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# HOUSE COMMITTEE REPORT

(7)

Date Referred: May 1, 1991

FURTHER REFERRALS:

Finance

Date of Committee Action: 5-3-91

The COMMUNITY AND REGIONAL AFFAIRS Committee considered:

SSHB 278

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 278

CLASSIFICATION OF BOATS FOR MUNICIPAL TAX

"An Act relating to the classification of boats for purposes of municipal taxation."

**RECOMMENDATIONS:**

be replaced with \_\_\_\_\_  the same title

have attached amendments(s)  a new title

do pass

do not pass

no recommendations

individual recommendations

additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) \_\_\_\_\_

APPROVES PREVIOUS: (Dept/Date) \_\_\_\_\_

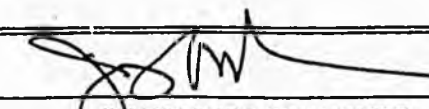
fiscal impact \_\_\_\_\_

fiscal note(s) \_\_\_\_\_

zero fiscal note DCRA

zero fiscal note(s) \_\_\_\_\_

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Richard Foster</i> <span style="float: right;">FOSTER</span>	*				
<i>Betty Davis</i>	X				
<i>Tom Mackie</i> <span style="float: right;">MACKIE</span>	X				
<i>Cheri Davis</i>	✓				
<i>J. C. Douglas</i>	✓				

  
 \_\_\_\_\_  
 CHAIRMAN'S SIGNATURE

# Alaska State Legislature

## COMMITTEES

MEMBER

RULES

INTERNATIONAL TRADES & TOURISM

LABOR & COMMERCE

ETHICS

WESTERN STATES LEGISLATIVE  
FORESTRY TASK FORCE



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## House of Representatives

ROBIN L. TAYLOR  
MINORITY LEADER

### SPONSOR STATEMENT

SS HB 278

HB 278 was introduced to correct a long standing ambiguity in State law regarding the municipal taxation of boats and vessels.

Since its introduction, I have had further consultations with administrators in several communities and the State Assessor. Those talks led to the drafting of this Sponsor Substitute.

As now proposed, HB 278 would greatly simplify the state law regarding the municipal taxation of boats and vessels. Essentially, HB 278 puts boats in the same category as motor vehicles. The bill does away with language referring to specific exemptions and would allow the local governing body to decide how to classify boats for the purposes of taxation. It was also allow for partial or complete exemptions.

HB 278 provides for greater flexibility at the local level. I believe that in itself is the most important aspect of this legislation. Our local communities are facing a reduction in state support and should be allowed every avenue to make up for ever decreasing state revenue.

# STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

- P.O. BOX B  
JUNEAU, ALASKA 99811-2100  
PHONE: (907) 465-4700
- 949 E. 36TH AVENUE, SUITE 400  
ANCHORAGE, ALASKA 99508-4302  
PHONE: (907) 563-1073

April 30, 1991

## POSITION PAPER

RE: Sponsor Substitute for House Bill 278

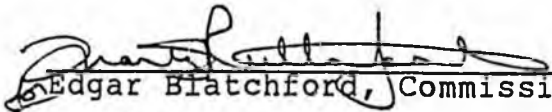
SPONSORS: Representatives Taylor, Baker & Choquette

### Program Effects

The Sponsor Substitute for House Bill 278 clears up some interpretation problems which have existed for years with regard to current statutory language. It additionally broadens municipal authority to deal with the troublesome and difficult task of assessing and taxing boats and vessels.

### Comments

The Department supports passage of SS HB 278. For many years we have supported changes in the existing statutory language because interpretational problems under that language have incessantly frustrated the efforts of municipal attorneys, assessors, and boat owners in dealing with the tax treatment of boats and vessels. This proposed language makes it clear that municipalities have the broader authority needed to successfully address this issue locally.

  
Edgar Blatchford, Commissioner

FISCAL NOTE

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

BILL NO. HB 278

Revision Date: \_\_\_\_\_ Department Affected: Community & Regional Affairs

Title: Classification of boats for BRU: \_\_\_\_\_  
municipal taxation Component: \_\_\_\_\_

Sponsor: Reps Taylor, Baker & Choquette

Requestor: \_\_\_\_\_ COMPONENT SERIAL NO. 

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

Estimate of current year impact: \_\_\_\_\_

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Remond Henderson, Director *Remond Henderson* Phone: 465-4708

Division: Administrative Services Date: 4/30/91

Approved by Commissioner: Edgar Blatchford *Edgar Blatchford*

Agency: Community & Regional Affairs Date: 4/30/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

## M E M O R A N D U M

TO: David G. Crow  
Borough Manager

FROM: Sandra L. Isley *SLI*  
Director of Revenue

DATE: April 9, 1991

SUBJECT: Boat/Vessel Tax Classification Legislation

Attached please find a copy of the memorandum from Joe Ambrose of Representative Robin Taylor's Office regarding the amendment I requested for classifying boats and vessels by their length rather than by certified net tonnage.

For many years I have attempted to amend the Alaska Statutes so that boats and vessels are assessed for taxation purposes on the basis of their length rather than certified net tonnage.

Apparently, net tonnage is what a boat can hold rather than what it weighs. According to the Coast Guard, to find the net tonnage we would need to hire an admeasurer. At the time I discussed this with the Coast Guard, there was only one admeasurer in Alaska. It is my understanding that admeasurers are used to check foreign vessels to be sure bulkheads have not been removed so that they can carry more cargo.

In the past, when it came to billing for tax purposes we used a rule of thumb and billed all boats/vessels which were over 31 feet at \$75.00 and all those less than 31 feet at \$25.00. We got many complaints from boat owners who said their boats were under 5 tons even though they were over 31 feet. We would change our records but never were absolutely sure if they didn't have written proof.

If this amendment passes, we could think about charging the tax at a lower rate for a 12-15 foot boat and graduate by 5 feet up to 70 feet. Billing would be on the centerline length of boats.

<u>Length of Boat/Vessel</u>	<u>Tax Bill</u>
12'1" to 15 foot boat/vessel	\$10.00
15'1" to 20 foot boat/vessel	25.00
20'1" to 25 foot boat/vessel	50.00
25'1" to 30 foot boat/vessel	75.00
30'1" to 35 foot boat/vessel	100.00
35'1" to 40 foot boat/vessel	125.00
40'1" to 45 foot boat/vessel	150.00



# KETCHIKAN GATEWAY BOROUGH

Revenue Department  
344 Front Street  
Ketchikan, Alaska 99901  
(907) 228-6620 • 228-6608 • 228-6640  
228-6609 • 228-6612

May 1, 1991

State of Alaska  
House of Representatives  
Representative Robin Taylor  
P. O. Box V  
Juneau, Alaska 99811

Re: HB 276 - Boat/Vessel Taxation

Attention: Joe Ambrose

Dear Joe:

We received your fax of the suggested substitute for HB 276 which will address Ketchikan and Petersburg problems. Ketchikan wants to tax boats/vessels by overall length and Petersburg would like to exempt boats but not their gear.

The suggested substitute has our complete approval as it will give greater flexibility at the local level, especially as we face declining State revenues. I have discussed the substitute with Borough Manager Dave Crow and Borough Attorney Teresa Williams who are in agreement.

HB 276 will relieve a problem which has been with my department for many years. Arguments over net tonnage and threats of law suits have been a constant every July after the annual tax billings are sent out.

We really appreciate the effort you and Robin and Cheri have made in helping us solve our problems. I'm sure there will be other cities in Southeast who will find this amendment helpful to them in the future.

Cordially,

Sandra L. Isley  
Director of Revenue

CC: David G. Crow, Borough Manager  
Teresa Williams, Borough Attorney

Post-It™ brand fax transmittal memo 7671		# of pages	1
TO	Joe Ambrose	From	Sandra Isley
CC	Robin Taylor's Office	City	Ketchikan Gateway Borough
DRG	House of Representative	Phone #	228-6612
FAX #	465-2294	FAX #	225-7282