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147

FISCAL NOTE

I. REQUEST
 Bill Resolution No. SB 147
 Title Providing for exemption of the residence of a disabled veteran from...property tax..
 Requested by _____ Date March 16, 1981

II. FISCAL DETAIL
 Agency Affected Department of Community and Regional Affairs
 Program Category Affected Social-Economic Assistance to the Aged
 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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES			11.1	12.2	13.4	14.7
200 TRAVEL			1.7	1.9	0	0
300 CONTRACTUAL			2.3	1.1	1.2	1.3
400 COMMODITIES			.3	.3	.4	.4
500 EQUIPMENT			.3	0	0	0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.			500.3	578.1	667.1	770.5
TOTAL			516.2	593.7	682.1	786.9

FUNDING (Thousands of Dollars)

GENERAL FUND			516.2	593.7	682.1	786.9
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME			1	1	1	1
TEMPORARY						

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

See Attached

IV. DATE March 18, 1981 PREPARED BY LaDonna Brown
 AGENCY Community & Regional Affairs
 PHONE 455-4739
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

100 PERSONAL SERVICES

Increase current clerk typist II part time position to full time will adequately provide for handling additional applicants which increases current program activity by about 50%.

Clerk Typist II part time, Range 07	
Salary 1,319/month (659.5 part time)	\$ 7,914
Benefits	1,216
FICA (per current position)	
Health Insurance	<u>924</u>

\$ 10.1

Travel to the major population centers will be required for the first 2 years of operation to assure that eligible applicants are aware of the new benefits and to prepare appropriate agencies to assist applicants.

200 TRAVEL

Expenses	950
Per Diem	<u>525</u>

\$ 1.5

300 CONTRACTUAL

Postage	\$.3
Printing & advertising - first year	1.9
Printing & advertising - annual	.4
Copier	<u>.2</u>

First year total	\$ 2.3
Annual total	.9

400 COMMODITIES

\$.3

100-400 based on FY 82 estimates, 10% annual increase was used to project subsequent years.

500 EQUIPMENT

5-drawer file cabinet	\$.3
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Total first year administration	\$14.5
Annual Administration	\$13.1

700 GRANTS

FY 81 DATA

% of DISABILITY	VETERANS	76.85%*	82% **	AVG PMT.	TOTAL
0	72	55	--	--	--
10	1120	916	752	72	54,144
20	607	457	383	145	55,535
30	445	342	280	217	60,760
40	253	194	159	289	45,951
50	147	113	93	362	33,666
60	164	126	103	434	44,702
70	73	55	46	506	23,276
80	40	31	25	578	14,450
90	11	8	7	651	4,557
100	<u>80</u>	<u>61</u>	<u>50</u>	<u>723</u>	<u>35,150</u>
	3,082	2,369	1,898	197	373,191

* Alaska 1980 population, a preliminary overview, released January 1, 1981 by the Alaska Department of Labor indicates that 3.15% of the civilian population is age 65 or over and can be presumed to be currently participating in the senior citizen exemption.

The operation of the senior citizen property tax exemption program indicates that about 30% of the total seniors do not participate generally because they are in institutions or other housing not subject to property tax. Assuming seniors are more likely to be residing in institutions and subsidized housing, it appears reasonable to reduce this figure to 20% when applied to veterans.

$$\begin{array}{r}
 3.15\% \\
 20.00\% \\
 \hline
 100.00\% - 23.15\% = 76.85\%
 \end{array}$$

**Analysis of the applicants for senior citizen homeowner exemption and renter payment shows that 82% of the total applicants own their home and 18% are renters.

Assume less than half the increase in number of applicants annually for this population segment when compared with the senior population, or about 5% increase per year.

Assume similar annual increase in average payment per applicant to senior programs, or 10% increase per year.

Position Paper
Department of Community & Regional Affairs
SB 147

April 28, 1981

The Department has no objection to this bill. However, we are concerned about the number of bills that would expand property tax exemptions. We are also concerned that these bills lack direction; continuing along this path could lead to a local tax structure that lacks cohesiveness and will be both hard to understand and difficult to administer.

Another consideration is the cost of municipal administration. Existing exemption programs will require processing about 5,000 applications in FY 83, this program will add an estimated 2,100. No study has been done to determine local administrative cost but it can be assumed to be considerable. The fiscal impact of administration is now being extracted from local revenues.

The fiscal note is based on past performance of the property tax, no attempt has been made to project the impact of legislative action regarding property tax relief. It is assumed that the fiscal impact of the exemption programs will be significantly reduced by expected reduction of local mill rates.

Such - Ed Olson + highest priority

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

BY BRADLEY, BENNETT, KELLY, MULCAHY, RODEY, ELIASON, STIMSON, GILMAN, COLLETTA, HOHMAN, ZIEGLER, FERGUSON, PARR, FISCHER, DANKWORTH AND FAHRENKAMP

16

Eliminates \$10,000 limit for eligibility

1 IN THE SENATE
2
3 SENATE BILL NO. 147
4 IN THE LEGISLATURE OF THE STATE OF ALASKA
5 TWELFTH LEGISLATURE - FIRST SESSION
6 A BILL

6 For an Act entitled: "An Act providing for exemption of the residence of a
7 disabled veteran from levy and collection of real
8 property taxes and authorizing reimbursement to muni-
9 cipalities for revenues lost by operation of the
10 exemption; and providing for an effective date."

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

12 * Section 1. AS 29.53.020(e) is repealed and reenacted to read:

13 (e) The real property owned and occupied as a permanent place of
14 abode of a person described in this subsection is exempt from taxation
15 of the assessed value of the real property as indicated in this sub-
16 section. Only one exemption may be granted for the same property, and,
17 if two or more persons are eligible for an exemption for the same
18 property, the parties shall decide between or among themselves which
19 shall receive the benefit of the exemption. Real property may not be
20 exempted under this subsection if the assessor determines, after notice
21 and hearing to the parties concerned, that the property was conveyed to
22 the applicant primarily for the purpose of obtaining the exemption.

23 The determination of the assessor may be appealed under AS 44.62.560 -
24 44.62.570. An exemption under this subsection shall be allowed

25 (1) to a resident of the state 65 years of age or older for
26 the entire assessed value of the real property; or

27 (2) to a disabled veteran for a percentage of the assessed
28 value of the real property which is the same as his percentage of dis-
29 ability as established by his service disability rating.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 147
 Title n Act providing for exemption of the residence of a disabled veteran from levy and collection of real property taxes and authorizing reimbursement to municipalities...
 Requested By: Bradley, Bennett, Kelly, Mulcahy, Roway Date 2/4/81

II. FISCAL DETAIL

Agency Affected Department of Commerce & Economic Development
 Program Category Affected Economic Development
 BRU, Program, or Subprogram(s) Affected Division of Veterans' Affairs
 (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	0					
200 TRAVEL	0					
300 CONTRACTUAL	0					
400 COMMODITIES	0					
500 EQUIPMENT	0					
600 LAND & STRUCTURES	0					
700 GRANTS, CLAIMS, ETC.	0					
TOTAL	0					

FUNDING (Thousands of Dollars)

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

POSITIONS

FULL TIME	0					
PART TIME	0					
TEMPORARY	0					

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

IV. DATE 2/6/81 PREPARED BY Don Hostak, Director
 AGENCY Department of Commerce & Economic Development
 PHONE 465-2555 Division of Veterans' Affairs

Original: Legislative Finance
 cc: Budget and Management