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IN THE SENATE

BY THE COMMUNITY AND
REGIONAL AFFAIRS COMMITTEE

SENATE BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to motor vehicle tax exemptions and senior citizen property tax exemptions; and providing for an effective date."

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

* Section 1. AS 29.53.020 is amended by adding new subsections to read:

(m) One motor vehicle is exempt from

(1) property tax levied under AS 29.53.010 if the vehicle is owned by a resident 65 years of age or older on January 1 of the assessment year; and

(2) the registration tax and fee as provided in AS 28.10.-411(c).

(n) The state shall reimburse a municipality for revenues lost to it because of the exemptions provided under (m)(1) of this section and under AS 28.10.411(c). Reimbursement of the registration tax to a municipality electing to levy a tax under AS 28.10.431(a) equals the amount authorized under AS 28.10.431(b) for each vehicle exempted.

(o) If appropriations are less than the amount necessary for full reimbursement to a municipality under this section, payments must be determined by prorating appropriations using a factor which, when applied, reduces all payments by an equal percentage.

(p) To the extent a municipality exempts motor vehicles from taxation under AS 29.53.025(b)(4), which would otherwise be exempt under this section, no reimbursement under (n) of this section will be made.

(q) The department shall adopt necessary regulations to implement the provisions of (g), (m), (l), and (o) of this section.

* Sec. 2. AS 29.73.060 is amended by adding new subsections to read:

(e) If appropriations are less than the amount necessary to make full tax equivalency payments under this section, adjustments of payments must be determined by prorating appropriations using a factor which, when applied, reduces all payments by an equal percentage.

(f) The department shall adopt regulations necessary to implement the provisions of (e) of this section.

* Sec. 3. AS 28.10.411(d) is repealed.

* Sec. 4. This Act takes effect January 1, 1985.

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)

12/1/83

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

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March 6, 1984

Mike Scott, Staff
Senate Community & Regional Affairs
Committee
Pouch Y
Juneau, Alaska 99811

Dear Mr. ^{Mike} Scott:

Enclosed is a bill relating to tax exemptions for Senior Citizens and Motor Vehicles. The language accomplishes several things:

1. The bill corrects a problem which currently exists in the Senior Citizen motor vehicle exemption program. Under present law, the State reimburses municipalities for revenues lost through the operation of the exemption program described under AS 28.10.411(c). The State reimbursement is required under AS 28.10.411(d) which states in part:

"The Department ...shall pay...an amount equal to the tax..regardless of whether the borough or city is eligible for the tax levied under that section."

Because of that language, the Department has been reimbursing municipalities for revenue "losses" even if the motor vehicles were not exempted under AS 28.10.411. As a result, we have reimbursed many municipalities even though they actually were not losing revenues under Title 28.

The attached language corrects the problem by allowing reimbursement only if the municipality experiences revenue losses through operation of an exemption which is required by statute.

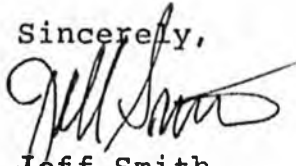
2. The bill includes language which allows the Department to prorate payments to municipalities, or to individual applicants, if appropriations are inadequate to fully fund certain exemption programs which currently exist in Title 29. We recently faced a problem which involved inadequate funding for two of those programs (Senior Citizen Homeowners and Renters). Because current law did not allow the Department to prorate payments we were forced to use an approach which caused excessive delays in reimbursing municipalities, and which

Mike Scott
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resulted in reimbursements which we did not believe were fair to all communities. The proration language in the bill is designed to eliminate that problem should it arise in the future.

3. The bill also includes language which allows municipalities the option of exempting motor vehicles by type if they wish to do so. That language is identical to SCS for HB 537 (Rep. Grussendorf) which has already passed out of Senate Community & Regional Affairs Committee.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jeff Smith", written in dark ink.

Jeff Smith
Deputy Commissioner

Enclosure