classroom space.

(d) Laws exempting certai of Civil Procedure (AS 09) do and collected by municipalit

(e) The real property own abode by a resident 65 years the assessed value of the re granted with respect 'o the s are eligible for an exemption parties shall decide between (the benefit of the exemption. l this subsection which the asse to the parties concerned, has l for the purpose of obtaining t assessor is appealable under .

(f) No exemption may be gra the exemption on a form presc assessors. The claimant must f 15 of the assessment year for w the same year the governing l shown may waive the claimant the exemption for that year a application as if timely filed. T tion for each assessment year application is filed within the assessor, he shall allow an exen of this section. If a claimant w assessment year has been waiv application for exemption is a claimant may have already pai to the property exempted shall at any time require proof in the and amount o an exemption cl

(g) The state shall reimburse the real property tax revenues section. However, reimburseme revenue lost to it only to the ext which was granted by the borou cation by an individual would city, under AS 29.53.025(a).

(3) lots supporting and adjacent to a structure or residence mentioned in (1) or (2) of this subsection which are necessary to convenient use;

(4) lots required by local ordinance for parking near a structure defined in (2) of this subsection.

(c) Property described in (a) or (b) of this section from which income is derived is exempt only if that income is solely from use of the property by nonprofit religious, charitable, hospital, or educational groups for classroom space.

(d) Laws exempting certain property from execution under the Code of Civil Procedure (AS 09) do not exempt the property from taxes levied and collected by municipalities.

(e) The real property owned and occupied as a permanent place of abode by a resident 65 years of age or over is exempt from taxation of the assessed value of the real property. Only one exemption may be granted with respect to the same property and, if two or more persons are eligible for an exemption with respect to the same property, the parties shall decide between or among themselves which shall receive the benefit of the exemption. No real property may be exempted under this subsection which the assessor determines, after notice and hearing to the parties concerned, has been conveyed to the applicant primarily for the purpose of obtaining the exemption. The determination of the assessor is appealable under AS 44.62.560 — 44.62.570.

(f) No exemption may be granted except upon written application for the exemption on a form prescribed by the state assessor for use by local assessors. The claimant must file the application no later than January 15 of the assessment year for which the exemption is sought, but during the same year the governing body of the municipality for good cause shown may waive the claimant's failure to make timely application for the exemption for that year and authorize the assessor to accept the application as if timely filed. The claimant must file a separate application for each assessment year in which the exemption is sought. If an application is filed within the required time and is approved by the assessor, he shall allow an exemption in accordance with the provisions of this section. If a claimant whose failure to file by January 15 of the assessment year has been waived as provided in this subsection and the application for exemption is approved, the amount of tax which the claimant may have already paid for the assessment year with respect to the property exempted shall be refunded to him. The assessor may at any time require proof in the form he considers necessary of the right and amount of an exemption claimed under this section.

(g) The state shall reimburse a borough or city, as appropriate, for the real property tax revenues lost to it by the operation of (e) of this section. However, reimbursement will be made to a borough or city for revenue lost to it only to the extent that the loss exceeds an exemption which was granted by the borough or city, or which upon proper application by an individual would have been granted by the borough or city, under AS 29.53.025(a).

Title 26
Military Affairs
and Veterans

17479
Map Version

416 29

416 29

(h) Except as provided in (g) of this section, nothing in (e)—(i) of this section affects similar exemptions from property taxes granted by municipalities on September 10, 1972 or prevents municipalities from granting similar exemptions by ordinance as provided in AS 29.53.025(a).

(i) In (e) — (i) of this section the term "real property" includes but is not limited to mobile homes, whether classified as real or personal property for municipal tax purposes.

(j) Two percent of the assessed value of a structure is exempt from taxation if the structure contains a fire protection system approved under AS 18.70.081, in operating condition, and incorporated as a fixture or part of the structure. The exemption granted by this subsection is limited to

(1) an amount equal to two percent of the value of the structure based on the assessment for 1981, if the fire protection system is a fixture of the structure on January 1, 1981; or

(2) an amount equal to two percent of the value of the structure based on the assessment as of January 1 of the year immediately following the installation of the fire protection system if the fire protection system becomes a fixture of the structure after January 1, 1981. (§ 2 ch 118 SLA 1972; am §§ 1, 2 ch 60 SLA 1973; am § 1 ch 65 SLA 1975; am § 1 ch 191 SLA 1976; am § 1 ch 217 SLA 1976; am §§ 1, 2 ch 229 SLA 1976; am § 1 ch 97 SLA 1977; am §§ 2, 3 ch 45 SLA 1980; am § 2 ch 95 SLA 1980.)

Effect of amendments. — The 1973 amendment deleted "whose gross annual income totals less than \$10,000" preceding "is exempt" in the first sentence of subsection (e), deleted the language beginning "however" from the end of the present second sentence of that subsection, and deleted the language following "exemption claimed under this section" from the end of the fourth sentence of subsection (f).

The 1975 amendment, in subsection (f), divided the former second sentence into the present second and third sentences by substituting "The claimant" for "and" at the beginning of the present third sentence, added the language beginning "but during the same year" to the end of the second sentence, and added the present fifth sentence.

The first 1976 amendment, in subsection (b), substituted "a bishop, pastor" for "the pastor" in paragraph (1) and inserted "religious administrative offices" in paragraph (2).

The second 1976 amendment, in subsection (e), deleted "After January 1, 1973" from the beginning of the first sentence, added the language beginning "up to and

including an assessed value limit" to the end of that sentence, and added the former second sentence.

The third 1976 amendment added the second sentence of subsection (g), added "Except as provided in (g) of this section," to the beginning of subsection (h), and deleted the former second sentence of subsection (h), which read "However, under (e) — (i) of this section only the amount of revenue lost to the municipality by reason of the exemption authorized in those provisions may be reimbursed to the municipality by the state."

The 1977 amendment, in subsection (e), deleted "up to and including an assessed value limit determined no later than January 15 of each year by the commissioner of the Department of Community and Regional Affairs" from the end of the first sentence and deleted the former second sentence, which read "The assessed value limit is the upper limit of the third quartile class in a frequency distribution of previous year assessed values in the state."

The first 1980 amendment, added paragraph (7) of subsection (a) and subsection (j).

The second 1980 amendment paragraph (8) of subsection (a).

NO

Strict construction.

The courts must narrowly construe granting tax exemptions. Anchorage Area Borough v. Sisters of Charity of House of Providence, Op. No. 1299 (File No. 2445), 553 P.2d 467 (1976).

Burden of showing eligibility for exemption. — A taxpayer claiming exemption has the burden of showing the property is eligible for the exemption. Greater Anchorage Area Borough v. Sisters of Charity of House of Providence, Sup. Ct. Op. No. 1299 (File No. 2445), 553 P.2d 467 (1976).

Exclusive use for non-profit purposes, etc., must be shown in order to qualify for an exemption. Taxpayer must show not beneficial exclusive use for non-profit or charitable, cemetery, hospital or educational purposes. Greater Anchorage Area Borough v. Sisters of Charity of House of Providence, Sup. Ct. Op. No. 1299 (File No. 2445), 553 P.2d 467 (1976).

When the property in question is used even in part by nonexempt parties for private business purposes, there can be no exemption. Greater Anchorage Area Borough v. Sisters of Charity of House

Sec. 29.53.025. Optional exemptions. Municipalities may exclude or exempt property from taxation by ordinance or special election. An exclusion or exemption may not exceed \$10,000 for

(b) Municipalities may by ordinance (1) classify boats and vessels and (2) list the assessed valuation of registered or certificated net tonnage. The valuation shall not exceed \$5,000 net tons and shall not exceed \$10,000 for vessels less than five net tons;

(2) classify and exempt from taxation (A) the household furniture and (B) the property of an organization for profit-making purposes and to the extent provided that income derived from such property does not exceed the actual cost to the

The second 1980 amendment, added paragraph (8) of subsection (a).

NOTES TO DECISIONS

Strict construction.

The courts must narrowly construe statutes granting tax exemptions. *Greater Anchorage Area Borough v. Sisters of Charity of House of Providence*, Sup. Ct. Op. No. 1299 (File No. 2445), 553 P.2d 467 (1976).

Burden of showing eligibility for exemption. — A taxpayer claiming a tax exemption has the burden of showing that the property is eligible for the exemption. *Greater Anchorage Area Borough v. Sisters of Charity of House of Providence*, Sup. Ct. Op. No. 1299 (File No. 2445), 553 P.2d 467 (1976).

Exclusive use for nonprofit religious, etc., purposes must be shown. In order to qualify for an exemption, the taxpayer must show not benefits, but exclusive use for nonprofit religious, charitable, cemetery, hospital or educational purposes. *Greater Anchorage Area Borough v. Sisters of Charity of House of Providence*, Sup. Ct. Op. No. 1299 (File No. 2445), 553 P.2d 467 (1976).

When the property in question is used even in part by nonexempt parties for their private business purposes, there can be no exemption. *Greater Anchorage Area Borough v. Sisters of Charity of House of Pro-*

vidence, Sup. Ct. Op. No. 1299 (File No. 2445), 553 P.2d 467 (1976).

Actual use rather than owner's use should be analyzed in determining eligibility for an exemption. *Greater Anchorage Area Borough v. Sisters of Charity of House of Providence*, Sup. Ct. Op. No. 1299 (File No. 2445), 553 P.2d 467 (1976).

Office space rented to doctors engaged in private practice. — Office space in a building partially used exclusively for nonprofit hospital purposes, rented to doctors engaged in the private practice of medicine by a nonprofit charitable and religious corporation, was not exempt from taxation. *Greater Anchorage Area Borough v. Sisters of Charity of House of Providence*, Sup. Ct. Op. No. 1299 (File No. 2445), 553 P.2d 467 (1976).

While the use of office space by doctor-tenants in conducting their private practices does provide incidental benefits to the adjacent hospital, the office space is not used exclusively for hospital purposes. *Greater Anchorage Area Borough v. Sisters of Charity of House of Providence*, Sup. Ct. Op. No. 1299 (File No. 2445), 553 P.2d 467 (1976).

Sec. 29.53.025. Optional exemptions and exclusions. (a) Municipalities may exclude or exempt or partially exempt residential property from taxation by ordinance ratified by the voters at a regular or special election. An exclusion or exemption authorized by this section may not exceed \$10,000 for any one residence.

(b) Municipalities may by ordinance

(1) classify boats and vessels for purposes of taxation and may establish the assessed valuation of boats and vessels on the basis of their registered or certificated net tonnage; a tax based upon a tonnage valuation shall not exceed \$5 a year for a boat or vessel of less than five net tons and shall not exceed \$15 a year for a boat or vessel of more than five net tons;

(2) classify and exempt from taxation

(A) the household furniture over \$500 in value and the effects of the head of a family or a householder; and

(B) the property of an organization not organized for business or profit-making purposes and used exclusively for community purposes, provided that income derived from rental of such property does not exceed the actual cost to the owner of the use by the renter; and

Title 26
Military Affairs
and Veterans

Year 74
Major Sullivan

Division of Administration
File 26

Division of Administration
File 26

State of Alaska

Department of Community & Regional Affairs

Date: April 14, 1982

POSITION PAPER

Requested by: House C & RA Committee

Subject: CSSB 314 am

Departmental Position: Strongly Support

Remarks:

The Department of Community and Regional Affairs strongly supports the passage of CS SB 31. (C&RA) am.

Under current law only certain taxing municipalities may exempt Senior Citizen motor vehicles from taxation. In spite of that fact, the law requires the Department to reimburse all taxing municipalities for the exemption of qualifying Senior Citizen motor vehicles.

This bill corrects that situation by providing the exemption for Senior Citizen motor vehicles in all taxing municipalities.

The Senate has acted on recommendations previously submitted by the Department to bring the original bill into its present form. All problems we had with the bill have now been resolved.

Thank you for your consideration of this bill.

PV/db/0877X

Original sponsors: Rodey, Dankworth
and Kerttula

Offered: 3/18/82
Referred: Finance

1 IN THE SENATE

BY THE COMMUNITY AND
REGIONAL AFFAIRS COMMITTEE

2 3 FOR SENATE BILL NO. 314 (C&RA) am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to exemptions from municipal property
7 taxation; and providing for an effective date."

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

9 * Section 1. AS 29.53.020(h) is amended to read:

10 (h) Except as provided in (g) of this section, nothing in (e) -
11 (i) or (k) of this section affects similar exemptions from property
12 taxes granted by a municipality [MUNICIPALITIES] on September 10, 1972
13 or prevents a municipality [MUNICIPALITIES] from granting similar ex-
14 emptions by ordinance as provided in AS 29.53.025(a).

15 * Sec. 2. AS 29.53.020 is amended by adding new subsections to read:

16 (k) One motor vehicle per household owned by a resident 65 years
17 of age or older on January 1 of the assessment year is exempt either
18 from taxation on its assessed value or from the registration tax under
19 AS 28.10.431. An exemption may be granted under this subsection only
20 upon written application on a form prescribed by the Department of
21 Public Safety. The state shall reimburse a municipality for tax reve-
22 nues lost to it because of the exemption required by this subsection.
23 Reimbursement to a municipality equals the amount of registration tax
24 authorized under AS 28.10.431(b) for each vehicle exempted under this
25 subsection.

26 (l) The Department of Community and Regional Affairs shall adopt
27 regulations to implement the provisions of (g) and (k) of this section.

28 * Sec. 3. AS 29.45.030(h) is amended to read:

29 (h) Except as provided in (g) of this section, nothing in (e) -

Same as 180

← not in 180

1 (1) or (k) of this section affects similar exemptions from property taxes
2 granted by a municipality on September 10, 1972 or prevents a munici-
3 pality from granting similar exemptions by ordinance as provided in
4 AS 29.53.025(a).

5 * Sec. 4. AS 29.45.030 is amended by adding new subsections to read:

6 (k) One motor vehicle per household owned by a resident 65 years
7 of age or older on January 1 of the assessment year is exempt either
8 from taxation on its assessed value or from the registration tax under
9 AS 28.10.431. An exemption may be granted under this subsection only
10 upon written application on a form prescribed by the Department of
11 Public Safety. The state shall reimburse a municipality for tax reve-
12 nues lost to it because of the exemption required by this subsection.
13 Reimbursement to a municipality equals the amount of registration tax
14 authorized under AS 28.10.431(b) for each vehicle exempted under this
15 subsection.

16 (l) The department shall adopt regulations to implement the pro-
17 visions of (g) and (k) of this section.

18 * Sec. 5. The exemption authorized in AS 29.45.030(k) as added in sec. 4
19 of this Act is in effect beginning with the calendar year 1982.

20 * Sec. 6. The amendments made in secs. 1 and 2 of this Act are repealed.

21 * Sec. 7. AS 28.10.411(c) and (d) are repealed.

22 * Sec. 8. The amendments and repeals made in secs. 1, 2, and 7 of this
23 Act are retroactive to January 1, 1982.

24 * Sec. 9. The amendments made in secs. 3 - 6 of this Act take effect on
25 the effective date of a version of House Bill No. 170 or Senate Bill No. 180
26 revising AS 29.

27 * Sec. 10. Sections 1, 2, 7, and of this Act take effect immediately in
28 accordance with AS 01.10.070(c).

Senior Citizen Motor Vehicle Registration Tax

FY 79 Program

January 1 thru June 30, 1979

| Municipality | No. of Affidavits | \$ MVRT | Total No. of Affidavits | \$ MVRT | % of Total No. of Affidavits | % of Total \$ MVRT |
|--------------------------------|-------------------|----------|-------------------------|-----------------|------------------------------|--------------------|
| <u>Exempt Seniors</u> | | | | | | |
| Anchorage, Municipality of | 1,256 | \$25,344 | | | | |
| Ketchikan Gateway Borough | 231 | 4,716 | | | | |
| Petersburg, City of | 6 | 140 | 1,493 | \$30,200 | 49.1% | 52.9% |
| <u>No Tax on Vehicles</u> | | | | | | |
| Fairbanks North Star Borough | 362 | \$ 5,683 | | | | |
| Juneau, Cft. & Borough of | 196 | 3,885 | | | | |
| Cordova, City of | 37 | 830 | | | | |
| Craig, City of | 1 | 5 | | | | |
| Eagle, City of | 2 | 80 | | | | |
| Pelican, City of | 0 | 0 | | | | |
| Valdez, City of | 7 | 135 | | | | |
| Wrangell, City of | 26 | 300 | | | | |
| Yakutat, City of | 1 | 10 | 632 | \$10,928 | 20.8% | 19.1% |
| <u>Seniors not Exempt</u> | | | | | | |
| Bristol Bay Borough | 0 | \$ 0 | | | | |
| Haines Borough | 54 | 970 | | | | |
| Kenai Peninsula Borough | 298 | 5,131 | | | | |
| Kodiak Island Borough | 30 | 785 | | | | |
| Matanuska-Susitna Borough | 312 | 5,330 | | | | |
| North Star Borough | 0 | 0 | | | | |
| Sitka, City & Borough of | 66 | 1,335 | | | | |
| Dillingham, City of | 8 | 295 | | | | |
| King Cove, City of | 0 | 0 | | | | |
| Nenana, City of | 0 | 0 | | | | |
| Nome, City of | 20 | 255 | | | | |
| Skagway, City of | 14 | 165 | | | | |
| Unalaska, City of | 0 | 0 | 802 | \$14,274 | 26.4% | 25.0% |
| <u>Non-Reimbursable</u> | | | | | | |
| (Outside Taxing Jurisdictions) | 115 | \$ 1,681 | 115 | \$ 1,681 | 3.7% | 3.0% |
| TOTAL | | | 3,042 | \$57,083 | | |

from 7/15 - 5/11 - 2,870 - 4,755

Bill Ray

The Office of the State Assessor operates 4 programs for seniors age 65 and older.

By far the largest of the four senior citizen programs is the Property Tax Exemption for Homeowners, which is just winding up its 7th year of operation. Last year 23 municipalities were paid over \$1.7 million for exemptions granted to over 3,100 households. Compared to similar programs in other states, this almost unlimited exemption is the most liberal in the country. Considering the program began with a \$10,000 income limit, the Alaska senior population has experienced a great windfall in this program.

A companion to the Homeowner Exemption is the Senior Citizen Renter Payment. This is a fairly new program, in the 3rd year of operation. About 550 households received almost \$100,000 this year based upon the formula, 1/2% per mill times total annual rent paid. For example, if you live in an area subject to a millage rate of 16, your payment would be 8% of the rent you paid last year. The formula including a \$375 limit per application keeps the average payments to senior renters very low (about \$180 per applicant) compared to those made to the average senior homeowner (about \$520 per applicant).

A third program benefiting seniors is the Sewer and Water Assessment Deferment which exempts seniors from paying local improvement district levies for sewer or water projects so long as the property is owned and occupied by the senior, the minor heir, or widow or widower of the original applicant. This is a lump sum payment to the municipality and the lien is transferred from the local jurisdiction to the State. As evil as the lien sounds at first blush, we see the program as extending an interest free loan to the property. The property has been increased in value by the sewer or water facility, and will in the end pay for that improvement. At the same time, the hard pressed fixed income of the senior is protected from what can be a devastating capital expenditure (these run about \$1,000 to \$8,000 per individual). The Sewer and Water Deferment is a minor program, which has paid about \$156,000 to 161 homeowners since its inception in 1976. A little over \$17,000 has been paid back during the same 3 years.

Last but not least, is our newest program, the Motor Vehicle Registration Tax Payment. This is a strange program that exempts seniors from paying property tax on vehicles so long as the municipality they reside in has opted to have the State collect the tax. Locally collected taxes on vehicles have not been and cannot, under current law, be exempted. Our Department is charged with paying a set fee per senior to a city or borough (and here's the kicker) regardless of whether the jurisdiction is eligible for the tax levied. This means we are paying 3 kinds of municipalities for this exemption. One, those that are actually exempting seniors through the State collection option; two, those that must collect ad valorem tax from seniors locally; and third, those municipalities

SB 317/HB 615 - passed from S. CAC today

that do not tax vehicles at all. We are guessing that this payment will take around \$150,000 for the 1st year's operation, paying for around 5,700 senior vehicles. We are estimating that about \$70,000 of this \$150,000 will be reimbursement for actual revenue loss and that only about 3,500 seniors will be exempted from paying a vehicle tax levy.

Our annual report, "Alaska Taxable", published each January, has a wealth of information on these programs for those that are interested.

POSITION PAPER

Requested by: Senate Community and Regional Affairs

Subject: Regarding exemption from property tax and special road assessments.

Departmental Position: Support

Remarks:

Sections 1 and 2 of HB 314 would correct some problems that exist with the current statute. These problems involve the exemption of senior citizens' motor vehicles and state reimbursement to municipalities for that exemption.

There are currently three procedures in practice within the state regarding taxation of motor vehicles. The present statute was written to cover only one of those practices, leaving the other two as problem areas.

In the case where a municipality has opted to have the state collect taxes on motor vehicles for the municipality, the senior citizen is exempt, and the municipality is reimbursed. This is the way the program was intended to work.

One of the problems is in a municipality where a local property tax is levied on motor vehicles. Based on current statute the state reimburses these municipalities. However, Title 29 currently does not allow the municipalities to exempt the seniors, therefore a double payment to a municipality exists.

The second problem is in municipalities that do not tax motor vehicles. Under statute, the state still reimburses these municipalities for revenues they might have lost.

The Department strongly supports the bill but recommends amendment of (i) to read as follows:

- (1) The state shall reimburse a municipality for revenues lost to it under (k) of this section. The payment shall be an amount equal to the tax levied under AS 28.10.431(b) for each vehicle for which a senior citizen exemption form, as prescribed by the Department of Public Safety, is submitted.

Currently, the senior citizens fill out the exemption form when they buy their license plates. That form is forwarded to the Department of Community and Regional Affairs. The affected municipality is reimbursed based on the schedule located in AS 28.10.431(b).

The existing language in (1) of HB 314 would require reimbursement based on a local levy. That form of reimbursement would require completion of another form by the Senior, another request by the municipality and an additional payment procedure by the state. The Department would recommend the above amendment in order to continue the current very simple and inexpensive administrative process.

Section 3 of the bill deals with a different program. That program currently defers senior citizens' special assessments for sewer and water improvements for as long as the senior citizen resides on the property.

This section of the bill would expand that program to include special road assessments. As with the sewer and water assessments the large bills for special road assessments places a tremendous burden on the limited budget of many senior citizens. Therefore, the Department supports that language. The attached fiscal note is based on estimations prepared by municipalities.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 314
Title Regarding exemption from property tax and special road assessments.
Requested by Senate Community & Regional Affairs Date 3/3/82

II. FISCAL DETAIL

Agency Affected Community & Regional Affairs
Program Category Affected Health & Social Services
BRU, Program, Or Subprogram(s) Affected Senior Citizen tax relief
(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 82 | FY 83 | FY 84 | FY 85 | FY 86 | FY 87 |
|--------------------------|-------|-------|-------|-------|-------|-------|
| 100 PERSONAL SERVICES | | | | | | |
| 200 TRAVEL | | | | | | |
| 300 CONTRACTUAL | | | | | | |
| 400 COMMODITIES | | | | | | |
| 500 EQUIPMENT | | | | | | |
| 600 LAND & STRUCTURES | | 290.0 | 319.0 | 350.9 | 386.0 | 424.6 |
| 700 GRANTS, CLAIMS, ETC. | | | | | | |
| TOTAL | | 290.0 | 319.0 | 350.9 | 386.0 | 424.6 |

FUNDING (Thousands of Dollars)

| | | | | | | |
|------------------------|--|-------|-------|-------|-------|-------|
| GENERAL FUND | | 290.0 | 319.0 | 350.9 | 386.0 | 424.6 |
| FEDERAL FUNDS | | | | | | |
| OTHER (Specify Source) | | | | | | |
| | | | | | | |

POSITIONS

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

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

No impact is anticipated from Section 1 and 2 of the bill. Section 3 of bill would require the state to pay special road assessments. Forty-five municipalities were asked to estimate probable impact of the proposed legislation in the respective communities. Only nineteen responses were received and only five of those were able to estimate impact. Based on that limited response it appears that the program would cost approximately \$290,000 if first year. That reimbursement could be handled with existing staff. Subsequent years assume increases of 10% per year.

IV. DATE March 3, 1982

PREPARED BY Terry L. Farley

AGENCY Community & Regional Affairs

PHONE 465-4730

Original: Legislative Finance
cc: Budget and Management

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