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COMMITTEE REPORT  
SENATE

FURTHER: FINANCE

3/21/83

Date: \_\_\_\_\_

Mr. President:

The Committee on CEBA has had CSHB 31 (CEBA)

Relating to certain tax benefits for disabled veterans and senior residents; 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 CSHB 31 (CEBA)  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

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

CHAIRMAN

SENATE AMENDMENT

By \_\_\_\_\_

To: \_\_\_\_\_ SENATE BILL No. \_\_\_\_\_

To: CS HOUSE BILL No. 31(C+RA) am

PAGE: 4 LINE: 28

after "that" insert

"does not collect a property tax but"

3  
162

6  
972

3 8  
162 ) 96,636  
600  
96,636  
972

4  
41

800

96,636

~~96,636~~  
34

601  
375,000  
600

601

601  
600  
340,600

601

600  
340,600

601  
600

Offered: 2/15/83  
Referred: Finance

Original sponsors: Furnace, Barnes,  
Grussendorf, et al

BY THE COMMUNITY AND REGIONAL  
AFFAIRS COMMITTEE

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 31 (C&RA) am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to certain tax benefits for disabled  
7 veterans and senior residents; and providing for an  
8 effective date."

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

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 AS 29.53.020(e) is repealed and reenacted to read:

11 (e) The real property owned and occupied as a permanent place of  
12 abode of a person described in this subsection is exempt from taxation  
13 of the assessed value of the real property as indicated in this sub-  
14 section. Only one exemption may be granted for the same property,  
15 and, if two or more persons are eligible for an exemption for the same  
16 property, the parties shall decide between or among themselves which  
17 receive the benefit of the exemption. Real property may not be ex-  
18 empted under this subsection if the assessor determines, after notice  
19 and hearing to the parties concerned, that the property was conveyed  
20 to the applicant primarily for the purpose of obtaining the exemption.  
21 The determination of the assessor may be appealed under AS 44.62.560 -  
22 44.62.570. An exemption under this subsection shall be allowed

23 (1) to a resident of the state 65 years of age or older for  
24 the entire assessed value of the real property; or  
25 (2) to a disabled veteran *with a disability of 50% or more* for a percentage of the assessed  
26 value of the real property that is the same as the percentage of dis-  
27 ability as established by the service disability rating of the vet-  
28 eran. ]

29 \* Sec. 2. AS 29.53.020(f) is amended to read:

1 (f) No exemption may be granted except upon written application  
2 for the exemption on a form approved [PRESCRIBED] by the state asses-  
3 sor for use by local assessors. The claimant must file the applica-  
4 tion no later than January 15 of the assessment year for which the  
5 exemption is sought, but during the same year the governing body of  
6 the municipality for good cause shown may waive the claimant's failure  
7 to make timely application for the exemption for that year and au-  
8 thorize the assessor to accept the application as if timely filed.  
9 The claimant must file a separate application for each assessment year  
10 in which the exemption is sought. If an application is filed within  
11 the required time and is approved by the assessor, the assessor [HE]  
12 shall allow an exemption in accordance with the provisions of this  
13 section. If a claimant whose failure to file by January 15 of the  
14 assessment year has been waived as provided in this subsection and the  
15 application for exemption is approved, the amount of tax that [WHICH]  
16 the claimant may have already paid for the assessment year with re-  
17 spect to the property exempted shall be refunded to the claimant  
18 [HIM]. The assessor shall [MAY AT ANY TIME] require proof in the form  
19 the assessor [HE] considers necessary of the right to and amount of an  
20 exemption claimed under this section, and shall require a disabled  
21 veteran claiming an exemption under (e) of this section to provide  
22 evidence of the disability rating. The assessor may require proof  
23 under this section at any time.

1 \* Sec. 3. AS 29.53.020(i) is repealed and reenacted to read:

2 (i) In (e) - (i) of this section,

3 (1) "disabled veteran" means a disabled person separated  
4 from the military service of the United States under a condition that  
5 is not dishonorable who is a resident of the state, whose disability  
6 was incurred or aggravated in the line of duty in the military service

1 of the United States, and whose disability has been rated as 50 per-  
2 cent or more by the branch of service in which that person served or  
3 by the Veterans' Administration;

4 (2) "real property" includes but is not limited to mobile  
5 homes, whether classified as real or personal property for municipal  
6 tax purposes.

7 \* Sec. 4. AS 29.73.060 is amended to read:

8 Sec. 29.73.060. PROPERTY TAX EQUIVALENCY PAYMENTS. (a) A  
9 resident of the state 65 years of age or older or a disabled veteran  
10 who rents a permanent place of abode is eligible for tax equivalency  
11 payments from the state through the Department of Community and Re-  
12 gional Affairs.

13 (b) For purposes of determining payments to eligible persons,  
14 the department shall calculate at the rate of one percent per mil a  
15 property tax equivalent percentage for each home rule or general law  
16 municipality that [WHICH] levies a general property tax [AT THE RATE  
17 OF ONE PERCENT PER MIL]. The property tax equivalent percentage  
18 applied to the annual rent charged to the applicant equals the proper-  
19 ty tax equivalency rate and equals the payment payable under this  
20 section to a resident 65 years of age or older. The payment payable  
21 to a disabled veteran under this section is a percentage of the prop-  
22 erty tax equivalency rate that is the same as the percentage of dis-  
23 ability established by the service disability rating of the veteran.  
24 The payment payable to a disabled veteran who is 65 years of age or  
25 older equals the amount payable to a resident 65 years of age or  
26 older.

27 (c) To obtain a tax equivalency payment [PAYMENTS] the eligible  
28 resident must apply to the department for payment for the preceding  
29 year by January 15 of each year on forms and in the manner prescribed

1 by the department. The department for good cause shown may waive an  
2 applicant's failure to make timely application for a tax equivalency  
3 payment and accept the application as if timely filed. Each applicant  
4 shall submit with the application rental receipts or, if rental re-  
5 cepts are not available, other evidence satisfactory to the depart-  
6 ment for determination of the fact of payment of rent and the amount  
7 paid. A disabled veteran shall submit with the application evidence  
8 of the disability rating.

9 (d) If two or more persons occupy a residence as tenants, not  
10 all of whom are eligible for tax equivalency payments under this  
11 section, the assessor shall determine equitable partial payments to be  
12 made to the eligible tenants. However, tax equivalency payments to an  
13 eligible applicant may not be reduced because the spouse is less than  
14 65 years of age or is not a disabled veteran. If all occupants in a  
15 residence are eligible for tax equivalency payments under this sec-  
16 tion, the occupants shall decide between and among themselves which  
17 shall receive payment.

18 (e) In this section "disabled veteran" means a disabled person  
19 separated from the military service of the United States under a  
20 condition that is not dishonorable who is a resident of the state,  
21 whose disability was incurred or aggravated in the line of duty in the  
22 military service of the United States, and whose disability has been  
23 rated as 50 percent or more by the branch of service in which that  
24 person served or by the Veterans' Administration.

25 \* Sec. 5. AS 29.73 is amended by adding a new section to read:

26 Sec. 29.73.062. REIMBURSEMENT PAYMENTS. (a) A resident of the  
27 state 65 years of age or older or a disabled veteran who rents a  
28 permanent place of abode in a municipality that levies and collects  
29 sales taxes on rents paid for residential property is eligible for  
30

1 reimbursement payments from the state through the Department of Commu-  
2 nity and Regional Affairs.

3 (b) The amount of a reimbursement payment to a resident 65 years  
4 of age or older equals the amount of sales taxes paid on the abode  
5 during the preceding year by the resident. The amount of a reimburse-  
6 ment payment to a disabled veteran is a percentage of the amount of  
7 sales taxes paid on the abode during the preceding year by the dis-  
8 abled veteran that is the same as the percentage of disability estab-  
9 lished by the service disability rating of the veteran. The reim-  
10 bursement payment to a disabled veteran who is 65 years of age of  
11 older equals the amount payable to a resident 65 years of age or  
12 older.

13 (c) To obtain a reimbursement payment under this section an  
14 eligible resident must apply by January 15 of each year to the Depart-  
15 ment of Community and Regional Affairs for reimbursement of sales  
16 taxes paid for the preceding year. The application shall be on the  
17 form and filed as prescribed by the department. The department for  
18 good cause shown may waive an applicant's failure to make timely  
19 application for reimbursement and accept the application as if timely  
20 filed. Each applicant shall submit with the application rental re-  
21 cepts or, if rental receipts are not available, other evidence sat-  
22 isfactory to the department for determination of the fact of payment  
23 of rent and the amount paid. A disabled veteran shall submit with the  
24 application evidence of the disability rating.

25 (d) If two or more persons occupy a residence as tenants, not  
26 all of whom are eligible for a reimbursement payment under this sec-  
27 tion, the assessor shall determine equitable partial payment to be  
28 made to the eligible tenants. However, a reimbursement payment to an  
29 eligible applicant may not be reduced because the spouse is less than



THE LEGISLATURE OF THE STATE OF ALASKA  
THIRTEENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS For HB 31 (C&RA)  
Title "... providing for the exemption of the residence of a disabled veteran..."  
Requested by House Community & Regional Affairs Date 2/8/83

II. FISCAL DETAIL

Agency Affected Community & Regional Affairs  
Program Category Affected \_\_\_\_\_  
BRU, Program, Or Subprogram(s) Affected State Accessor - Grants  
(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 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		289.7	315.8	344.2		

FUNDING (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
GENERAL FUND		289.7	315.8	344.2		
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
FULL TIME						
PART TIME						
TEMPORARY						

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

See Attached

RECEIVED

FEB 9 1983

LEGISLATIVE FINANCE

(See Note on page 2)

IV. DATE 2/8/83 PREPARED BY Terry Earley  
AGENCY Community & Regional Affairs

Original: Legislative Finance PHONE 465-4730  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/82) OMB Reviewed by: David Gentry

*D. Gentry*

Page 2

FISCAL NOTE

"...providing for exemption of the residence of disabled veterans..."

The following tables show estimated number of veterans by percent of disability and is based on average payments made to senior citizens under current statutes.

HOMEOWNERS

<u>% Disability</u>	<u>Number</u>	<u>Total</u>
50%	150	\$44,739
60%	149	\$53,329
70%	92	\$38,416
80%	46	\$21,952
90%	2	\$ 1,074
100%	162	\$96,636
	<u>601</u>	<u>\$256,146</u>

RENTERS

50%	38	\$6,324
60%	37	\$7,389
70%	17	\$5,658
80%	11	\$ 226
90%	1	\$ 300
100%	41	\$13,647
	<u>145</u>	<u>\$33,544</u>

Grand Total \$289,690

Assumptions

1. There are 757 eligible disabled veterans in the state.
2. Census statistics show the over 65 male population of the state to comprise 1.4%. We assume this percentage also applies to disabled veterans. Therefore, 1.4% of the disabled veterans are presently exempt by virtue of age.
3. The percentage of disabled veterans who rent is similar to senior citizens who rent.

Page 2

note.

C-ka reported HB 31 out of Committee 2/15 with a fiscal note. Page 2 was not included & therefore is not in Supplement #9.

This page 2 was sent by James 3/2.

STATE OF ALASKA  
FISCAL NOTE

Revision Date \_\_\_\_\_, 1983

I. REQUEST

Bill/Resolution No.: SCSCS HB 31  
 Title: Tax Benefits  
 Sponsor: Senate C&RA  
 Requestor: Senate C&RA

II. FISCAL DETAIL

Agency Affected: Comm. & Regional Affairs  
 Program Category Affected: Development  
 BRU, Program of Subprogram(s) Affected: Senior Citizens Tax Relief

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL		2.5	2.5	2.5	2.5	2.5
300 CONTRACTUAL		2.5	2.5	2.5	2.5	2.5
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC		448.3	488.6	532.6	580.6	632.8
TOTAL OPERATING		453.3	493.6	537.6	585.6	637.6
CAPITAL		-0-	-0-	-0-	-0-	-0-
REVENUE		-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
GENERAL FUND		453.3	493.6	537.6	585.6	637.6
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
FULL-TIME		-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Terry Earley Phone: 465-4730  
 Division: Local Government Assistance Division Date: 4/13/83  
 Approved by Commissioner: [Signature] Date: \_\_\_\_\_  
 Department: Community & Regional Affairs

Distribution:

Original to Legislative Finance  
 Copy to Office of Management and Budget (for Legislature introduced bills)

## FISCAL NOTE

"...providing for exemption of the residence of disabled veterans..."

The following estimates are based on information received from the Veterans Administration and the payments currently being made to Senior Citizens.

Total Number of Applicants		Total Amount To Be Reimbursed
HOMEOWNERS		
601		\$ 360,146
	Renters (Property Tax)	
145		\$ 48,264
	Renter (Sales Tax)	
100		\$ 40,000
		\$ 448,264
	<u>Administration</u>	\$ 5,000

The new program for renters, both Senior Citizens and Disabled Veterans, will have some administrative costs.

These administrative costs include:

Forms Design & Printing	\$ 2,200
Mailing & Postage	300
Travel (to extend present outreach program)	<u>2,500</u>
	\$ 5,000

### Assumptions

1. There are 757 eligible disabled veterans in the State.
2. Census statistics show the over 65 male population of the State to comprise 1.4%. We assume this percentage also applies to disabled veterans. Therefore, 1.4% of the disabled veterans are presently exempt by virtue of age.
3. The percentage of disabled veterans who rent is similar to senior citizens who rent.
4. There are approximately 100 qualified applicants in municipalities that do not collect a property tax.

# STATE OF ALASKA

JAY S. HAMMOND, Governor

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

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

## Position Paper

Re: HB 31

Sponsor: Furnace

### Program Effects of Bill

A property tax exemption for the homeowners of a given segment of the population may prompt companion legislation to provide for property tax rebates for renters within that same segment of taxpayers (see AS 29.73.060. Property tax equivalency payments). Additional legislation could extend into areas such as sewer and water assessment exemptions (see AS 29.63.065.) and motor vehicle tax exemptions [see AS 28.10.411(d)].

As a result of the adoption of those programs, additional administrative costs may be incurred by this department, and similar impacts could occur in numerous taxing municipalities across the State.

### Comments

The Department does not oppose veterans benefits in concept. However, there are ramifications to be considered. Although this specific bill might not have a significant financial impact on the State, it could set a precedent which we believe could have such an impact.

The Department is also concerned with the deterioration of the property tax base through the passage of such bills. As more tax exemptions are passed, the net result is that fewer property owners are required to pay more in local tax dollars to maintain the existing level of municipal services.

fu

THE LEGISLATURE OF THE STATE OF ALASKA  
THIRTEENTH LEGISLATURE

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See Attached

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 AGENCY Community & Regional Affairs  
 PHONE 465-4730  
 Original: Legislative Finance  
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 33-001 (Rev. 12/82)

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