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Introduced: 3/20/81
Referred: Community & Regional
Affairs and Finance

1 IN THE SENATE

BY RODEY, DANKWORTH AND KERTTULA

2 SENATE BILL NO. 314

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to exemptions from municipal property
7 taxation and from special road assessments; and pro-
8 viding for an effective date."

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

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

11 (h) Except as provided in (g) of this section, nothing in (e) -
12 (l) or (k) - (m) of this section affects similar exemptions from proper-
13 ty taxes granted by municipalities on September 10, 1972 or prevents
14 municipalities from granting similar exemptions by ordinance as provided
15 in AS 29.53.025(a).

16 * Sec. 2. AS 29.53. 0 is amended by adding new subsections to read:

17 (k) One motor vehicle owned by a resident 65 years of age or
18 older on January 1 of the assessment year is exempt either from taxation
19 on its assessed value or from the registration tax under AS 28.10.-

20 *411(c). Dept amendment*
21 (l) The state shall reimburse a municipality for tax revenues
22 lost to it under (k) of this section.

23 (m) The Department of Community and Regional Affairs shall adopt
24 regulations to implement the provisions of (g), (k), and (l) of this
25 section.

26 * Sec. 3. AS 29.63.065(a) is amended to read:

27 (a) The real property owned and occupied by a resident 65 years
28 of age or over, or the spouse, widow, widower, or minor heir of the
29 original applicant, on which is located only his permanent abode which

1 is a single-family residence, is exempt from (1) special sewer assess-
2 ments levied by a home rule or general law municipality after
3 September 2, 1975, [AND] (2) special water assessments levied by a home
4 rule or general law municipality after September 2, 1975, and (3)
5 special road assessments levied by a home rule or general law municipal-
6 ity after July 1, 1981. Only one exemption may be granted with respect
7 to the same property, and, if two or more persons are eligible for an
8 exemption with respect to the same property, the parties shall decide
9 between or among themselves which shall receive the benefit of the
10 exemption. No real property may be exempted under this subsection
11 which the municipality determines, after notice and hearing to the
12 parties concerned, has been conveyed to the applicant primarily for the
13 purpose of obtaining the exemption. The determination of the municipal-
14 ity is appealable under AS 44.62.560 - 44.62.570.

15 * Sec. 4. AS 28.10.411(d) is repealed.

16 * Sec. 5. This Act is retroactive to January 1, 1981.

17 * Sec. 6. This Act takes effect immediately in accordance with AS 01.10.-
18 070(c).

Date: March 4, 1982

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 (1) 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).

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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)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		290.0	319.0	350.9	386.0	424.6
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
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

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AGENCY Community & Regional Affairs

Original: Legislative Finance

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cc: Budget and Management

Prime Sponsor (First Legislator Named)

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