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Public Employ.
Retirement
(earlier service credit)

HOUSE BILL NO. 254, by Rep. Koponen. Amends law governing credited service for employment with the state or territory prior to January 1, 1961. Current law (AS 39.35.360) provides that an employee who was employed before January 1, 1980 who completes three years of credited service with the state after January 1, 1961 for which the employee makes retroactive contributions is entitled to credited service (without making retroactive contributions) for service rendered (1) before January 1, 1961, as an employee of the state or former Territory of Alaska; (2) before January 1, 1961, as an employee of the U.S. government in Alaska, excluding military service; or (3) after January 1, 1961, as a peace officer, correctional officer, or fireman of a participating political subdivision of the state.

The bill would allow vested or retired members who are not eligible to receive credited service for employment prior to January 1, 1961 under (1) and (2) above, to receive credited service if they elect to do so within a specified time frame and make retroactive contributions. The contributions would be in the amount of 4-1/2% of the compensation earned during the employment for which credited service is claimed plus compound interest at a rate prescribed by regulation from the date of the earlier service to the date of making the retroactive contribution.

Provides Act effective July 1, 1983.

Introduced March 11 and referred to State Affairs and Finance.

Residential
Property Tax
Exemptions
(municipal)

HOUSE BILL NO. 255, by Rep. Malone. Would repeal the \$10,000 limit on municipal tax exemptions for residential property contained in AS 29.53.025(a). That portion of the law authorizes municipalities to exclude or exempt or partially exempt residential property from taxation by ordinance ratified by the voters at a regular or special election. The bill repeals: "An exclusion or exemption authorized by this section may not exceed \$10,000 for any one residence." Does not provide for an effective date (becomes law 90 days after Governor's signature).

Introduced March 11 and referred to Community & Regional Affairs.

Salmon
Spawning
Streams
(resource permits)

HOUSE BILL NO. 256, by Reps. Flood, Uehling and Grussendorf. Transfers from the Dept. of Health and Social Services to the Dept. of Environmental Conservation responsibility for issuing permits for natural resource development projects that could have a negative impact on salmon spawning streams and waters. (Amends AS 16.10.020.) Does not provide for an effective date (becomes law 90 days after Governor's signature).

Introduced March 11 and referred to Resources.

Health Ins.
Policies
(limitations & exclusions)

HOUSE BILL NO. 257, by Rep. Ward. Adds new section to AS 21.41 (The Insurance Contract) relating to limitations and exclusions in health insurance policies. New section reads: "An individual or group health insurance policy that provides coverage on an expense incurred basis or an individual or group service or indemnity type contract issued by a nonprofit

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

January 31, 1984

POUCH B
JUNEAU, ALASKA 99811
PHONE: (907) 465-4700

225 CORDOVA STREET - BLDG B
ANCHORAGE, ALASKA 99501
PHONE: (907) 264-2294

POSITION PAPER

RE: HB 537

SPONSOR: Representative Grussendorf

PROGRAM EFFECTS:

Allows municipalities to exempt by ordinance, Motor Vehicles from taxation.

COMMENTS:

Currently, municipalities' handling of motor vehicles assessment ranges from full exemption to full market assessment. This optional language would enable those communities which wish to exempt motor vehicles to do so and would not affect those jurisdictions where exemption is not desired and where various other taxing arrangements are currently employed. The Department has no objection to this bill.

Approved: Emil Notti
Emil Notti, Commissioner

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: HB 537
 Title: "Exempt motor vehicles from taxation"
 Sponsor: Rep. Grussendorf
 Requestor: House C&RA
 Date of Request: 1-31-84

FISCAL DETAIL

Agency Affected: C&RA
 Program Category Affected: _____
 BRU, Program or Subprogram(s) Affected: _____
 State Assessor _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Michael Worley Phone: 465-4730
 Division: MRAD Date: 1-31-84

Approved by Commissioner: *Guil. Totter* Date: 2/1/84
 Agency: _____

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)



City and Borough of Sitka

P.O. BOX 79 · SITKA, ALASKA · 99835

January 13, 1984

Senator Richard Eliason
Alaska State Senate
Pouch V M/S 3100
Juneau, Alaska 99811

Rep. Ben Grussendorf
Alaska House of Representatives
Pouch V M/S 3100
Juneau, Alaska 99811

Dear Dick and Ben:

The assembly has asked that I request you to work toward and support a change in Title 29, concerning municipal taxation of motor vehicles.

The taxation provisions of Title 29 are mandatory on all municipalities, including home rule domains like Sitka. Title 29 specifically lists the tax exemptions which we may grant. The problem is that the assembly wishes to exempt motor vehicles from the ad valorem tax, but is not allowed to under the statute.

Some municipalities such as Juneau, do not tax motor vehicles under a grandfather clause in the statute [A.S.29.53.025(d)]. This option is not open to Sitka.

Other municipalities let the state collect a local fee set by statute at the time of vehicle registration [A.S.28.10.431] however, the statutory fee is overall much higher than Sitka's ad valorem rate and the assembly does not wish to burden Sitkans with increased taxes.

With the statute requiring taxation of vehicles, Sitka is forced to comply; however, collection appears to be uneconomic. We have approximately 4,000 cars in Sitka and receive \$25,000 to \$35,000 in taxes on them annually. Most, if not all of that revenue is offset by the cost of collection and enforcement. A tax which did not produce any net revenue, but only paid the

Senator Richard Eliason & Rep. Ben Grussendorf
TAXATION OF MOTOR VEHICLES
January 13, 1984
Page two

salary of the tax collector might be considered by some to be a significant comment on modern government. We just don't want that comment to be made about Sitka.

In the past we coupled tax collection with a vehicle safety inspection, but the safety inspection ordinance has been repealed leaving us with only the tax gathering function.

I would suggest that A.S. 29.53.025 be amended by adding a subsection (h) to read as follows, "municipalities may by ordinance classify and exempt or partially exempt from taxation motor vehicles".

Such an enactment would save Sitkans much time and effort if it could go into effect by January 1, 1985. Since we don't know what the fate of the proposed new Title 29 will be this year, perhaps you could not only try to get this idea into the new 29 draft, but simultaneously attempt to amend the existing statute.

The assembly would greatly appreciate your efforts and comments on this matter.

Sincerely,



Peter S. Hallgren
Municipal Attorney

cc: Administrator
Anderson