

COMMITTEE REPORT
SENATE

FURTHER:

5/22/85

Date 5/2/85

Mr. President

The Committee on FINANCE considered the bill

relating to state and municipal (or) exceptions to...

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 _____
- new title
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

Chairman

Chairman recommendation

SENATE LETTER OF INTENT

SB 113

It is the intent of the Legislature that exemptions from the \$200,000 assessment cap are to be granted liberally to senior citizens living in the same place of residence for a number of years, who might otherwise be forced to move due to high property taxes.

By the Finance Committee



From The
**SENATE
FINANCE COMMITTEE**

May 2, 1985

REMINDER -

Senator Halford advised he would draft a Letter of Intent to accompany SB 113 (Act relating to state and municipal tax exemptions). The letter is to express legislative intent that exemptions from the \$200,000 assessment cap are to be granted to senior citizens living in the same place/residence for the past 10 or 15 years.

kathy
4935

Introduced: 1/30/85
Referred: Community & Regional Affairs
and Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2

SENATE BILL NO. 113

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to state and municipal tax exemp-
7 tions; and providing for an effective date."

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

9 * Section 1. AS 28.10.411(c) is amended to read:

10 (c) A resident 65 years of age or older on January 1 of the as-
11 essment year is entitled to an exemption from the tax levied under
12 AS 28.10.431(b) and the registration fee required [TAX] under this
13 section for one motor vehicle subject to registration under AS 28.10.-
14 421(b)(1), (2), (5), or (6). An exemption may not be granted except
15 upon written application for the exemption on a form prescribed by the
16 department.

17 * Sec. 2. AS 28.10.411(d) is repealed and reenacted to read:

18 (d) The Department of Community and Regional Affairs shall reim-
19 burse a municipality that elects to levy a tax under AS 28.10.431 for
20 revenues lost because of the exemption from the tax provided by (c) of
21 this section. If appropriations are less than the amount necessary
22 for full reimbursement to all municipalities under this section, pay-
23 ments to all municipalities entitled to receive reimbursement under
24 this section must be prorated.

25 * Sec. 3. AS 29.53.020(a) is amended to read:

26 (a) The following property is exempt from general taxation:

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

1 (2) household furniture of the head of a family or a house-
2 holder not exceeding \$500 in value;

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

5 (4) property of a nonbusiness organization composed entire-
6 ly of persons with 90 days or more of active service in the armed
7 forces of the United States whose conditions of service and separation
8 were other than dishonorable, or the property of the auxiliary of such
9 organization;

10 (5) money on deposit;

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

14 (7) real property to the extent and subject to the condi-
15 tions provided in (j) of this section;

16 (8) inventories located within a foreign trade zone estab-
17 lished under AS 45.77.010, before those inventories are cleared by the
18 United States Customs Service and admitted into domestic commerce;

19 (9) real property or an interest in real property that is
20 exempt from taxation under 43 U.S.C. 1620(d), as amended;

21 (10) a motor vehicle of certain residents of the state to
22 the extent and subject to the conditions provided in (m) of this sec-
23 tion.

24 * Sec. 4. AS 29.53.020(e) is amended to read:

25 (e) The real property owned and occupied as a permanent place of
26 abode by a resident 65 years of age or older [OVER] or by a disabled
27 veteran is exempt from taxation of the first \$200,000 of the assessed
28 value of the real property. A municipality may, in the case of hard-
29 ship to an individual, provide for exemption beyond the first \$200,000

1 of assessed value under regulations of the Department of Community and
2 Regional Affairs. Only one exemption may be granted for the same
3 property and, if two or more persons are eligible for an exemption for
4 the same property, the parties shall decide between or among them-
5 selves which will [SHALL] receive the benefit of the exemption. The
6 surviving spouse of a person who had been receiving the benefits of an
7 exemption may continue to receive the benefits of the exemption if the
8 surviving spouse is at least 55 years of age. Real property may not
9 be exempted under this subsection if the assessor determines, after
10 notice and hearing to the parties concerned, that the property was
11 conveyed to the applicant primarily for the purpose of obtaining the
12 exemption. The determination of the assessor may be appealed under
13 AS 44.62.560 -- 44.62.570.

14 * Sec. 5. AS 29.53.020(f) is amended to read:

15 (f) An exemption may not be granted except upon written applica-
16 tion for the exemption on a form approved by the state assessor for
17 use by local assessors. The claimant must file the application no
18 later than January 15 of the assessment year for which the exemption
19 is sought, but during the same year the governing body of the munici-
20 pality for good cause shown may waive the claimant's failure to make
21 timely application for the exemption for that year and authorize the
22 assessor to accept the application as if timely filed. The claimant
23 must file a separate application for each exemption and for each as-
24 sessment year in which the exemption is sought. The assessor shall
25 allow an exemption if [IF] an application is filed within the required
26 time and [IS APPROVED BY THE ASSESSOR, THE ASSESSOR SHALL ALLOW AN
27 EXEMPTION] in accordance with the provisions of this section. If a
28 claimant whose failure to file by January 15 of the assessment year
29 has been waived under [AS PROVIDED IN] this subsection and the

1 application for exemption is approved, the amount of tax that the
2 claimant may have already paid for the assessment year with respect to
3 the property exempted must [SHALL] be refunded to the claimant. The
4 assessor shall require proof in the form the assessor considers neces-
5 sary of the right to and amount of an exemption claimed under this
6 section, and shall require a disabled veteran claiming an exemption
7 under (e) of this section to provide evidence of the disability rat-
8 ing. The assessor may require proof under this section at any time.

9 * Sec. 6. AS 29.53.020 is amended by adding new subsections to read:

10 (m) One motor vehicle owned by a resident 65 years of age or
11 older on January 1 of the assessment year is exempt from the property
12 tax levied by a municipality under AS 29.53.010. Only one exemption
13 may be granted for the same motor vehicle and, if two or more persons
14 are eligible for an exemption for the same motor vehicle, the parties
15 shall decide who will receive the exemption. A motor vehicle that the
16 assessor determines, after notice and hearing to the parties con-
17 cerned, has been conveyed to the applicant primarily for the purpose
18 of obtaining the exemption may not be exempted under this subsection.

19 (n) The state shall reimburse a municipality for the revenue
20 lost to it under (m) of this section. To the extent that a municipal-
21 ity exempts motor vehicles from taxation under AS 29.53.025(b)(4) that
22 would otherwise be exempt under this section, no reimbursement will be
23 made under this subsection.

24 (o) If appropriations made for the purpose of reimbursement to a
25 municipality under (g) and (n) of this section are inadequate to pro-
26 vide full reimbursement to each municipality entitled to reimburse-
27 ment, payments to all municipalities entitled to receive reimbursement
28 under this section must be prorated.

29 * Sec. 7. AS 29.73.060(c) is amended to read:

1 (c) To obtain a tax equivalency payment, the eligible resident
2 must apply to the department for payment for the preceding year by
3 January 15 of each year, on forms and in the manner prescribed by the
4 department. The department for good cause shown may waive an appli-
5 cant's failure to make timely application for a tax equivalency pay-
6 ment for the preceding year and accept the application as if timely
7 filed. Each applicant shall submit with the application rental re-
8 cepts or, if rental receipts are not available, other evidence satis-
9 factory to the department for determination of the fact of payment of
10 rent and the amount paid. A disabled veteran shall submit with the
11 application evidence of the disability rating.

12 * Sec. 8. AS 29.73 060 is amended by adding a new subsection to read:

13 (f) If appropriations made for the purpose of implementing this
14 section are inadequate to provide full property tax equivalency pay-
15 ments to each resident of the state entitled to receive a payment
16 under this section, payments to each resident entitled to receive a
17 payment under this section must be prorated.

18 * Sec. 9. AS 29.73.062(b) is amended to read:

19 (b) The amount of a reimbursement payment under this section
20 equals the amount of sales taxes paid on the abode during the preced-
21 ing year by the eligible resident. If appropriations are less than
22 the amount necessary for full reimbursement to all eligible residents
23 under this section, payments to residents entitled to receive reim-
24 bursements must be prorated.

25 * Sec. 10. This Act takes effect January 1, 1986.

STATE OF ALASKA 1985 LEGISLATIVE SESSION

FISCAL NOTE

SC 113

Revision Date: _____

REQUEST

Bill/Resolution No.: _____

Title: State & Municipal Tax

Sponsor: _____

Requestor: DC & RA

Date of Request: _____

FISCAL DETAILAgency Affected: C & R A

Program Category Affected: _____

Social Service

BRU, Program or Subprogram(s) Affected: _____

Senior Citizens/disabled veterans taxreliefEXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES	0		25.4	26.7	28.0	29.4
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES			.5	.5	.6	.6
500 EQUIPMENT			.2	.2	.2	.2
600 LAND & STRUCTURES			.8	-0-	-0-	-0-
700 GRANTS, CLAIMS	0	(151.3)	(166.4)	(183.0)	(201.3)	(221.4)
800 MISCELLANEOUS						
TOTAL OPERATING	0	(151.3)	(139.5)	(155.6)	(172.5)	(191.2)

CAPITAL						
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REVENUE						
----------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND		(151.3)	(139.5)	(155.6)	(172.5)	(191.2)
FEDERAL FUNDS						
OTHER						
TOTAL	0	(151.3)	(139.5)	(155.6)	(172.5)	(191.2)

POSITIONS:

FULL-TIME	0	0	1	1	1	1
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

(See attached page)

Prepared By: Bob Kern Assistant State Assessor Phone: 465-4735Division: Municipal & Regional Assistance Date: 1/7/85Approved by Commissioner: Paul Hall Date: 1/9/85

Agency: _____

Distribution (by Agency preparing fiscal note):

Legislative Finance

Legislative Sponsor

Requestor

Office of Management and Budget

Impacted Agency(ies)

7/1/84

State of Alaska
1985 Legislative Session
Fiscal Note
ANALYSIS

Bill No.: _____

Title: State and Municipal Tax Exemption

Assumptions:

1. The estimated savings of \$20,000 in the motor vehicles tax exemption program is a fairly conservative estimate.
2. The \$200,000 cap on assessed value exempted under the senior citizens/disabled veterans homeowners tax exemption should produce a savings equal to 5% of the funding for the program.
3. After FY 87 personal services and contractual increased annually by 5%.
4. Grant savings increase 10% annually due to inflation and increasing importance of \$200,000 assessed value cap.

Program Summary: This bill would correct errors in the existing motor vehicles tax exemption program which now pays some municipalities twice and reimburses other municipalities that exempt all residents from this levy. The bill also curtails the exemptions allowed for senior citizen/disabled veterans homeowners to the first \$200,000 of assessed value.

1. Positions: This bill will create additional work in the State Assessor's office to address prorating and motor vehicle exemption changes. However, the department in taking a conservative approach to new positions, will not ask for additional staff at this time to address this and other new programs for disabled veterans and rural citizens that were created by the 13th Legislature. If this bill is enacted and when the new programs become fully operational the State Assessor's office will then review the adequacy of staffing levels. Since additional staff may be needed a Clerk Typist III is included starting with the FY 87 budget.
2. Funding: The bill should produce a general fund savings to the State of \$151,300 in FY 86.
3. Section cost Analysis: General Fund savings are all in the grants line item. Costs which offset savings to some extent may begin in FY 87. This due to the need to hire a clerical position to address additional work.

Computations: \$20,000 will be saved due to the correction of the motor vehicles tax exemption program. \$131,300 (5% of the program's funding) will be saved by imposing the \$200,000 assessed value limitation on the senior citizen/disabled veterans homeowners tax exemption program.

Impact on Local Government: Under the homeowners tax exemption program only \$200,000 of the assessed value would be exempt. Therefore, the local assessor's staff would have to compute and levy against the remaining value and bill the senior citizen/disabled veteran for the balance.

1.	POSITION TITLE Clerk Typist III for FY 87				RANGE/STEP 08/A	DARG. UNIT GGU	PAGE/LINE	COV.	APPROV.	DISAPP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION Juneau	ELECTION DISTRICT	LEG.		
3.	CONTINUATION LEVEL				JUSTIFICATION					
4.	TYPE OF EXPENDITURE			AMOUNT						
	1	2		3						
	PERSONAL SERVICES									
5.	Salary	19,570								
6.	Benefits	5,871								
7.	Supplemental Benefits									
8.	Fixed Benefits									
9.	TOTAL PERSONAL SERVICES	01		25,441						
10.	Travel	02		0						
11.	Contractual	03		500						
12.	Commodities	04		200						
13.	Equipment	05		800						
14.	Other									
15.	TOTAL COST			26,941						
	RECEIPT CODE	FUNDING SOURCE								
16.		Federal Receipts 1002								
17.		C.F. Match 1003								
18.		General Funds 1004		26,9						
19.		I-A Receipts 1005								
20.		Program Receipts 1028								
21.		Other								
FOR B&H USE ONLY KEY NUMBER _____										

This position may be needed in FY 87 to handle growing workload demands as a result of a modified motor vehicle tax exemption program, proposed prorating of reimbursements for senior citizen/disabled veterans homeowners tax exemptions and the inclusion of disabled veterans and rural residents in tax relief programs. There is some uncertainty on whether this work can be absorbed by existing staff and that is why it is not proposed for consideration until FY 87.

**REQUEST FOR
NEW POSITION**

AGENCY Community and Regional Affairs
 PROGRAM Community Development
 BRU Local Government Assistance
 COMPONENT State Assessor

FY 86

Page of
 Revised Date _____

Revised 2/3/86
APR 1986

STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No. : SB 113
Title : An Act relating to state and
municipal tax exemptions.

Sponsor : Rules/Governor
Requestor : House Commerce & Regional Affairs
Date of Request : 1/27/86

FISCAL DETAIL

Agency Affected : Public Safety
BRU : Motor Vehicles

Components : Field Services

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING : (Thousands of Dollars)

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

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

No impact on Division of Motor Vehicles.

Prepared by : Bill Brown

Division : Motor Vehicles

Phone : 465-2650

Date : 1-27-86

Approved by Commissioner : [Signature]

Agency : _____

Date : 1/29/86

Distribution (by Agency preparing fiscal note):

Legislative Finance

Legislative Sponsor

Requestor

Office of Management and Budget

Impacted Agency(ies)

SECTIONAL ANALYSIS FOR SENATE BILL 113

(taken from Governor's Transmittal Note)

An Act relating to state and municipal tax exemptions

Section 1

Extends the senior citizen exemption from the state motor vehicle registration fee (AS 28.10.411 and 28.10.421) to the municipal registration tax (AS 28.10.431). This section limits the exemption to vehicles used for personal, rather than commercial, uses. In making this change, this section also removes an inaccurate and confusing use of the word "tax".

Section 2

Limits reimbursements to municipalities to the amount of revenue lost as a result of the senior citizen exemption from the municipal registration tax. This section allows the department to prorate reimbursement if appropriations are less than the amount needed for full reimbursement.

Section 3

Adds senior citizen-owned vehicles to the list of property that is exempt from municipal property taxes. (See sec. 6 of this bill.)

Section 4

Limits the amount of exemption from property taxation of a home owned by a senior citizen to the first \$200,000 of the assessed value of the property. This section provides for additional exemption beyond that amount in case of hardship. It also allows the surviving spouse of a person who received the exemption to continue the exemption if the surviving spouse is at least 55 years of age.

Section 5

Requires a separate application for each exemption claimed under AS 29.53.020. And it removes some inappropriate language regarding approval by the assessor

Section 6

Exempts one motor vehicle owned by a resident 65 years of age or older from municipal property taxation (see sec. 3 of this

bill). This section also required the result of this exemption, but only to the extent that the vehicle is not already exempt under AS 29.53.025 (b) (4) (regarding optional tax exemptions). And it provides for proration of reimbursement.

Section 7

Limits the department's authority to waive the untimeliness of an application for senior citizen property tax equivalency payment to the year following the year for which the payment is claimed.

Section 8

Provides for proration of senior citizen property tax equivalency payments.

Section 9

Provides for proration of senior citizen rent sales tax reimbursement.

Section 10

Provides for a January 1, 1986 effective date.



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 30, 1985

The Honorable Don Bennett
President of the Senate
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Senator Bennett:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to state and municipal tax exemptions.

Alaska statutes provide senior citizens with exemptions from certain state and municipal fees and taxes. The state either reimburses the municipalities for revenue lost as a result of the exemptions or directly reimburses senior citizens for taxes paid.

This bill allows the Department of Community and Regional Affairs to prorate reimbursements to municipalities and individuals if appropriations are insufficient to cover all reimbursements. The bill creates new exemptions from municipal registration and property taxation for motor vehicles owned by senior citizens, and requires the department to reimburse municipalities for revenue lost as a result of the exemptions.

The bill also removes a provision that has resulted in double payments -- one from the state and one from senior citizens -- to some municipalities for vehicles owned by senior citizens in those municipalities.

A section-by-section description of the bill follows:

Section 1 extends the senior citizen exemption from the state motor vehicle registration fee (AS 28.10.411 and 28.10.421) to the municipal registration tax (AS 28.10.431). This section limits the exemption to vehicles used for personal, rather than commercial, uses. In making this change, this section also removes an inaccurate and confusing use of the word "tax."

Section 2 limits reimbursements to municipalities to the amount of revenue lost as a result of the senior citizen

SB 113

exemption from the municipal registration tax. This section allows the department to prorate reimbursement if appropriations are less than the amount needed for full reimbursement.

Section 3 adds senior citizen-owned motor vehicles to the list of property that is exempt from municipal property taxes. (See sec. 6 of this bill.)

Section 4 limits the amount of exemption from property taxation of a home owned by a senior citizen to the first \$200,000 of the assessed value of the property. This section provides for additional exemption beyond that amount in case of hardship. It also allows the surviving spouse of a person who received the exemption to continue the exemption if the surviving spouse is at least 55 years of age.

Section 5 requires a separate application for each exemption claimed under AS 29.53.020. And it removes some inappropriate language regarding approval by the assessor.

Section 6 exempts one motor vehicle owned by a resident 65 years of age or older from municipal property taxation (see sec. 3 of this bill). This section also requires the state to reimburse municipalities for revenue lost as a result of this exemption, but only to the extent that the vehicle is not already exempt under AS 29.53.025(b)(4) (regarding optional tax exemptions). And it provides for proration of reimbursement.

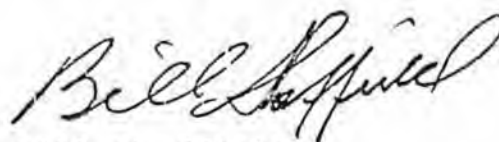
Section 7 limits the department's authority to waive the untimeliness of an application for senior citizen property tax equivalency payment to the year following the year for which the payment is claimed.

Section 8 provides for proration of senior citizen property tax equivalency payments.

Section 9 provides for proration of senior citizen rent sales tax reimbursement.

Section 10 provides for a January 1, 1986 effective date.

Sincerely,



Bill Sheffield
Governor

COMMITTEE REPORT
SENATE

FURTHER:

FINANCE

1/30/85

Date _____

Mr. President

The Committee on C&RA considered SB 113

relating to state and municipal 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 _____
- new title
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

John C. ...
...
Cliff Sturgulinski
...

MEMBERS HAVING
OTHER RECOMMENDATIONS

Eduardo ...
Chairman

Do Pass
Chairman recommendation