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COMMITTEE REPORT
HOUSE

5/28

(7)

FURTHER: FINANCE

5/25/84

Date: _____

The Committee on COMMUNITY & REGIONAL AFFAIRS has had CSSB 527 (Fin) am

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

under consideration and recommends:

- 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 Zero Fiscal Note Attached
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

Patricia C. ...
M.W. Miller

MEMBERS HAVING
OTHER RECOMMENDATIONS:

John ...

M.W. Miller
 CHAIRMAN

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

May 15, 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: Analysis of CSSB 527 (Finance) - Work Draft 5/4/84
Sponsor: Senate C&RA Committee

SECTION 1 - Corrects a problem which currently exists under 28.10.411(d), whereby some municipalities receive double payments for Senior Citizen Motor Vehicle Taxes.

SECTION 2 - Requires the Department to prorate payments to municipalities in the event the Motor Vehicles Program were underfunded.

SECTION 3 - Exempts the property tax on a motor vehicle of a resident age 65 years or older.

SECTION 4 - Limits the amount of the Homeowners' exemption to a maximum assessed value of \$150,000. (In hardship cases, however, the municipality may waive the limitation under state regulations). This bill also allows the spouse of a deceased homeowner to qualify for the program if the spouse is 55 years of age or older.

SECTION 5 - Clarifies existing language.

SECTION 6 - Exempts property tax on one motor vehicle owned by a resident 65 years of age or older on January 1 of the assessment year, unless otherwise exempt under AS 29.53.025(b)(4). This section also requires the Department to prorate payments to municipalities in the event the program is underfunded.

SECTION 7 - Allows the Department to waive the January 15 deadline for good cause on the Senior Citizen Renter payment. This section also requires a disabled veteran to submit evidence of the disability rating.

SECTION 8 - Requires the Department to prorate payments to eligible renters in the event the program is underfunded.

May 15, 1984
CSSB 527
Page Two

SECTION 9 - Requires the Department to prorate payment of sales taxes paid on the abode of the eligible resident.

SECTION 10 - Provides for an effective date of January 1, 1985.

COMMENTS

The Department supports passage of the bill in its current form. Besides correcting problems which exist in current law, the bill provides for an equitable prorating of payments in the event underfunding occurs in the programs we presently administer. Under current law we are required to make payments on a first-come, first-serve basis which results in unequal payments to both municipalities and individuals.

Section 4 addresses the Department's concern over the limitation on the value of property which is exempted from municipal property tax. This legislation sets the limit of property tax exemption at \$150,000.

APPROVED:



Emil Notti, Commissioner

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 5/2/84

REQUEST CSSB527
 Bill/Resolution No.: (Finance)
 Title: State & Municipal Tax Exemptions
 Sponsor: _____
 Requestor: Senate Finance Committee
 Date of Request: _____

FISCAL DETAIL
 Agency Affected: Community & Regional Affairs
 Program Category Affected: Social Services
 BRU, Program or Subprogram(s) Affected: Senior Citizens Tax Relief

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES	-0-	6.6	7.0	7.4	7.9	8.3
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS	-0-	(155.0)	(170.5)	(187.6)	(206.5)	(227.0)
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	(148.4)	(163.5)	(180.2)	(198.6)	(218.7)
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME		1/4	1/4	1/4	1/4	1/4
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Michael W. Worley Phone: 465-4787
 Division: Municipal & Regional Assistance Date: 5/2/84

Approved by Commissioner: _____ Date: _____
 Agency: Community & Regional Affairs

Distribution (by Agency preparing fiscal note):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

12/1/83

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 5/2/84

Bill/Resolution No.: CSSB527 (Finance)
Title: State & Municipal Tax Exemptions

ANALYSIS:

Assumptions:

Based on the attached fiscal analysis, it is assumed the (rounded) savings impact commencing in FY 85 would be \$155,000. On the other hand, additional time would need to be spent reviewing the exemptions, reporting, etc. An average of one-quarter of a full-time position has been charged to this work over the fiscal years shown.

Annual rate of inflation is estimated at 10%.

Positions:

1 full-time Clerk Typist III - 3 months

Other Expenditures:

-0-

Funding:

General fund. The figures shown are estimated savings to the State.

Section Cost Analysis:

Computations:

Salary and fringes increased 6% yearly and the saving in revenues increased by 10% yearly. \$45,000 of the savings is due to the correction of the motor vehicle problem, and \$110,000 represents savings to the State because of the \$150,000 exemption limitation.

Economic Impact:

-0-

Impact on Local Government:

Exempt Limitation: Only \$150,000 of the assessed value would be exempt. Therefore, the local assessor's staff would have to compute and levy against the remaining value.

Correction of Motor Vehicle Problem: Municipalities would no longer receive double payment "reimbursements".

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: CSSB 527
 Title: Relating to State & Municipal tax expenditures
 Sponsor: C&RA Committee
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Dept. of Administration
 Program Category Affected: Older Alaskans Commission
 BRU, Program or Subprogram(s) Affected: _____

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						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Jon B. Wolfe, Exec. Dir. *Jon B. Wolfe* Phone: 465-3250
 Division: Older Alaskans Commission Date: 5/2/84

Approved by Commissioner: *Big Rudd* Date: 5/2/84
 Agency: ADMINISTRATION

Distribution (by Agency preparing fiscal note):

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

12/1/83

"An Act establishing the Alaska Senior Citizen employment team program and fund"

Position Paper

The Older Alaskans Commission urges passage of this legislation which will provide long term benefits to Alaska's economy as well as the immediate benefits of employment opportunities and training to senior citizens.

The economic impact of this program is a major contribution to the economy and a significant reduction in state welfare costs.

Contribution to the economy. Although this bill does not require that potential enrollees have a low income, it is to be expected that those with a low income would have priority and that most of the enrollees would be in that category. Since salaries would probably be at entry-level in order to serve more seniors, it can be assumed that most of the salaries would be used to purchase goods and services with a resulting ripple effect in the economy. In addition, some seniors would be contributing to social security instead of drawing from it. A national study of the federally funded Title V Senior Employment Program by the American Association of Retired Persons shows that for every \$1.00 spent for the program, \$1.15 is returned to the economy. This program would have a similar benefit but possibly to not such a great degree since the enrollees are not necessarily poverty-level income.

It is also believed that many small businesses taking advantage of this program, could become better established, more competitive, and thus continue to provide unsubsidized employment over the years.

Reduction in state welfare costs. National studies show that older persons are not referred to job openings as often as younger persons and therefore they tend to be out of work much longer periods of time. Since this program has no income eligibility criteria, it would particularly serve two important groups of persons who have a strong potential for eventually needing welfare and are not eligible for the Federal employment program until they are eligible for welfare.

- 1) Those whose countable incomes (including social security, pensions, and any other) are slightly over the poverty guidelines but are still insufficient to live on, and who would use up nearly all their resources before becoming eligible for welfare.
- 2) Those who have just lost a job but must wait several months until their preceding year's income includes enough months without pay to become eligible for the Federal employment program and/or welfare.

By helping these people sooner, a considerable savings in unemployment insurance benefits and welfare benefits would result.

Eligibility for the Federal employment is 125% of the H&SS poverty level. However, in the current program in Alaska, 86% of those currently enrolled had family incomes at or below the following poverty levels (100%), leaving only 14% between the 100% and 125% level. Although the percentage would not be as high on this program, it still would be high enough to cause a large reduction in welfare costs.

<u>Family Size</u>	<u>Family Income (including Social Security and pensions)</u>
1	\$ 6,240 per year
2	8,410 per year
3	10,580 per year

In order to assure recruitment of lowest-income elderly, this office is preparing a pamphlet describing employment opportunities for the target group. This pamphlet will be mailed directly to all Public Assistance recipients as well as to current Longevity Bonus recipients. The reason for this approach is that a very large percentage of older workers are "discouraged" or "hidden" workers who do not believe they can get a job due to age discrimination and who no longer apply at job service centers.

Another reduction in state welfare costs is due to the kind of jobs many of these enrollees perform, such as home chore services for the frail elderly to help them remain in their own homes instead of being institutionalized. These services include preparing meals, shopping for groceries, housecleaning, hauling wood and water, snow shoveling, minor home repair and weatherization. This assistance is especially important in small communities where there are no home makers or other help available.

For example, one enrollee in a small native village usually assists three to six persons at a savings of approximately \$4,000 per month each for institutional costs. In other words, \$8,000 ANNUAL SALARY PLUS COSTS OF HOUSING AND FOOD FOR CLIENTS SAVES \$144,000 to \$288,000 ANNUALLY IN MEDICAID COSTS. There are currently 18 persons performing in a similar manner.

Thus, the savings in various welfare costs would offset costs of this program.

Approved:

Jon B. Wolfe Date: April 24, 1984
Jon B. Wolfe, Executive Director
Older Alaskans Commission

Lisa Rudd Date: 5/8/84
Lisa Rudd, Commissioner
Department of Administration

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: SB 527
 Title: An Act relating to motor vehicle tax exemptions and.....
 Sponsor: C&RA
 Requestor: C&RA
 Date of Request: 3-13-84

FISCAL DETAIL

Agency Affected: Public Safety
 Program Category Affected: Life and Property Protection
 BRU, Program or Subprogram(s) Affected: Division of Motor Vehicles

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						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

No fiscal impact on Department of Public Safety, Division of Motor Vehicles.

ANALYSIS: Attach a separate page for analysis

Prepared By: Bill Brown Phone: 465-4335
 Division: Motor vehicles Date: 3-13-84
 Approved by Commissioner: [Signature] Date: 3/16/84
 Agency: Public Safety

Distribution (by Agency preparing fiscal note):

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

COMMITTEE REPORT
SENATE

FURTHER:

FINANCE

3/12/84

Date 4/12/84

Mr. President

The Committee on STATE AFFAIRS considered SB 527

relating to motor vehicle tax exemptions and senior citizen property tax exemptions; efd.

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

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for SB 527 (SA)
- new title
- same title and recommends my copy
- and attached a "LETTER OF INTENT"
- NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

1 Kell
1 Robert Ferguson
1 Michael Riddley

MEMBERS HAVING
OTHER RECOMMENDATIONS

1 W. Fisher
 Chairman
do pass
 Chairman recommendation



Alaska State Legislature
State Senate

Committee on Judiciary

Senator Bill Ray
Chairman
Senate Floor Leader

Pouch V
State Capitol
Juneau, Alaska 99811

M E M O R A N D U M

April 23, 1984

TO: Max Gifford, Administrative Assistant
Senate Finance Committee

FROM: Senator Ray *BR*

SUBJECT: Senior Citizens Property Tax Equivalency Payment

This is in reference to your finding a bill that we could tack this on to. This is the back-up and you will see the need for it.

Attachment

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

MUNICIPAL & REGIONAL ASSISTANCE DIVISION

- REPLY TO:
- POUCH BH
JUNEAU, ALASKA 99811
(907) 465-4707
- 225 CORDOVA STREET, BLDG. B
ANCHORAGE, ALASKA 99501
(907) 264-2201
- P.O. BOX 348
BETHEL, ALASKA 99559
(907) 543-3475
- P.O. BOX 41
NOME, ALASKA 99762
(907) 443-5457
- P.O. BOX 280
KOTZEBUE, ALASKA 99752
(907) 442-3675
- 1514 CUSHMAN RM. 211
FAIRBANKS, ALASKA 99701
(907) 452-7126
- P.O. BOX 10041
DILLINGHAM, AK 99576
(907) 842-2245

February 22, 1984

BB-527

-> Jeff Smith

E.A. Coalman
 Box 5924
 Ketchikan, Alaska 99901

Dear Mr. Coalman:

RE: SENIOR CITIZENS PROPERTY TAX EQUIVALENCY PAYMENT

Your application for the Senior Citizen Property Tax Equivalency payment was received and postmarked .

Regretfully we must inform you that you are ineligible to receive this payment. You failed to apply before the January 15, 1984 deadline. According to Alaska Statute 29.73.060, which governs this program:

"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..."

You may apply for the tax equivalency payment at the end of this year. We will add your name to our mailing list and you should receive an application form by December 1, 1984. If you do not receive a form by then either contact our office or pick up an application at City Hall or your local Senior Citizen Center. Be sure to mail the application before January 15, 1985.

We are pleased you are interested in the program and hope to see your application next year.

If you have any questions please feel free to contact me at the above address or call toll free Zenith 2222, in Juneau 465-4783.

Sincerely,

Patti Becker #312
 Patti Becker
 Project Assistant
 Senior Citizens Tax Program

10810p7/P3/rr

1/22/84

Mr. Coalman has been under Dr.'s care with Herpes Zoster (shingles) which involved his left eye & head area. He has been unable to use his left eye and was told not to use his right eye any more than necessary.

He has been under emergency care since 11/22 under Dr. Page (eye specialist), Juneau which involved University of Wn. Hospital operation 11/24 and recuperation in Juneau under that Dr.'s care.

I often pick Mr. Coalman's mail and it is very possible it was put in the pile of circulars because of the type of outside mailing cover used--thinking it not dated material, etc. Urge you to show the deadline date on the front of the mailing/address area in the future. He truly doesn't understand why he doesn't remember seeing it.

If there is a possible extension ~~xxxxxxx~~ to the deadline date in his case would appreciate ~~he~~ he be considered for it. Dr. Page has said his was one of the worst cases he had ever seen and most elderly people die from the EXTREME pain and complications. It is very important that his stress be kept to a minimum. 11/22 the lens of his right eye "fell" out and they are hoping the corneal transplant won't be rejected.

SIGNATURE
Mrs. Alfreda Dore
Sandland.

P.S. Airphoto - Tibet copy he has enclosed shows his recent arrival in Ketchikan
P.O. BOX 7776
Ketchikan, AK 99901

DATE
1/22/84

FORM AD-311 (REV. 3/81)

ADDRESSEE COPY

4-28-84

Dick Bradley,

Please prepare a Finance CS for SB 527
adding the attached wording to 29.73.060 (c).

It would probably be the new Sec 7,
renumbering 7 + 8 as 8 + 9.

Thanks. Please send it to Sen Sackett
c/o myself.

Richard Hacker

but during the same year. Dept
Department for good cause shown may waive the claimants liability to make
timely application

(c) When a municipal name change takes effect by means of an order issued under (a) or (b) of this section, civil or criminal suits, applications, petitions, hearings and other proceedings to which the municipality is a party and pending at or brought after the date the name change takes effect shall proceed in the name of the municipality as changed by the order. (§ 2 ch 118 SLA 1972; am § 9 ch 200 SLA 1972)

Effect of amendment. — The 1972 amendment, effective July 1, 1972, substituted "Department of Community and Regional Affairs" for "Local Affairs Agency" at the end of subsection (a).

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 "½", substituted "The property tax equivalent" for "This", substituted "equals" for "or \$375, whichever is less is", and added "payable under this section", all in subsection (b).