

COMMITTEE REPORT
SENATE

FURTHER:

6/26/83

Date: 3/1/84

Mr. President:

The Committee on FINANCE has had CSHB 31 (GARA)

Relating to certain tax benefits for disabled veterans and
wider residents; etc., etc.

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 (FIN) 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:

_____ NR

_____ NR

_____ NR

CHAIRMAN

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 12/29/83

REQUEST

Bill/Resolution No.: HB 031 SCSCS
Title: Residence Exemption/Disabled Veterans
Rec ID 698

Sponsor: Senate Committee Substitute
Requestor: Jay Hogan
Date of Request: 12/26/83

FISCAL DETAIL

Agency Affected: Community & Regional Affairs
Program Category Affected: Social Services

BRU, Program or Subprogram(s) Affected:
Disabled Veterans Tax Relief

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL		3.0	3.3	3.6	4.0	4.4
300 CONTRACTUAL						
400 SUPPLIES		2.0	2.2	2.4	2.6	2.9
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS		295.0	324.5	357.0	392.7	432.0
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	300.0	330.0	363.0	399.3	439.3
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND		300.0	330.0	363.0	399.3	439.3
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS: Negligible impact.

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Mar Winegar
Division: Municipal and Regional Assistance

Phone: 465-4750
Date: 12/29/83

Approved by Commissioner: [Signature]
Agency: Community and Regional Affairs

Date: 12/29/83

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: 12/29/83

Bill/Resolution No.: HB 031 SCSCS
Title: Residence Exemption/Disabled Veterans
Rec ID 698

ANALYSIS:

Assumptions:

See Attachment A.

Positions:

Negligible impact.

Other Expenditures:

Funding:

General Fund.

Section Cost Analysis:

Computations:

See Attachment A.

Economic Impact:

None.

Impact on Local Government:

Negligible.

Attachments

Attachment A - assumptions & computations.

ATTACHMENT A

Assumptions:

1. Of the 75% disabled veterans in Alaska whose disability ratings are 50% or higher, we assume 1.5% to be over 65 years of age, and therefore, already exempt under Senior Citizen programs.
2. The percentage of disabled veterans who rent is similar to those who own their homes.
3. The average exemption for homeowners is \$427 per year. The average rebate for renters is \$295 per year.
4. The annual increase is 10%. This allows for inflation, increasing participation and increased property taxes.

Computations:

<u># Homeowners</u>	<u>Average Payment</u>	<u>Total Payment to Municipalities</u>
601	\$427	\$ 256,627
<u># Renters</u>	<u>Average Rent <i>Rebate</i></u>	<u>Total Rebate to Renters</u>
130 (Prop Tax Area)	\$295	\$ 38,350
<u># Renters</u>	<u>Estimated Sales Tax</u>	<u>Total Rebate to Renters</u>
15 (Sales Tax Area)	\$150	\$ 2,250

Administration

Forms Design & Printing	\$ 2,000
Travel (Outreach)	3,000
	<u>\$ 5,000</u>

GRAND TOTAL \$ 302,227
 CALL: \$ 300,000

Original sponsors: Furnace, Barnes,
Grussendorf, et al

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 31 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND 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 amended to read:

11 (e) The real property owned and occupied as a permanent place of
12 abode by a resident 65 years of age or over or by a disabled veteran
13 is exempt from taxation of the assessed value of the real property.
14 Only one exemption may be granted for [WITH RESPECT TO] the same
15 property and, if two or more persons are eligible for an exemption for
16 [WITH RESPECT TO] the same property, the parties shall decide between
17 or among themselves which shall receive the benefit of the exemption.
18 Real [NO REAL] property may not be exempted under this subsection if
19 [WHICH] the assessor determines, after notice and hearing to the
20 parties concerned, that the property was [HAS BEEN] conveyed to the
21 applicant primarily for the purpose of obtaining the exemption. The
22 determination of the assessor may be appealed [IS APPEALABLE] under
23 AS 44.62.560 - 44.62.570.

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

25 (f) An [NO] exemption may not be granted except upon written
26 application for the exemption on a form approved [PRESCRIBED] by the
27 state assessor for use by local assessors. The claimant must file the
28 application no later than January 15 of the assessment year for which
29 the exemption is sought, but during the same year the governing body

1 of the municipality for good cause shown may waive the claimant's
2 failure to make timely application for the exemption for that year and
3 authorize the assessor to accept the application as if timely filed.
4 The claimant must file a separate application for each assessment year
5 in which the exemption is sought. If an application is filed within
6 the required time and is approved by the assessor, the assessor [HE]
7 shall allow an exemption in accordance with the provisions of this
8 section. If a claimant whose failure to file by January 15 of the
9 assessment year has been waived as provided in this subsection and the
10 application for exemption is approved, the amount of tax that [WHICH]
11 the claimant may have already paid for the assessment year with re-
12 spect to the property exempted shall be refunded to the claimant
13 [HIM]. The assessor shall [MAY AT ANY TIME] require proof in the form
14 the assessor [HE] considers necessary of the right to and amount of an
15 exemption claimed under this section, and shall require a disabled
16 veteran claiming an exemption under (e) of this section to provide
17 evidence of the disability rating. The assessor may require proof
18 under this section at any time.

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

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

21 (1) "disabled veteran" means a disabled person separated
22 from the military service of the United States under a condition that
23 is not dishonorable who is a resident of the state, whose disability
24 was incurred or aggravated in the line of duty in the military service
25 of the United States, and whose disability has been rated as 50 per-
26 cent or more by the branch of service in which that person served or
27 by the Veterans' Administration;

28 (2) "real property" includes but is not limited to mobile
29 homes, whether classified as real or personal property for municipal

028529

1 tax purposes.

2 * Sec. 4. AS 29.73.060 is amended to read:

3 Sec. 29.73.060. PROPERTY TAX EQUIVALENCY PAYMENTS. (a) A
4 resident of the state 65 years of age or older or a disabled veteran
5 who rents a permanent place of abode is eligible for a tax equivalency
6 payment [PAYMENTS] from the state through the Department of Community
7 and Regional Affairs.

8 (b) For purposes of determining the amount of a payment [PAY-
9 MENTS] to an eligible person [PERSONS], the department shall calculate
10 at the rate of one percent per mil a property tax equivalent percent-
11 age for each home rule or general law municipality that [WHICH] levies
12 a general property tax [AT THE RATE OF ONE PERCENT PER MIL]. The
13 property tax equivalent percentage applied to the annual rent charged
14 to the applicant equals the property tax equivalency payment payable
15 under this section.

16 (c) To obtain a tax equivalency payment [PAYMENTS] the eligible
17 resident must apply to the department for payment for the preceding
18 year by January 15 of each year on forms and in the manner prescribed
19 by the department. The department for good cause shown may waive an
20 applicant's failure to make timely application for a tax equivalency
21 payment and accept the application as if timely filed. Each applicant
22 shall submit with the application rental receipts or, if rental re-
23 cepts are not available, other evidence satisfactory to the depart-
24 ment for determination of the fact of payment of rent and the amount
25 paid. A disabled veteran shall submit with the application evidence
26 of the disability rating.

27 (d) If two or more persons occupy a residence as tenants, not
28 all of whom are eligible for a tax equivalency payment [PAYMENTS]
29 under this section, the assessor shall determine equitable partial

1 payments to be made to the eligible tenants. However, a tax equiva-
2 lency payment [PAYMENTS] to an eligible applicant may not be reduced
3 because the spouse is less than 65 years of age or is not a disabled
4 veteran. If all occupants in a residence are eligible for a tax
5 equivalency payment [PAYMENTS] under this section, the occupants shall
6 decide between and among themselves which shall receive payment.

7 (e) In this section "disabled veteran" means a disabled person
8 separated from the military service of the United States under a
9 condition that is not dishonorable who is a resident of the state,
10 whose disability was incurred or aggravated in the line of duty in the
11 military service of the United States, and whose disability has been
12 rated as 50 percent or more by the branch of service in which that
13 person served or by the Veterans' Administration.

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

15 Sec. 29.73.062. REIMBURSEMENT PAYMENTS. (a) A resident of the
16 state 65 years of age or older or a disabled veteran who rents a
17 permanent place of abode is eligible for a reimbursement payment from
18 the state through the Department of Community and Regional Affairs if
19 the abode is located in a municipality that

20 (1) does not levy and collect a property tax; and

21 (2) levies and collects a sales tax on rents paid for resi-
22 dential property.

23 (b) The amount of a reimbursement payment under this section
24 equals the amount of sales taxes paid on the abode during the preced-
25 ing year by the eligible resident.

26 (c) To obtain a reimbursement payment under this section an
27 eligible resident must apply by January 15 of each year to the Depart-
28 ment of Community and Regional Affairs for reimbursement of sales
29 taxes paid for the preceding year. The application shall be on the

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3 application for reimbursement and accept the application as if timely
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12 made to the eligible tenants. However, a reimbursement payment to an
13 eligible applicant may not be reduced because the spouse is less than
14 65 years of age or not a disabled veteran. If all occupants in a
15 residence are eligible for a reimbursement payment, the occupants
16 shall decide between and among themselves which shall receive the
17 payment.

18 (e) In this section "disabled veteran" means a disabled veteran
19 as defined in AS 29.73.060(e).

20 * Sec. 6. This Act takes effect January 1, 1985.
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Offered: 4/20/83
Referred: Finance

Original sponsors: Furnace, Barnes,
Grussendorf, et al

1 IN THE HOUSE

BY THE COMMUNITY AND REGIONAL
AFFAIRS COMMITTEE

2

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

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."

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3 thorize the assessor to accept the application as if timely filed.
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8 section. If a claimant whose failure to file by January 15 of the
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10 application for exemption is approved, the amount of tax that [WHICH]
11 the claimant may have already paid for the assessment year with re-
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25 of the United States, and whose disability has been rated as 50 per-
26 cent or more by the branch of service in which that person served or
27 by the Veterans' Administration;

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14 to the applicant equals the property tax equivalency payment payable
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21 payment and accept the application as if timely filed. Each applicant
22 shall submit with the application rental receipts or, if rental re-
23 cepts are not available, other evidence satisfactory to the depart-
24 ment for determination of the fact of payment of rent and the amount
25 paid. A disabled veteran shall submit with the application evidence
26 of the disability rating.

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28 all of whom are eligible for a tax equivalency payment [PAYMENTS]
29 under this section, the assessor shall determine equitable partial

1 payments to be made to the eligible tenants. However, a tax equiva-
2 lency payment [PAYMENTS] to an eligible applicant may not be reduced
3 because the spouse is less than 65 years of age or is not a disabled
4 veteran. If all occupants in a residence are eligible for a tax
5 equivalency payment [PAYMENTS] under this section, the occupants shall
6 decide between and among themselves which shall receive payment.

7 (e) In this section "disabled veteran" means a disabled person
8 separated from the military service of the United States under a
9 condition that is not dishonorable who is a resident of the state,
10 whose disability was incurred or aggravated in the line of duty in the
11 military service of the United States, and whose disability has been
12 rated as 50 percent or more by the branch of service in which that
13 person served or by the Veterans' Administration.

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

15 Sec. 29.73.062. REIMBURSEMENT PAYMENTS. (a) A resident of the
16 state 65 years of age or older or a disabled veteran who rents a
17 permanent place of abode is eligible for a reimbursement payment from
18 the state through the Department of Community and Regional Affairs if
19 the abode is located in a municipality that

20 (1) does not levy and collect a property tax; and

21 (2) levies and collects a sales tax on rents paid for resi-
22 dential property.

23 (b) The amount of a reimbursement payment under this section
24 equals the amount of sales taxes paid on the abode during the preced-
25 ing year by the eligible resident.

26 (c) To obtain a reimbursement payment under this section an
27 eligible resident must apply by January 15 of each year to the Depart-
28 ment of Community and Regional Affairs for reimbursement of sales
29 taxes paid for the preceding year. The application shall be on the

1 form and filed as prescribed by the department. The department for
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12 made to the eligible tenants. However, a reimbursement payment to an
13 eligible applicant may not be reduced because the spouse is less than
14 65 years of age or not a disabled veteran. If all occupants in a
15 residence are eligible for a reimbursement payment, the occupants
16 shall decide between and among themselves which shall receive the
17 payment.

18 (e) In this section "disabled veteran" means a disabled veteran
19 as defined in AS 29.73.060(e).

20 * Sec. 6. This Act takes effect January 1, 1984.

Alaska State Legislature

OFFICIAL BUSINESS

CHAIRMAN
RULES COMMITTEE



Senate

JAN FAIKS
POUCH V
CAPITOL BUILDING
JUNEAU, ALASKA 99811

MEMORANDUM

DATE: March 1, 1984
TO: Senate Finance Committee Members
FROM: Senator Jan Faiks
RE: SCSHB 31 (C&RA)

House Bill 31 was introduced by Representative Furnace to allow a property tax exemption for disabled Alaskan veterans according to the percentage of disability. A disabled veteran may be required to show evidence of the disability. The disability must have been incurred or aggravated in the line of duty. The disability must have been rated by the branch of service in which the veteran served or the Veteran's Administration. The veteran must have been honorably discharged.

The House Community and Regional Affairs Committee adopted a committee substitute which contains the same provisions of HB 31, but provides for property tax equivalency payments for disabled veterans who rent their home. The payment to disabled veterans over the age of 65 is the same as that for other senior citizens. The language in the CS provides that the veteran must have been discharged under a condition that is not dishonorable. It also states that the Department may waive an applicant's failure to make a timely application if good cause is shown. It passed out of committee with 3 do passes and 4 no-recommendations.

The House Finance Committee recommended adoption of the C&RA committee substitute and passed it out with all 11 members signing do pass.

The bill was amended on the House floor and passed by a vote of 36-04-00. The amendment said the state assessor must approve (rather than prescribe) the form upon which written application is made. On reconsideration, the bill was again amended to allow for reimbursement payments for those living in a municipality that levies and collects sales taxes on rents paid for residential property. The bill passed on reconsideration 34-1-2-3.

In the Senate, the Community and Regional Affairs Committee adopted a committee substitute that would exempt veterans and senior citizens from real property tax. (House version gave a percentage) This payment would be made to the municipality. The Senate C&RA version also provided for a reimbursement payment to those seniors and disabled veterans living in a municipality that does not levy a property tax, but does collect a sales tax on rent. The amount of reimbursement equals the amount of sales taxes paid on the abode during the preceding year by the eligible resident. This payment would be made directly to the veteran or senior citizen. If two or more tenants occupy a residence as tenants, not all of whom are eligible for a reimbursement payment, the assessor shall determine equitable partial payments. This bill would allow a disabled veteran or a citizen to receive either a property tax exemption or a reimbursement payment from the State, but not both. The bill passed out of committee on 4/20/83 with 2 do-passes and one no recommendation.

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

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A BILL

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For an Act entitled: "An Act relating to certain tax benefits for disabled
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(e) The real property owned and occupied as a permanent place of

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abode of a person described in this subsection is exempt from taxation

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of the assessed value of the real property as indicated in this sub-

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section. Only one exemption may be granted for the same property,

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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

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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 -

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44.62.570. An exemption under this subsection shall be allowed

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(1) to a resident of the state 65 years of age or older for

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the entire assessed value of the real property; or

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(2) to a disabled veteran for a percentage of the assessed

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value of the real property that is the same as the percentage of dis-

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ability as established by the service disability rating of the vet-

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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
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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.

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27 from the military service of the United States under a condition that
28 is not dishonorable who is a resident of the state, whose disability
29 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.

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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
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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

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 or
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

1 65 years of age or not a disabled veteran. If all occupants in a
2 residence are eligible for a reimbursement payment, the occupants
3 shall decide between and among themselves which shall receive the
4 payment.

5 (e) In this section "disabled veteran" means a disabled veteran
6 as defined in AS 29.73.060(e).

7 * Sec. 6. This Act takes effect January 1, 1984.

Alaska MUNICIPAL League

TELEPHONES
(907) 586-1325
586-6526

204 N. FRANKLIN ST.
JUNEAU, ALASKA 99801

January 26, 1983

To: House CRA Committee
From: Ginny Chitwood, AML Executive Director
Re: HB 31

The Alaska Municipal League does not oppose the adoption of HB 31, which provides a property tax exemption for disabled veterans because state reimbursement of monies lost to municipalities is included in the program and because the amount of the loss to the tax rolls is not enough to affect the tax base for bonding purposes. This bill is an example of a state-mandated program where the state will pay the costs.

Section 1. Rewrites AS 29.53.020(e) to provide property tax exemptions for disabled veterans in addition to senior citizens. (Reimbursement is provided for in AS 29.53.020(g) in current law.)

Section 2. Makes technical drafting changes to conform to the current pronoun policy and adds a provision allowing the assessor to request evidence of the disability.

Section 3. Adds a definition of "disabled veteran".

Section 4. The same as Section 1, but amends the comparable provision in the proposed Title 29 rewrite.

Section 5. Same as Section 2, but amends proposed Title 29 rewrite.

Section 6. Same as Section 3, but amends proposed Title 29 rewrite.

Section 7 - 10. Repealers and effective date sections so that the changes in HB 31 will become law whether or not the proposed Title 29 rewrite is adopted.

Sec. 29.53.020. Required exemptions. (a) The following property is exempt from general taxation:

(1) municipal, state or federally owned property, except that private leaseholds, contracts or other interest in the property shall be taxable to the extent of those interests;

(2) household furniture of the head of a family or a householder not exceeding \$500 in value;

(3) property used exclusively for nonprofit religious, charitable, cemetery, hospital or educational purposes;

(4) property of a nonbusiness organization composed entirely of persons with 90 days or more of active service in the armed forces of the United States whose conditions of service and separation were other than dishonorable, or the property of the auxiliary of such organization;

(5) money on deposit;

(6) the real property of certain residents of the state to the extent and subject to the conditions provided in (e) of this section.

(b) "Property used exclusively for religious purposes" includes the following property owned by a religious organization:

(1) the residence of the pastor, priest, rabbi, minister or religious order of a recognized religious organization;

(2) a structure, its furniture and its fixtures used solely for public worship, charitable purposes, religious education or a nonprofit hospital;

(3) lots supporting and adjacent to a structure or residence mentioned in (1) or (2) of this subsection which are necessary to convenient use;

(4) lots required by local ordinance for parking near a structure defined in (2) of this subsection.

(c) Property described in (a) or (b) of this section from which income is derived is exempt only if that income is solely from use of the property by nonprofit religious, charitable, hospital, or educational groups for classroom space.

(d) Laws exempting certain property from execution under the Code of Civil Procedure (AS 09) do not exempt the property from taxes levied and collected by municipalities.

(e) After January 1, 1973 the real property owned and occupied as a permanent place of abode by a resident 65 years of age or over whose gross annual income totals less than \$10,000 is exempt from taxation of the assessed value of the real property. Only one exemption may be granted with respect to the same property and, if two or more persons are eligible for an exemption with respect to the same property, the parties shall decide between or among themselves which shall receive the benefit of the exemption; however, in the case of more than one party eligible for an exemption with

respect to the same property, the total combined gross annual income of the parties may not exceed \$10,000. No real property may be exempted under this subsection which the assessor determines, after notice and hearing to the parties concerned, has been conveyed to the applicant primarily for the purpose of obtaining the exemption. The determination of the assessor is appealable under AS 44.62.560—44.62.570.

(f) No exemption may be granted except upon written application for the exemption on a form prescribed by the state assessor for use by local assessors. The claimant must file the application no later than January 15 of the assessment year for which the exemption is sought and must file a separate application for each assessment year in which the exemption is sought. If an application is filed within the required time and is approved by the assessor, he shall allow an exemption in accordance with the provisions of this section. The assessor may at any time require proof in the form he considers necessary of the right and amount of an exemption claimed under this section, and in that respect may as one form of proof require authorization from the taxpayer to verify gross income level by reference to gross income shown in the latest state income tax return available for all or part of the assessment year for which an exemption is sought.

(g) The state shall reimburse a borough or city, as appropriate, for the real property tax revenues lost to it by the operation of (e) of this section.

(h) Nothing in (e)—(i) of this section affects similar exemptions from property taxes granted by municipalities on September 10, 1972 or prevents municipalities from granting similar exemptions by ordinance as provided in § 25 of this chapter. However, under (e)—(i) of this section only the amount of revenue lost to the municipality by reason of the exemption authorized in those provisions may be reimbursed to the municipality by the state.

(i) In (e)—(i) of this section the term "real property" includes but is not limited to mobile homes, whether classified as real or personal property for municipal tax purposes. (§ 2 ch 118 SLA 1972)

History of section. — See *City of Anchorage v. Chugach Elec. Ass'n*, 17 Alaska 481, 252 F.2d 412 (9th Cir. 1958).

This section was enacted pursuant to Alaska Const., art. IX, § 4. *Harmon v. North Pac. Union Conference Ass'n of Seventh Day Adventists*, Sup. Ct. Op. No. 591 (File No. 1060), 462 P.2d 432 (1969).

Intent of constitutional convention. — The constitutional convention intended that only so much of the property used for religious purposes as

was being used to produce income should be taxable, that such other parts should be exempt, and that a proration between taxable and non-taxable parts should be made. 1962 Op. Att'y Gen., No. 15.

Purpose.—The purpose of this section is to encourage the establishment of privately supported nonprofit educational institutions; the motivation for their establishment is largely irrelevant. *McKee v. Evans*, Sup. Ct. Op. No. 740 (File No. 1382), 490 P.2d 1226 (1971)..

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.

TO: Representative Barbara Lacher

FROM: Staff

SUBJECT: CS HB 31

The proposed CSHB 31 retains the same provisions as HB 31 but provides for property tax equivalency payments for disabled veterans who are renters of an abode in the same manner as is presently provided for citizens 65 years of age or older who are renters. (AS 29.73.060)

The disabled veteran will be eligible for payment of that portion of his rent that approximates the property tax of his abode, but the amount of payment made will be the same percentage as the percentage of the veterans' disability rating.



Official Business

Alaska State Legislature

House of Representatives

Committee on Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

January 24, 1983

TO: Representative Barbara Lacher
FROM: Staff
SUBJECT: HB 31 Summary

This proposed amendment provides tax exemption of real property (permanent place of abode) for disabled veterans. The amount of the exemption is the same percentage as the percentage of disability as established by the service disability rating of the veteran.

The taxes lost to a municipality as a result of this amendment shall be paid to the municipality by the State (29.53.020g). The manner for the veteran to receive the exemption and for the municipality be reimbursed is the same as existing law for persons 65 years of age or older.

M E M O R A N D U M

TO: House C & RA Committee Members
FROM: Staff
SUBJECT: HB 31

Message from Mr. Dave Barrett, Alaska Director of Veterans Administration, as relayed by Mr. Pete Everingham, Juneau VA representative.

The Veterans Administration can provide to state agencies the necessary data to implement HB 31 as presently written, that is, exemptions and payments based on a percentage of disability as rated by the Veterans Administration.

The Veterans Administration cannot provide the necessary information should tax exemptions and payments be based on income or need because they do not and cannot maintain this data.

TO: HB 31 files

FROM: Staff

yes
According to Bill Harrell of the Veterans Administration in Anchorage there are 3436 veterans who are drawing disability compensation. Of these

39.5%	10% disability
15.9%	20%
14.1	30%
8.3%	40%
5.1	50%
5.5	60%
3.4%	70%
1.7	80%
.1%	90%
6.0	100%

The above figures are close approximations and thus do not come out exactly at 100%

In addition to the above disability rating, there are special letter ratings from A-R. The loss of one eye for example is a K rating and entitles the veteran to an additional amount of money.

The % of disability rating is based on the "average man's income loss" For example, it is determined that the average man would lose a certain percentage of his earning power for a particular injury and so anyone, be they a concert pianist or a truck driver will receive the same amount of compensation for a particular disability. The rate scale is updated annually.

To: Representatives Barbara Lacher, Chairperson
House Committee on Community and Regional Affairs

Through: Representative Malt Furnace *[Signature]*

From: Steven C. Levi, Staff

Date: January 20, 1982

RE: HB 31

This bill, when enacted, will allow a property tax exemption for a disabled Alaska veterans in the percentage of his or her disability on his or her residential, permanent abode. Thus, an Alaskan veteran who is 75% disabled would have a 75% reduction in his or her property taxes. A disabled veterans may be required to show evidence of disability. Disability shall be defined as that percentage of physical damage which has been rated by the branch of the service in which the person served or by the Veterans Administration. Such veteran must have been honorably discharged.

Staff notes that Alaskans 65 years or older pay no property assessments and that only one exemption may be granted for any piece of property -- even if two or more eligible Alaskans reside at the same address.

Alaska State Legislature



Barbarn Lacher, Chairman
Mae Tischer, Vice-Chairman
Randy Phillips
Milo Fritz
Don Clocksin
Jack McBride
Mike Szymanski

Room 104
State Capitol
Juneau, Alaska 99811

Pouch V
Juneau, Alaska 99811

House of Representatives Committee on Community & Regional Affairs

TO: House C & R A Committee
FROM: Staff
DATE: February 14, 1983
SUBJECT: CSHB 31

CSHB 31 adds a provision for disabled veterans who are renters to receive a rebate on the portion of rent that is estimated to be equal to the tax payment.

It makes property tax exemption and rental rebate applicable to disabled veterans with a minimum of 50 percent disability.

The committee substitute incorporates requests of committee members which require verification of disability and provides for exceptions to the deadline for applications.

COMMITTEE REPORT

SENATE

FURTHER: FINANCE

3/21/83

Date: 4-19-83

Mr. President:

The Committee on C&RA has had CSHB 31 (C&RA)

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 SCSC S4B 31 (C&RA) 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

Don Gilman

MEMBERS HAVING
OTHER RECOMMENDATIONS:

John Deibel - Arpa

Deibel (DO PASS)
CHAIRMAN

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)

GENERAL FUND		453.3	493.6	537.6	585.6	637.6
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

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)
 Copy to Department (for Governor introduced bills)
 Copy to Sponsor
 Copy to Requestor (if different from Sponsor)

3/8/83

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	Renters (Property Tax)	\$ 360,146
145	Renter (Sales Tax)	\$ 48,264
100		<u>\$ 40,000</u>
		\$ 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.

de

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 Assessor - 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

(See Note on page 2)

RECEIVED

FEB 9 1983

LEGISLATIVE FINANCE

Terry Earley

IV. DATE 2/8/83

PREPARED BY Terry Earley

AGENCY Community & Regional Affairs

PHONE 465-4730

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/82) JMB 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+RA reported HB 31 out of Committee 7/15 with a fiscal note. Page 2 was not included & therefore is not in Supplement #9.

This page 2 was sent by James 7/2.