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INTERIM

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

MUNICIPAL & REGIONAL ASSISTANCE DIVISION

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PHONE: (907) 442-3696

P.O. BOX 41
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PHONE: (907) 443-5457

December 10, 1987

DEC 11 1987
orig. Jm

Dr. David Harrison
House CRA Committee
P.O. Box V
Juneau, AK 99811

Dear Dr. *David* Harrison:

In our meeting on December 9, 1987, two questions arose which were not resolved during the course of the meeting. The first question dealt with a concern voiced by Scott Burgess who wanted to explore some means of providing a greater assurance that municipalities would not be obligated under this concept to pay more than 25% of the total cost of the program if it were not fully funded. Scott, Bob Pavitt and I discussed the issue after the meeting, but were not able to develop an alternative solution which was more acceptable to all parties than the proposal on the table. I asked Scott and Bob to give us a call if they were able to come up with a possible solution not yet explored by the group. That invitation is extended as well to anyone in the group who might think of new ideas to resolve the problem. As it stands now, the concept discussed in our December 9 meeting will be forwarded to the Department of Law unchanged.

The second question related to the timing of application for the exemption and how it might impact municipal budgeting or program funding by the Legislature. We do not see a timing problem with any portion of the proposed language except for Section 11, which would allow the concept to become effective immediately. If the proposal were to become law, our office would have to promulgate regulations for its administration, design and print new application forms, and coordinate activities for its operation with municipalities, all of which would take several months. In addition, if it were signed into law in 1988, with an immediate effective date, Seniors and Disabled Veterans would have to reapply for the exemption during the same year; a situation which would cause confusion and problems for applicants and for municipal governments alike.

Dr. David Harrison
December 10, 1987
Page Two

For the above reasons, we decided to change the effective date in Section 11 to January 1, 1989. Clearly, as a result of that change, the program will continue to operate for 1988 in the same way it did during 1987 (along with its attendant problems).

If you have questions in regard to these comments, or if you have additional suggestions or comments on this issue, please contact our office.

Sincerely,



Michael W. Worley
State Assessor

MW/lp/1781S



Alaska State Legislature

House of Representatives

Committee on Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4833

MEMORANDUM

To: All HCRA Members

From: Representative Henry Springer, Chairman
HCRA *HS*

Date: November 3, 1987

Subject: HB 159, DCRA Work Group Meeting

There will be an informal meeting of the Department of Community and Regional Affairs HB 159 Work Group on Wednesday, December 9, 1987, at 9:00 a.m. to review the State Assessor's proposed bill language (HB 159). The basic group will be meeting in Juneau, Room 603, Court Building. Representative Ellis' office in Anchorage (Suite 455) will be listening in on the meeting. Please feel free to attend or send a staff member. You may contact my office (465-3789) if you need further information, or contact Deborah Bonito at Representative Ellis' office (561-7628), regarding Anchorage particulars.

cc: Representative Ellis
Mike Worley, State Assessor, DCRA
Jim Plasman, Deputy Director, DCRA

STATE OF ALASKA

VE COWPER, GOVERNOR

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December 7, 1987

Dr. David Harrison
House CRA Committee
P.O. Box V
Juneau, AK 99811

Dear Dr. Harrison:

RE: HB 159 WORKING GROUP

Enclosed is a copy of the proposed substitute language to HB 159 we will be discussing at the 9:00 a.m. Wednesday (12/9/87) meeting of the working group. The meeting will be in room 603 in the Court building and will be teleconferenced to the Anchorage Legislative Information Office by request of Representative Ellis.

We are looking forward to your responses on the enclosed draft language. If you have any questions or if we can be of further assistance do not hesitate to call on us.

Sincerely,



Michael W. Worley
State Assessor

Enclosure

MWW/PB/lmp/1766S



Alaska State Legislature


House of Representatives

Committee on Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4833

December 2, 1987

TO: Rep. Henry Springer, Chairman HCRA

FROM: David C. Harrison, P.A., HCRA 

Re: HB 159 An Act...exemptions, deferments and payments relating to property taxes and effective date.

Chapter 118 SLA 72 refers to Alaska's Senior Citizen Property Tax Relief Programs. It is establish public policy to provide assistance through exemptions, deferments and payments on property tax.

Historically, the 1935 Social Security Act set in motion that a recognized need existed whereby the older citizen would and should be assisted because:

1. Economic conditions changed upon retirement.
2. Health care costs increase with age.
3. Need for social services to maintain continued independence increase with age.
4. It is sound public policy for the state to help ensure that older persons live their declining years with independence and dignity.
5. That older people can continue to provide leadership and assist the state and the nation in their continued participation in the economic and social activities.

Although many states provide in various ways assistance to the elderly, Alaska is unique in that the "Pioneer Home" concept provides for older people that choose to live in a Pioneer Home. The legislature in its wisdom in 1972 provided additional means to assist older persons in Alaska.

Since it is public policy to provide for the elderly in property tax exemptions, deferments, etc., it is recommended that the funding program be decided early in the 1988 session.

It is not sound public policy to keep older persons in suspense over tax obligations that threaten their sense of security and wellbeing. It is sound public policy to assure municipalities that appropriate sufficient funding for this program will be taken care of early in the 1988 session.

With revenues of the state stabilized over the past year, there is no doubt that the state can and should meet its fiscal obligation to municipalities that benefit older persons.

Alaska State Legislature

DEC 1987

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SENATOR
ARLISS STURGULEWSKI

Chairman, Senate Community and Regional Affairs Committee
Vice-Chairman, Senate Judiciary Committee
Member, Senate Resources Committee

2957 SHELDON JACKSON STREET
ANCHORAGE, ALASKA 99503

White in Juneau
P. O. BOX 1
JUNEAU, ALASKA 99801
(907) 463-3818

Senate

MEMORANDUM

November 20, 1987

TO: All Legislators

FROM: Senator Arliss Sturgulewski, ^{AS} Chairman
Community and Regional Affairs Committee
Special Committee on Local and Regional Economic Opportunity

RE: Forum Article

The boom and bust economic conditions that have plagued Alaska requires that we address state fiscal policy issues during the coming session. Informed public debate is essential in reaching acceptable solutions regarding these complex issues.

I wrote the enclosed forum article with the hope that it will stimulate public discussion. I would welcome your comments on the article.

Enclosure

Legislator proposes a plan to attack economic ills

By SEN. ARLISS STURGULEWSKI

Of all of the economic booms and busts Alaska has experienced, this bust is affecting more of us more severely than any other. Consequently, it's time for the legislature to address fiscal policy issues so that future booms and busts won't affect us so dramatically. During the coming session, we must create some long overdue financial tools.

Billions of dollars rolled into state coffers from the most recent oil boom and then rolled right out again. We spent money on experiments in agriculture, in renewable resource development, in housing, in industrial development, and on quality of life improvements.

There's no denying there were some resounding successes and some equally resounding failures. Our successes have been in areas in which government should be successful. We spent money on school programs and have a good school system statewide.

We improved the health of our citizens through water and sewer projects and through grants to health care providers.

Some successes were cooperative efforts with the private sector. Alaska Industrial Development Authority funded projects that were able to stand on their own merits. The partnerships formed by the Alaska Seafood Marketing Institute with the fishing industry and by the Division of Tourism with the visitor industry paid off in expanded markets for our fish and a steadily increasing stream of visitors to Alaska.

Experiments in which we attempted to directly accelerate pri-

ivate development were less successful, however. The Alaska Renewable Resources Corporation only lasted a few years. Agriculture is badly limping and the effort to start a red meat industry was far from successful.

It has become increasingly clear that the private sector must be on its toes to find the competitive and profitable edge and that government's role is to assist through reasonable regulation, responsible resource management and the elimination of roadblocks.

More specifically:

- Now is the time to devise a spending limit that works. The current constitutional spending limit bears absolutely no relationship to the amount of our annual budgets. The constitutional spending limit must be rewritten to tie it to the prior year's budget, and also outline how to dispose of excess revenue when we have it.

- Excess revenue should be at least partially dedicated to a constitutionally mandated budget reserve fund. Rather than frantically casting about for dollars just to keep the state running when revenues plummet as they did in 1985, we will know there is a source of funds for basic costs of government.

- It is critical that we devise and adopt criteria for the funding of capital projects. Life, health, and safety projects should be first in line for funding. Education and transportation both are the responsibility of government and should be funded based on need. Projects that will lead to real economic development should receive priority. Included in the criteria for all of the above must be operations and maintenance costs and a maintenance plan.

- Although it may seem like closing the barn door after the horse has run away, we need to set standards of accountability for municipal grants, and for grants to non-profit corporations that deliver government services.

- School capital funding has turned into a monster. With the promise of 80 percent reimbursement by the state, municipalities sold \$300 million worth of bonds in one recent year. The debt service on those bonds has become a burden on the state and a source of anxiety for municipalities as they watch to see if the state will budget for the full entitlement. The state should fund for basic schools; extras should be paid for by communities.

- The Alaska Permanent Fund is an excellent counter-cyclical tool for us. It has meant the maintenance of our excellent credit rating in the face of a down economy. It also means that we have a source of income about which the legislature needs to make some decisions — and then go to the voters to confirm those decisions. I personally support using the income of the fund for continuation of the dividends, inflation-proofing, and partial funding for a constitutionally established budget reserve fund.

These are all decisions that can and must be made now. Without the proper tools in place, the next boom could find us allowing history to repeat itself. We can do better.

□ Sen. Arliss Sturgulewski is chairman of the Senate Community and Regional Affairs Committee and the Senate Special Committee on Local and Regional Economic Opportunity.



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STATE OF ALASKA

STEVE COWPER, GOVERNOR

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MUNICIPAL & REGIONAL ASSISTANCE DIVISION

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November 20, 1987

Dr. David Harrison
House CRA Committee
P.O. Box V
Juneau, AK 99811

Dear Dr. *David* Harrison:

There is good news.

During the Alaska Municipal League (AML) Conference in Anchorage last week, our office, working together with the Alaska Association of Assessing Officers, was successful in amending the AML Policy Statement. The amendment provides the latitude for the league's designee to discuss more freely with the HB159 working group possible solutions to the problems surrounding the senior citizen/disabled veteran property tax relief programs. The amendment reads as follows:

The League supports a reasonable and equitable solution which would substantially diminish the current fiscal impact to municipalities caused by the operation of the senior citizen/disabled veterans property tax exemption program.

I spoke with Scott Burgess today; he told me he believed the direction the working group has taken is a reasonable one. Scott agreed with the remainder of the group that we should pursue drafting proposed bill language incorporating the concept which has been generally agreed upon by the group.

Enclosed, for your information, is a copy of comments from Gary Lewis, Borough Assessor for Mat-Su Borough. We would appreciate your reviewing his comments before the December meeting and offering your views in regard to them at that time.

Dr. David Harrison
November 20, 1987
Page 2

When we complete the first draft of the proposed bill language, we will forward a copy to you and set the date for the December meeting. Meanwhile, please feel free to call on us if we can be of assistance to you.

Sincerely,

A handwritten signature in cursive script, appearing to read "Mike".

Michael W. Worley
State Assessor

Enclosures

cc: Gary Lewis

MWW/lp/1762S

Miko Worley

DEC 2 - 1987
from Council



Matanuska-Susitna Borough

BOX B. PALMER, ALASKA 99645 • PHONE 745-9642

DEPARTMENT OF ASSESSMENT

November 6, 1987

David Hoffman, Commissioner
Dept. of Community & Regional Affairs
P. O. Box B
Juneau, Alaska 99811

Dear Commissioner Hoffman:

Subject: Senior Citizen/Disabled Veteran Property Tax
Relief Program

I understand you have appointed a committee to review and suggest revision of this program and therefore have attached ideas which may be of interest.

This concept will be presented to the Alaska Association of Assessing Officers in conjunction with the AML Conference on the early afternoon of Tuesday, November 10th. If available I would certainly offer invitation to attend. We will be meeting in the Whitbey Room of the Hotel Captain Cook.

Sincerely,

Gary A. Lewis
Borough Assessor

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Enclosure

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COMMUNITY & REGIONAL AFFAIRS



Matanuska-Susitna Borough

BOX B. PALMER, ALASKA 99645 • PHONE 745-9642

DEPARTMENT OF ASSESSMENT

SENIOR CITIZEN-DISABLED VET TAX RELIEF PROGRAM

After pondering proposed regulations for the Senior Citizen/Disabled Veteran Tax Relief Program, it is apparent that some fresh thinking go into structuring of the whole program to accomplish what is in the public interest and define what the state can afford in providing these benefits. The need to do this stems from changes in reimbursement policy by the legislature, financial burden on local municipalities and need to assure adequate protection of the abode of the Senior Citizen/Disabled Veteran.

Objectives:

To Encourage Senior Citizens to retire in the State by:

1. Providing a level of tax relief for Seniors and Disabled Veterans.
2. Assuring protection from loss of abode due to operation of Property Tax Law

To provide a level of tax relief is contained in the current statute as the \$150,000 limit. This limit is more or less a conspicuous level of housing in different communities of the State but, assuming reluctance to calculate local average residential value or some other norm, it is acceptable.

The assurance of residential protection has taken us far afield of purpose of the program, into areas of income, hardship, extreme hardship and increased administrative burden to assess income at the local level. The objections to this income approach are equally shared by local assessors and applicants who must bare personal financial information for bureaucratic or, as has been proposed, public evaluation.

If the object is protection, what are we protecting from? It would follow to look at statutes pertaining to foreclosure. AS29.45.320 rewrite to include exception of SC-DV program qualified applicants is relatively simple.

Amend Sec. 29.45.320

Add (c) A municipality may by ordinance postpone foreclosure and extend redemption period for real property qualified for exemption under AS29.45.030(e).

An option not to proceed with foreclosure should be upon action of the governing body and strictly construed as to this program. Current law does not provide option in pursuing foreclosure.

This is a novel approach to the problems in the program until one analyzes what it accomplishes:

1. State and/or local cost of the program is limited to \$150,000 per qualified property. I would suggest further limitation to the "primary place of abode and attached legally described parcel of land."
2. Without necessity to create a lien (taxes are already a lien) the local decision not to foreclose is an extension of the Redemption Period AS29.45.400. This allows accrual of taxes until time redeemed. Taxes which would accrue are only amounts in excess of the tax on the first \$150,000 of value.
3. Redemption is the same as for any other property. Tax lien must be satisfied to change title.
4. Hardship and extreme hardship are left to the discretion and private decision of the Senior Citizen or Disabled Veteran. The assessor could be brought into this process through some application which would assure that the results of the election to accrue taxes in excess of the \$150,000 limit were known and understood. This additional application, or notice, would be controlling as regards foreclosure postponement.
5. It is unnecessary for anyone to argue their financial condition to the bureaucracy or a public body.
6. Local governments are not burdened with additional specialized staff to analyze and verify reported income.
7. Local Governments are not forced into position of abating taxes after they are levied. There is no statutory authority for anyone to do this. Collection of taxes is not optional once levied.
8. We can rephrase the program to concentrate on use of the property by the applicant not characteristics of the owner. Real property taxes are a lien against property, not against individuals (AS29.45.300(b)).
9. The program will target relief where intended and provide reasonable forecast of program costs.

Finally, consideration must be given to how the cost of a revised program is shared. It is easy to see that present and future owners of the property have the burden of accrued taxes in excess of the \$150,000 limit. How the cost of exemption of tax amounts under the \$150,000 limit are shared by the state and other local taxpayers should include consideration of local administrative costs of the program and the fact that municipalities will be accruing uncollectible tax revenue in the current year on values over the \$150,000

limit. Delay in receipt of budgeted revenues may be significant. To many in the state, if participation is to be mandatory, they feel full funding by the state should be required (AML 1987 Policy Statement) or the program repealed entirely.

Another suggested area of revision involves residency requirements. In these times of exodus from Alaska, it is difficult to deal with the generalities of residency contained in 19AA035.120(5). Residency requirements for this program should be reviewed and revised to conform to the Longevity Bonus Program and the Permanent Fund Dividend Program. See AS47.45 and AS43.23. One applicant answered "Yes, I intend to return to submit next year's application."

Gary A. Lewis, Assessor
Matanuska-Susitna Borough

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

MUNICIPAL & REGIONAL ASSISTANCE DIVISION

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November 20, 1987

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P.O. Box V
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Michael W. Worley
State Assessor

Enclosures

cc: Gary Lewis

MWW/lp/1762S

Miko Worley



Matanuska-Susitna Borough

BOX B, PALMER, ALASKA 99645 • PHONE 745-9642
DEPARTMENT OF ASSESSMENT

November 6, 1987

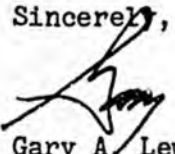
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Dept. of Community & Regional Affairs
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Enclosure

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AND REGIONAL AFFAIRS

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COMMISSIONER'S OFFICE
COMMUNITY & REGIONAL AFFAIRS



Matanuska-Susitna Borough

BOX B, PALMER, ALASKA 99645 • PHONE 745-9642

DEPARTMENT OF ASSESSMENT

SENIOR CITIZEN-DISABLED VET TAX RELIEF PROGRAM

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Gary A. Lewis, Assessor
Matanuska-Susitna Borough .

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPT. OF COMMUNITY AND REGIONAL AFFAIRS

MUNICIPAL AND REGIONAL ASSISTANCE DIVISION

OCT - 1 1987
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PHONE: (907) 442-3696
- P.O. BOX 41
NOME, ALASKA 99762-0041
PHONE: (907) 443-5457

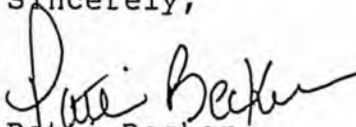
August 28, 1987

IN RE: PROPOSED CHANGES IN TITLE 19 REGULATIONS

Enclosed is a copy of proposed changes in regulations dealing with Senior Citizens and Disabled Veterans Property Tax Exemptions. Also enclosed is a copy of the public notice with the scheduled date of September 10, 1987 as the public hearing date and a September 17, 1987 deadline for written comments.

Feel free to contact Chris Follis or myself at 465-4735 if you have any questions.

Sincerely,



Patti Becker
Project Assistant

Enclosures

ALASKA ADMINISTRATIVE CODE TITLE 19
DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
CHAPTER 35
SENIOR CITIZEN AND DISABLED VETERAN PROPERTY TAX EXEMPTION

19 AAC 35.010 is amended to read:

19 AAC 35.010. METHOD OF APPLICATION. Applications for the senior citizens' and disabled veterans' property tax exemption shall be on forms provided by the Department of Community and Regional Affairs. (Eff. 1/28/73, Register 45; am/ /87, Reg.)

Authority: AS 29.45.030(f)
AS 44.47.980

19 AAC 35.020 is amended to read:

19 AAC 35.020. FORMS. Form 21-400 and Form 21-400B are hereby adopted by the department for use in the application for senior citizens' and disabled veterans' property tax exemptions, respectively. (Eff. 1/28/73, Register 45; am 1/27/74, Reg. 48; am / /87, Reg.)

Authority: AS 29.45.030(f)
AS 44.47.980

19 AAC 35.040 is amended to read:

19 AAC 35.040. SUBMISSION OF APPLICATIONS. (a) Exemption applications filed after January 15, or a date in accordance with AS 29.45.030(f), must be accompanied by an affidavit stating the reason for the late filing.

(b) To qualify for a hardship exemption beyond the first \$150,000 of assessed value, in accordance with AS 29.45.030(e), the applicant must apply by completing Form 21-400c and submitting the form, including any attachments, to the municipal governing body before January 15, or a date in accordance with AS 29.45.030(f), of the exemption year.

(c) An eligible applicant may qualify for a hardship exemption beyond the first \$150,000 of assessed value if the amount of the tax bill is greater than two percent of the applicant's gross household income. An exemption will be granted only for that portion of taxes in excess of two percent of the household income.

(d) In cases of extreme hardship, an exemption up to 100% may be granted by a two thirds vote of the governing body.

(Eff. 1/28/73, Register 45; am 3/31/76, Reg. 57; am / /87, Reg.)

Authority: AS 29.45.030(f)
AS 44.47.980

19 AAC 35.085 is amended to read:

19 AAC 35.085. ELIGIBILITY. (a) When an eligible person and his or her spouse occupy the same permanent place of abode, the reimbursement provided under AS 29.45.030 applies [TO THE ENTIRE VALUE OF THEIR PROPERTY] regardless of whether the property is held in the name of the husband, wife, or both.

(b) A resident at least 60 years old qualifies under AS/29.45.030(e) if the deceased spouse of the widow or widower was a resident of the State of Alaska and either at least 65 years old or a disabled veteran at the time of his or her death.

[THE SPOUSE OF A PREVIOUS APPLICANT FILING FOR THE FIRST TIME ON PROPERTY EXEMPTED IN A PRIOR YEAR MUST QUALIFY FOR THE EXEMPTION IN THE SAME MANNER AS FOR ANY NEW FILING.] (Eff. 1/28/73, Register 45; am 4/18/73, Reg. 45; am 1/27/74, Reg. 48; am 3/31/76, Reg. 57; am 11/24/82, Reg. 84; am / /87, Reg.)

Authority: AS 29.45.030(f)
AS 44.47.980

Editor's Note: 19 AAC 35.085(a) is based on former 19 AAC 35.080(b).

19 ACC 35.120 is amended to read:

19 AAC 35.120. Definitions. In this chapter

(9) "disabled veteran" has the same meaning as in AS 29.45.030 (i)(1).

(10) "gross household income" means total annual compensation earned or unearned from all sources by all members of the household.

(11) "hardship" exists when the amount of taxes owed is in excess of two percent of an applicant's gross household income.

(a) Example No. 1

Household Income: \$30,000
Assessed Value: \$200,000
Mill Rate: 10.00

Taxes Calculated: \$200,000 x 10.0 mills = \$2,000
\$150,000 Cap: \$150,000 x 10.0 mills = \$1,500

Tax Liability: \$ 500

Ability to Pay: \$30,000 x 2% = \$600 = No Hardship Exemption Allowed

(b) Example No. 2

Household Income: \$10,000
Assessed Value: \$200,000
Mill Rate: 10.00

Taxes Calculated: \$200,000 x 10.0 mills = \$2,000
\$150,000 Cap: \$150,000 x 10.0 mills = \$1,500

Tax Liability: \$ 500

Ability to Pay: \$10,000 x 2% = \$200

Tax Liability: \$500
Ability to Pay: (200)

Hardship Exemption: \$300

Authority: AS 29.45.030(f)
AS 44.47.980

ALASKA ADMINISTRATIVE CODE TITLE 19
DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
CHAPTER 36

SENIOR CITIZEN AND DISABLED VETERAN PROPERTY TAX EQUIVALENCY PAYMENT

19 AAC 36.010 is amended to read:

19 AAC 36.010. FORMS. (a) Form 21-405 and Form 21-406 are hereby adopted by the department for use in application for the senior citizens' and disabled veterans' renter property tax equivalency payment, respectively. Form 21-405a and Form 21-406a "rent certificate" are adopted by the department as supplements to Form 21-405 and Form 21-406, respectively. (Eff. / /87, Reg.)

Authority: AS 29.45.040(c)
AS 44.47.980

19 ACC 36.020 is amended to read:

19 AAC 36.020. RENTAL PAYMENT VERIFICATION. Satisfactory evidence of payment and of amount paid, as required by AS 29.45.040(c), includes

(1) Form 21-405a and Form 21-406a, property completed by the landlord and attached to Form 21-405 and Form 21-406;

(2) cancelled checks payable to the landlord for rent paid;

(3) rent receipts; or

(4) a combination of the items in (1)-(3) of this section. (Eff. 11/24/82, Register 84; am / /87 Reg.)

Authority: AS 29.45.040
AS 44.47.980

19 AAC 36.045 a New section is added to read:

19 ACC 36.045. VERIFICATION OF DISABILITY. A letter of certification from the Veterans Administration stating percentage of disability is required for each year of application.
(Eff. / /87, Reg.)

Authority AS 29.45.040a(2)
AS 44.47.980

19 AAC 36.045 is added to read:

19 AAC 36.045. Verification of Disability. A letter of certification of percentage of disability is required for each year of application.

Authority: AS 29.45.040
AS 44.47.980

19 AAC 36.060 is amended to read:

19 AAC 36.060. Definitions. In this chapter

(4) "disabled veteran" has the same meaning as in AS 29.45.030(i)(1)

Authority: AS 29.45.040
AS 44.47.980

NOTICE OF PROPOSED CHANGES IN
REGULATIONS WITH ORAL HEARING

NOTICE OF PROPOSED CHANGES IN THE REGULATIONS
OF THE DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

Notice is hereby given that the Department of Community and Regional Affairs, under authority vested by AS 44.47.980, purposes to amend and repeal regulations in Title 19 of the Alaska Administrative Code, dealing with Senior Citizens and Disabled Veterans Property Tax Exemptions, to implement AS 29.45.030 and AS 29.45.040, and repeal AS 29.45.045 as follows:

(1) 19 AAC 35.010-020 is proposed to be amended as follows:

For purpose of Senior Citizens Homeowners Property Tax Exemption Program, Disabled Veterans with at least a 50% service related disability may apply for an exemption. Form #21-400(b) is adopted for this purpose.

(2) 19 AAC 35.040(b) is proposed to be added to read:

For purpose of Senior Citizens and Disabled Veterans Homeowners Property Tax Exemption Program a "Hardship Exemption" beyond the first \$150,000 of assessed value, in accordance with AS 29.45.030(e), may be allowed if approved by the local governing body. Form #21-400(c) is adopted for this purpose.

(3) 19 AAC 35.040(c) is proposed to be added to read:

For purpose of qualifying for a "Hardship Exemption" beyond the first \$150,000 the amount of the tax bill must exceed 2 percent of the applicant's gross household income. An exemption will be granted only for that portion of taxes in excess of 2 percent of gross household income. In the case of extreme hardship an exemption may be granted by a two-thirds vote of the governing body up to 100 percent of the taxes owed for good cause.

(4) 19 AAC 35.085(b) is proposed to be added to read:

For purpose of Senior Citizens and Disabled Veterans Homeowners and the Property Tax Exemption Program a widow or widower at least 60 years old may qualify for an exemption.

(5) 19 AAC 35.120 is proposed to be added to read:

(10) "gross household income" means total annual compensation earned or unearned by all members of household.

(11) "hardship" means when the amount of taxes owed is in excess of two percent of an applicant's gross household income and examples are included.

(6) 19 AAC 36.010-020 is proposed to be amended as follows:
For purpose of Senior Citizens Property Tax Equivalency (Reiter)
Program, Disabled Veterans with at least a 50% service related
disability may apply for a payment from this program. Forms #21-405
and #21-405(a) are adopted for this purpose.

(7) 19 AAC 36.045 is proposed to be amended to include:
Verification of disability in the form of a letter of certification
from the Veterans Administration with the percentage of disability
is required each year.

(8) 19 AAC 37.010.040 is repealed in accordance with AS 29.45.045.

Notice is also given that any person interested may present oral or
written statements or arguments relevant to the proposed action at a
hearing held in Room 316 of the Community and Regional Affairs
Building, Juneau, Alaska, at 10:00 a.m. on September 10, 1987, and
via teleconference in Anchorage at University Plaza, 4th Floor, 949
East 36th Avenue, Suite 406, Anchorage, Alaska 99503, Phone
#(907) 561-8586 and in Fairbanks at 1514 Cushman Street, Room 206,
Fairbanks, Alaska 99701, Phone #(907) 452-7126. In addition,
written statements or arguments may be sent to the Department of
Community and Regional Affairs, Municipal and Regional Assistance
Division, P.O. Box EH, Juneau, AK 99811, ATTN: PATTI BECKER,
Project Assistant, to be received no later than September 17, 1987.

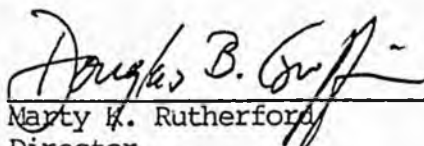
Copies of the proposed regulations may be obtained by writing to:

Department of Community and Regional Affairs
Municipal and Regional Assistance Division
P.O. Box EH
Juneau, Alaska 99811
ATTN: PATTI BECKER
Project Assistant

or by calling (907) 465-4735.

The Department of Community and Regional Affairs, upon its own
motion or at the insistence of any interested person, may at the
hearing or after it adopt proposals within the scope of this notice
without further notice or may decide to take no action on them.

DATE: 8-28-87



Marty K. Rutherford
Director

OLDER ALASKANS COMMISSION

9/19/87
6/87

VOTING MEMBERS

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Apartment #1
Anchorage, Alaska 99501-4202
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563-7367 or 278-2102 (H)

* Alton Ashcraft, Vice Chair
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North Pole, Alaska 99705-5565
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** Martha Sara
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Tok, Alaska 99780-0206
883-5351

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Pioneers Home
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Ketchikan, Alaska 99901-5917
225-6949

Oliver Andrews
~~Garrey Peska~~, Commissioner
Dept. of Administration
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David Hoffman, Commissioner
Dept. of Community &
Regional Affairs
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Designee: Patti Becker

Myra Munson, Commissioner
Dept. of Health & Social
Services
P.O. Box H
Juneau, Alaska 99811-0600
465-3030
Designee: Randall Burns

EXECUTIVE DIRECTOR
~~Jon B. Wolfe~~ *Ruth Gulyas, Acting Exec. Dir.*
Older Alaskans Commission
P.O. Box C
Juneau, Alaska 99811-0209
465-3250

* Terms Expired 9/1/87 - Will stay in office until new appointments made.

** Resigned - no new appointment yet.

FIFTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to exemptions from, deferments of, and payments relating to, municipal property taxes; and providing for an effective date."

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

* Section 1. AS 29.45.030(e) is amended to read:

(e) The property tax exemption on a parcel of real property owned and occupied as the primary residence and permanent place of abode by a (1) resident 65 years of age or older; (2) disabled veteran; or (3) resident at least 60 years old who is the widow or widower of a person [WHO] qualified for an exemption under (1) or (2) of this subsection, is computed according to the following schedule:

If the annual household income is: Then the percentage of property tax exemption is:

less than \$15,000	100% of property tax is exempt
\$15,000 but less than \$20,000	85% of property tax is exempt
\$20,000 but less than \$25,000	70% of property tax is exempt
\$25,000 but less than \$30,000	55% of property tax is exempt
\$30,000 but less than \$35,000	40% of property tax is exempt
\$35,000 but less than \$40,000	25% of property tax is exempt
\$40,000 but less than \$45,000	15% of property tax is exempt
\$45,000 but less than \$50,000	10% of property tax is exempt
\$50,000 or more	0%

Only one exemption may be granted for the same property and, if two or more persons are eligible for an exemption for the same property, the parties shall decide between or among themselves who is to receive the benefit of the exemption. Real property tax may not be exempted under this subsection if the municipal assessor determines, after notice and hearing to the parties, that the property was conveyed to the applicant primarily for the purpose of obtaining the exemption. The determination of the assessor may be appealed under AS 44.62.560 -- 44.62.570.

* Section 2. AS 29.45.030(f) is amended to read:

(f) An exemption may not be granted under (e) of this section except upon written application for the exemption on a form approved by the state assessor for use by local assessors. The claimant must file the application no later than June 1 [JANUARY 15, OR A DATE PROVIDED BY ORDINANCE THAT IS NOT LATER THAN MARCH 31,] of the assessment year for which the exemption is sought. The governing body of the municipality for good cause shown may waive during a year the claimant's failure to make timely application for the exemption for that year and authorize the assessor to accept the application as if timely filed. The claimant 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, the assessor shall allow an exemption in accordance with the provisions of this section. If a failure to file by June 1 [JANUARY 15, OR A DATE PROVIDED BY ORDINANCE THAT IS NOT LATER THAN MARCH 31,] of the assessment year has been waived as provided in this subsection and the application for exemption is approved, the amount of tax that the claimant has already paid for the assessment year for the property exempted shall be refunded to the claimant. The assessor shall require proof in the form the

JUNEAU LIO (907) 465-4648

TELECOPY COVER SHEET

TO: David Harrison / ANC LIO PHONE: 561-4989

FROM: Martha PHONE: 465-3789

INSTRUCTIONS: per request

RECEIVED: DATE 9-14-87 TIME _____

SENT: DATE _____ TIME _____

DISPOSAL OF ORIGINAL: THROW AWAY / HOLD FOR PICK UP ✓

NUMBER OF PAGES: 1 (NOT COUNTING THIS COVER SHEET)

SENT BY: _____

assessor considers necessary of the right to and amount of an exemption claimed under (e) of this section, and shall require a disabled veteran claiming an exemption under (e) of this section to provide evidence of the disability rating. The assessor may require proof under this section at any time.

* Section 3. AS 29.45.030(h) is amended to read:

(h) Except as provided in (g) of this section, nothing in (e) -- (j) of this section affects senior citizen and disabled veteran [SIMILAR] exemptions from property taxes granted by a municipality on September 10, 1972, or prevents a municipality from granting senior citizen and disabled veteran [SIMILAR] exemptions by ordinance as provided in AS 29.45.050.

* Section 4. AS 29.45.030(i)(3) is amended by adding a new subsection:

(3) "Annual household income" means all annual receipts for all household members whether earned or unearned.

* Section 5. AS 29.45.060(a) is repealed and reenacted to read:

(a) A municipality may, by ordinance approved by the voters, assess farm use land on the basis of full and true value for farm use.

* Section 6. AS 29.45.060(c) is amended to read:

(c) In this section "farm use" means the use of land for profit for raising and harvesting crops, for the feeding, breeding, and management of livestock, for dairying, or another agricultural use, or any combination of these. To be farm use land, the land must be included in a farm unit and must not be dedicated to or used for nonfarm purposes. The [THE] owner or lessee must be actively engaged in farming the land, and derive at least 10 percent of yearly gross income from the land. This section does not apply to land for which the owner has granted, and has outstanding, a lease or option to buy the surface rights. A property owner who wishes [WISHING] to file for farm use classification, but who has [HAVING] no history of farm-related income, may submit a declaration of intent at the time of filing the application with the local assessor, setting out the intended use of the land and the anticipated percentage of income. An applicant using this procedure shall file with the local assessor before February 1 of the following year a notarized statement of the percentage of gross income attributable to the land. Failure to make the filing required in this subsection forfeits the exemption.

* Section 7. AS 29.45.060 is amended by adding a new subsection to read:

(c) If farm use land that was assessed on the basis of full and true value for farm use before May 16, 1988, is leased, sold, or otherwise disposed of by the owner for uses incompatible with farm use, the owner is liable to pay an amount equal to the additional tax at the current mill levy, together with eight percent interest for the preceding seven years, as though the land had not been assessed for farm use purposes. Payment by the owner must be made to the state to the extent of its reimbursement of the municipality's revenue loss for the preceding seven years. The balance of the payment must be made to the municipality.

* Section 8. AS 29.45.060(b) and (e) are repealed.

* Section 9. This Act applies to assessment years beginning after December 31, 1987.

* Section 10. AS 29.45.060(f), enacted in sec. 7 of this Act, is repealed.

* Section 11. Sections 1 -- 9 of this Act take effect immediately under AS 01.10.070(c).

* Section 12. Section 10 of this Act takes effect January 1, 1995.