

**HB**

**59**

**HFIN**

**FILE**

# HOUSE COMMITTEE REPORT

(11)

Date Referred: March 24, 1993

FURTHER REFERRALS:

Date of Committee Action: 4/3/93

The FINANCE Committee considered:

HB 59

HOUSE BILL NO. 59

APPROP: VETS' LAND DISCOUNT REFUND

"A.1 Act making a special appropriation to the Department of Natural Resources for refunds to certain veterans who purchased state land and for reimbursement to the University of Alaska for the veterans' land discount applied to land transferred to the University of Alaska; and providing for an effective date."

RECOMMENDATIONS:

be replaced with CS HB 59 (MLV)  the same title

have attached amendments(s)

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)

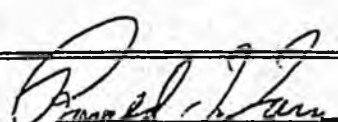
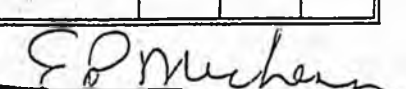
fiscal impact \_\_\_\_\_

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

zero fiscal note \_\_\_\_\_

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

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Richard J. Larson</i> Larson	X	<i>Edna P. MacLean</i> MacLean		✓	
<i>Larry Mann</i> Mann	X	<i>Lay Brown</i> Brown		✓	
<i>Richard Parnell</i> Parnell	X				
<i>Ben Grussendorf</i> Grussendorf	X				
<i>Lynn Hoffman</i> Hoffman	X				
<i>Mike Navarre</i> Navarre	X				
<i>Richard J. Parnell</i> Parnell	X				
<i>Richard J. Parnell</i> Parnell	X				
<i>Richard J. Parnell</i> Parnell	X				


  
 Co-CHAIRMAN'S SIGNATURE  
 LARSON                      MACLEAN

FISCAL NOTE

No. 1

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

Bill Version: CSHB 59 (MLV)

(H) Publish Date: 3/1/93

Revision Date: \_\_\_\_\_ Department Affected: Natural Resources  
 Title: "Making a special appropriation for refunds to the Veteran's Land Discount" BRU: Resource Management  
 Components: Land Management  
 Sponsor: House Military and Veterans  
 Requestor: House Military and Veterans Component Serial No. 431

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND&STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS,CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
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REVENUE fund source:	0.0	0.0	0.0	0.0	0.0	0.0
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME	0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of current year (FY93) Impact: \$ No fiscal impact anticipated

ANALYSIS: (Attach a separate page if necessary)  
 See Attached

Prepared by: Ron Swanson Phone: 762-2692  
 Division: Land Management Date: 27-Jan-93  
 Approved by Commissioner: Glenn A. Olds Date: 1/28/93  
 Agency: Department of Natural Resources

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## Department of Natural Resources

## Bill Analysis on HB 59

HB 134 enacted in 1991 allowed eligible veterans who were not permitted to claim a veteran's land discount between April 1, 1983 and July 6, 1984 to retroactively claim that discount. Veterans purchasing state land had been denied the discount during the period between the court's invalidation of the old discount law and the enactment of a new discount law. According to the terms of HB 134, the department credited the veteran's discount against the remaining amount owed on the land. However, in cases where the land contract is paid off we are required to issue a refund to the veteran for the discount amount. We are also required to reimburse the University of Alaska for discounts credited to University land. No funds have yet been appropriated for these purposes. Attached is a status report on HB 134 discounts that have been approved. The opportunity to apply for a veterans' discount expired on June 27, 1992. This bill would allow the department to fulfill the conditions of HB 134, enacted in 1991. The exact refund amounts are attached and match the requested appropriation.

**CSHB 59 (MLV)  
SPONSOR STATEMENT**

**OVERVIEW**

In 1978, the Land Discount Program was created by the Tenth Legislature. This program granted eligible persons a discount on the purchase price of land sold for residential use. The discount amounted to a rate of five percent of the price of the land for each full year that the purchaser had been a resident of the state. The discount was limited to 50% or \$25,000, whichever was less. To be eligible, a person must have been physically present in the state for at least 12 months.

This program was amended in 1979 to increase the discount for eligible veterans. Under the amended program, a veteran could receive a discount which was limited to 75% or \$37,500, whichever was less.

In *Gilman v. Martin*, 62 P. 2d 120 (Alaska 1983), the Alaska Supreme Court considered the granting of a land discount by a municipal ordinance based on the applicant's length of residence. Applying the decision from *Zobel v. Williams*, 457 U.S. 55 102 S.Ct. 2309, 72 L.Ed.2d 672 (1982), the court ruled that the municipal ordinance was unconstitutional as it violated the equal protection clauses of the U.S. and Alaska Constitutions. The decision was published on April 1, 1983.

The state land discount program had not been examined in *Gilman v. Martin*, but considering its comparability to the municipal ordinance in question, the Department of Natural Resources stopped the implementation of the state land discount program. Subsequently, during the First Session of the Thirteenth Legislature, the land discount program (AS 38.05.058) was eliminated effective July 16, 1983.

The Second Session of the Thirteenth Legislature established the current veterans' land discount benefit, AS 38.05.940, effective July 6, 1984. This benefit program differed from the original in two major ways. One, an eligible veteran purchasing state land under this program was entitled to a flat 25% discount. Two, an eligible veteran is not allowed to use this discount toward the purchase of land offered under a restricted sale under AS 38.05.067 (the previous program allowed this).

A problem lied with veterans who had purchased land from the state between April 1, 1983 and July 6, 1984. These veterans had not been granted any discount at all, due to the fact that the program was not being implemented from April 1, 1983, was repealed on July 16, 1983 and the new program did not go into effect until July 6, 1984.

In an effort to correct this inequity, the Sixteenth Legislature passed CSHB 134(RES) which made the current veterans land benefit effective retroactively to April 1, 1983, when DNR stopped the implementation of the former discount program. CSHB 134(RES) did not contain any appropriation language, in effect it only authorized the payment of discounts to affected veterans. House Bill 176, introduced in the Seventeenth Legislature, contained the appropriation for the Veterans Land Discounts. This legislation passed the House and was referred to the Senate, where it passed the Senate Resources and Finance Committees. HB 176 died in the Senate Rules Committee when the Seventeenth Legislature adjourned.

#### **WHAT HOUSE BILL 59 DOES**

House Bill 59 makes a special appropriation to the Department of Natural Resources for refunds to veterans who purchased state land between April 1, 1983 and July 6, 1984. It also reimburses the University of Alaska for the veterans' land discount that applied to land that was transferred to the University of Alaska. This bill would allow DNR to fulfill the conditions of CSHB 134 (RES), enacted in 1991.

The Department of Natural Resources has expressed their support for HB 59 with some suggested technical amendments (Amendments were made in the Military & Veterans Affairs Committee).

# TIMELINE OF VETERANS' LAND DISCOUNT PROGRAM

<b>JULY, 1978</b>	Land Discount Program created by Tenth Legislature
<b>JULY, 1979</b>	Land Discount Program amended to increase maximum discount for eligible veterans to 75% or \$37, 500
<b>APRIL 1, 1983</b>	Gilman v. Martin decision. DNR stops the implementation of Land Discount Program
<b>JULY 16, 1983</b>	13th Legislature repeals AS 38.05.058, eliminating Land Discount Program
<b>JULY 6, 1984</b>	13th Legislature establishes current Veterans Land Discount Benefit (AS 38.05.940)
<b>JULY 28, 1991</b>	16th Legislature passes HB 176, making the Veterans Land Discount Benefit effective retroactively to April 1, 1983.

***Veterans who purchased land during this period did not receive discounts and are affected by HB 59***

# MEMORANDUM

DNR - Division of Land

State of Alaska

TO: Ron Swanson  
Director

DATE: July 1, 1992

FILE NO:

THRU:

TELEPHONE NO: 2244

SUBJECT: Status Report  
Retroactive Veteran's  
Discount Pursuant to  
Chapter 82, SLA 1991

FROM: Robert A. Baker <sup>RAB</sup>  
Natural Resource Manager

The following is a status report on the retroactive veteran's land discounts received to date and how monies have been applied to those accounts approved.

Approved	36
Denied	6
Pending	0
Total Apln. Received	42

### Financial Status:

Total amount approved (non-University)	\$ 75,761.99
Total amount approved (University)	\$ 49,925.00
Total amount approved	\$125,686.99
Total excess credit (refund due)	\$ 24,605.13
Total University reimbursement	\$ 49,925.00
Total funds needed as of <sup>5/31/92</sup> <sub>6/30</sub>	\$ 74,530.13

If additional data is required to support legislative appropriation to fund University reimbursement and excess credit to title holders, please let us know.

A spreadsheet is attached which details how monies were applied to individual accounts.

cc: Sharon Barton, DNR, Division of Management  
Marty Epstein, University of AK, Office of Statewide Land Mgmt

## CHAPTER 82 SLA 1991

7/1/92

ADL #	NAME	DATE APLN RECD	STATUS	APPROVAL DATE	CREDIT APPLIED TO ACCT	EXCESS CREDIT (REFUND)	TOTAL DISCOUNT AMOUNT	UNIV	COMMENTS	
16600	Stafford, Bruce	11-Jul-91	Approved	30-Sep-91			8000.00	U	8000.00	Was subj to default
16634	Johnson, Bernard	18-Jul-91	Approved	24-Jul-91	0.00	5050.00	5050.00			
16514	Vail, Mark A.	29-Jul-91	Approved	29-Aug-91			2575.00			Discount used to bring current
16568	Allison, Danny R.	02-Aug-91	Approved	22-Aug-91	730.00	0.00	730.00			
56	Brown, Delon A.	07-Aug-91	Approved	22-Aug-91	0.00	803.00	803.00			
16739	Musgrove, John W.	07-Aug-91	Approved	22-Aug-91	0.00	3160.99	3160.99			
16593	Malette, David J.	20-Aug-91	Approved	30-Sep-91	0.00	6125.00	6125.00	U		
03704	Gross, Harvey B.	21-Aug-91	Approved	22-Aug-91	4141.40	0.00	4141.40			
16586	Sisson, Glen S.	28-Aug-91	Approved	30-Sep-91			6625.00	U	6625.00	Was subj to default
10017	Wilcox, Theodore C.	04-Sep-91	Approved	16-Sep-91	1711.23	0.00	1711.23			Was subj to default
03670	Lewis, James F.	15-Oct-91	Approved	13-Nov-91	3276.79	0.00	3276.79			
04463	Richardson, William	01-Oct-91	Approved	8-Nov-91	840.72	0.00	840.72			Was subj to default
10330	Weaver, Clay J.	06-Sep-91	Denied	26-Sep-91						
10332	Keltner, Tom R.	06-Sep-91	Denied	26-Sep-91						
16574	Unserfer, Hayden A.	09-Sep-91	Approved	16-Sep-91	1702.50	0.00	1702.50			
03569	Carpenter, George R.	11-Sep-91	Approved	20-Sep-91	7034.05	0.00	7034.05			
16625	Umlauf, Paul	12-Sep-91	Approved	30-Sep-91			5750.00	U	5750.00	
03582	Nordmark, William D.	23-Sep-91	Approved	25-Sep-91	7227.61	0.00	7227.61			
03894	Lockhart, Greg	27-Sep-91	Denied	9-Oct-91						
03891	Ballentine, George	30-Sep-91	Approved	25-Nov-91	2336.24	0.00	2336.24			Was subj to default & on MH Land
06761	Christie, Chris	09-Oct-91	Approved	11-Oct-91	2025.00	0.00	2025.00			
16589	Hartley, Robert G.	08-Oct-91	Approved	8-Nov-91			6750.00	U	6750.00	Was subj to default
10333	Cool, Jack G.	10-Oct-91	Denied	15-Oct-91						
13	Novy, Michael E.	10-Oct-91	Approved	24-Oct-91	1354.88	0.00	1354.88			
03565	McFarland, James	21-Oct-91	Approved	13-Nov-91	0.00	6534.57	6534.57			
08086	Ambush, Fred	24-Oct-91	Approved	3-Dec-91	523.46	0.00	523.46			
16630	Mundy, Wayne	01-Nov-91	Approved	22-Nov-91			5750.00	U	5750.00	Was subj to default
20912	Davis, Gordon	04-Nov-91	Denied	21-Nov-91						
03584	Cotman, Brian G.	21-Nov-91	Approved	22-Nov-91	7045.91	0.00	7045.91			
16642	Okuley, Marcus	12-Dec-91	Approved	19-Dec-91			10050.00	U	10050.00	Was subj to default
39826	Robinson, Benjamin P.	02-Jan-92	Approved	11-Mar-92	0.00	545.88	545.88	U		
36419	Holland, Bernard G.	09-Jan-92	Approved	29-Jan-92	948.75	0.00	948.75			Was subj to default

CHAPTER 82 SLA 1991

ADL #	NAME	DATE APLN RECD	STATUS	APPROVAL DATE	CREDIT APPLIED TO ACCT	EXCESS CREDIT (REFUND)	TOTAL DISCOUNT AMOUNT	UNIV	COMMENTS
216601	Schwochert, John E.	17-Jan-92	Approved	6-Mar-92			7000.00	U	7000.00 Was subj to default
103710	Schweizer, Jeffrey L.	22-Jan-92	Approved	29-Jan-92	744.86	0.00	744.86		Was subj to default
103874	Franks, Dennis W.	05-Feb-92	Denied	25-Feb-92					See ADL 406830
213726	Soderstrom, Gary	13-Feb-92	Approved	2-Mar-92	0.00	1060.38	1060.38		
.706	Stokes, Richard L.	07-Feb-92	Approved	25-Feb-92	3719.29	0.00	3719.29		Received by Assgn - Was orig owner
103547	Hillis, Donald G.	31-Mar-92	Approved	8-Apr-92	0.00	1208.53	1208.53		
215864	Mallett, Eric S.	09-Apr-92	Approved	15-Apr-92	0.00	116.78	116.78		
216585	Kern, Edward D.	09-Apr-92	Approved	15-Apr-92	1071.02	0.00	1071.02		Was subj to default
409935	Plaskett, David C.	11-May-92	Approved	12-May-92	1749.39	0.00	1749.39		Was subj to default
406539	Flaharty, Richard R.	22-May-92	Approved	10-Jun-92	398.76	0.00	398.76		Was subj to default
					48581.86	24605.13	125686.99		49925.00

# STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

## DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

400 WILLOUGHBY AVENUE  
JUNEAU, ALASKA 99801-1796  
PHONE: (907) 465-2400  
FACSIMILE: (907) 586-2754

January 29, 1993

The Honorable Richard Foster, Chair  
House Military and Veterans' Affairs Committee  
P.O. Box V  
Juneau, Alaska 99811

Dear Representative Foster:

Subject: HB 59, Appropriation bill for veterans' discount.

The Department of Natural Resources supports this bill. HB 134, enacted in 1991, allowed eligible veterans who were not permitted to claim a veteran's land discount between April 1, 1983 and July 6, 1984 to retroactively claim that discount. Veterans purchasing state land had been denied the discount during the period between the court's invalidation of the old discount law and the enactment of a new discount law.

According to the terms of HB 134, the department credited the veteran's discount against the remaining amount owed on the land. However, in cases where the land contract is paid off we are required to issue a refund to the veteran for the discount amount. We are also required to reimburse the University of Alaska for discounts credited to University land. No funds have yet been appropriated for these purposes. Attached is a status report on HB 134 discounts that have been approved. The opportunity to apply for a veterans' discount expired on June 27, 1992.

This bill would allow the department to fulfill the conditions of HB 134, enacted in 1991. The exact refund amounts are attached and match the requested appropriation.

Technical amendments are proposed on lines 9 and 10 to clarify that the opportunity to apply for a discount has expired. On line 9 change qualify to qualified and on line 10 delete "may" and change apply to applied.

Cordially,



Glenn A. Olds  
Commissioner

enclosure

cc: Ron Swanson, Director, Division of Land  
Janet Burleson, Division of Land