

SB

102

SENATE COMMITTEE REPORT
FIRST COMMITTEE OF REFERRAL

John

DATE: 2/5/93

FURTHER: FINANCE

Date of 5-Day Notice: 2/11/93
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 3-9-93

CRA Committee considered SB 102

"An Act relating to municipal property tax exemptions for certain residences and to property tax equivalency payments for certain residents; and providing for an effective date."

and recommends:

replace with _____ CS SB 102 (CRA)

attaches amendment(s)

same title
 new title
 technical title change (HB only)

adopts _____ Letter of Intent

further referral to the _____

do pass

do not pass

no recommendation

individual recommendations

FISCAL NOTE INFORMATION

Department	Date	Zero	Fiscal
* Dept CRA (2)	12/28/92	0	applies CS
* Admin	12/28/92	0	applies CS
Ed for SB	3-4	new	✓
Ed for CS	3-9	new	✓

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

Governor's Bill with Previous Fiscal Notes (enter information above)

DO PASS:

OTHER RECOMMENDATIONS:

Adrian I. Taylor Do NOT Pass
Paul J. Harhoff No Rec-

Carol E. Reed Do Pass
Chair: Signature and Recommendation

STATE OF ALASKA
1993 LEGISLATIVE SESSION

Bill Version: SB 102
(S) Publish Date: 2/5/93

Revision Date: _____
Title: An act relating to municipal tax exemptions
Sponsor: Rules Committee
Requestor: Governor

Department Affected: Administration
BRU: Div. of Pioneers' Benefits
Component: Central Office

COMPONENT SERIAL NO. 34

Expenditures/Revenues:

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	0	0	0	0	0	0
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FUNDING:

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

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

Estimate of current year (FY93) impact: 0

ANALYSIS: (Attach a separate page if necessary.)
There is no fiscal impact on programs in the Division of Pioneers' Benefits

Prepared by: Dennis L. DeWitt, Director
Division: Pioneers' Benefits

Phone: 465-4400
Date: 12/23/92

Approved by Commissioner: Nancy Bear Usery
Agency: Administration

Date: 12/28/92

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FISCAL NOTE

STATE OF ALASKA

BILL NO. CS SB102(CRA)

1993 LEGISLATIVE SESSION

Revision Date: 1-9-93

Department Affected: Education

Title: An act relating to municipal property tax exemptions certain residences and to property tax equivalency payment

BRU: K-12

Sponsor: Governor

Component: Foundation Program

Requestor: Governor

COMPONENT SERIAL NO. 141

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	0	0	0-(3,267.5)	0-(3,398.2)	0-(3,534.1)	0-(3,675.5)
MISCELLANEOUS						
TOTAL OPERATING	0	0	0-(3,267.5)	0-(3,398.2)	0-(3,534.1)	0-(3,675.5)

CAPITAL						
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REVENUE FUND SOURCE:						
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FUNDING:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0	0	0-(3,267.5)	0-(3,398.2)	0-(3,534.1)	0-(3,675.5)
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0	0	0-(3,267.5)	0-(3,398.2)	0-(3,534.1)	0-(3,675.5)

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$ _____

ANALYSIS: (Attach a separate page if necessary.)

See attached

Prepared by: Eddy Jeans

Phone: 465-8685

Division: School Finance

Date: _____

Approved by Commissioner: 

Jerry Covey

Agency: Education

Date: 3-9-93

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ALASKA DEPARTMENT OF EDUCATION
 PROJECTED FY94 FOUNDATION PROGRAM
 AS 14.17.025(a)

CS for SB102(CRA)

	Existing REQUIRED LOCAL	Proposed REQUIRED LOCAL	Proposed less Existing
ALEUTIANS EAST	347,436	347,436	0
ANCHORAGE	45,025,539	46,486,748	1,461,209
BRISTOL BAY	694,694	698,215	3,521
CORDOVA	607,508	619,992	12,484
CRAIG	203,817	208,982	5,165
DILLINGHAM	484,940	495,536	10,596
FAIRBANKS	13,025,178	13,363,680	338,502
GALENA	79,860	79,860	0
HAINES	490,999	523,711	32,712
HOONAH	91,252	91,252	0
HYDABURG	22,945	22,945	0
JUNEAU	6,267,941	6,550,657	282,716
KAKE	67,805	67,805	0
KENAI	13,861,476	14,206,515	345,039
KETCHIKAN	3,735,550	3,885,318	149,768
KLAWOCK	59,175	59,175	0
KODIAK	3,317,211	3,379,810	62,599
LAKE AND PENN.	273,695	273,695	0
MATSU	8,082,495	8,437,710	355,215
NENANA	60,449	64,017	3,568
NOME	506,525	526,061	19,536
NORTH SLOPE	4,898,758	4,898,758	0
NORTHWEST ARCTIC	1,307,724	1,307,724	0
PELICAN	55,690	56,709	1,019
PETERSBURG	746,311	797,875	51,564
SITKA	2,069,906	2,161,440	91,534
SKAGWAY	305,573	315,632	10,059
ST. MARY'S	17,837	17,837	0
TANANA	44,982	44,982	0
UNALASKA	880,950	880,950	0
VALDEZ	1,754,330	1,754,330	0
WRANGELL	531,989	559,678	27,689
YAKUTAT	79,829	82,799	2,970
TOTALS	\$110,000,369	\$113,267,834	\$3,267,465

Effect of CS for SB102(CRA) on the required local contribution of the foundation formula.
 The \$3,267,465 would reduce the required general fund for the foundation program.

Assumes a 4% annual increase after FY95 due to estimated property value increase. Fiscal note contains a range of cost from zero to (3,655.9) in FY96 because of the amendment in Section 1(a) which states, "However, the value of property exempted under AS 29.45.052 may not be included in the determination". This amendment allows each municipality to voluntarily participate in the exemption of property owned by senior citizens. Property of disabled veterans will continue to be exempt from the full value determination. Properties covered by the optional deferral and property not exempted from taxation will be included in the full value determination.

Under the foundation program, AS 14.17.025, property that is included in the municipalities full value determination increases a district's required local contribution while decreasing the state general fund obligation.

FISCAL NOTE

STATE OF ALASKA

BILL NO. SB 102

1993 LEGISLATIVE SESSION

Revision Date: 3-4-93

Department Affected: Education

Title: An act relating to municipal property tax exemptions
certain residences and to property tax equivalency payment

BRU: K-12

Component: Foundation Program

Sponsor: Governor

Requestor: Governor

COMPONENT SERIAL NO. 141

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	0	(3,515.3)	(3,655.9)	(3,802.1)	(3,954.2)	(4,112.4)
MISCELLANEOUS						
TOTAL OPERATING	0	(3,515.3)	(3,655.9)	(3,802.1)	(3,954.2)	(4,112.4)

CAPITAL						
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REVENUE FUND SOURCE:						
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FUNDING:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0	(3,515.3)	(3,655.9)	(3,802.1)	(3,954.2)	(4,112.4)
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0	(3,515.3)	(3,655.9)	(3,802.1)	(3,954.2)	(4,112.4)

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$ -0-

ANALYSIS: (Attach a separate page if necessary.)

Assumes a 4% annual increase after FY95 due to estimated property value increase.

Prepared by: Eddy Jeans

Division: School Finance

Phone: 465-8685

Date: 3/4/93

Approved by Commissioner: [Signature]

Agency: Education

Jerry Covey

Date: 3-4-93

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ALASKA DEPARTMENT OF EDUCATION
 PROJECTED FY94 FOUNDATION PROGRAM
 AS 14.17.025(a)

	Existing REQUIRED LOCAL	Proposed REQUIRED LOCAL	Proposed less Existing
ALEUTIANS EAST	347,436	347,436	0
ANCHORAGE	45,025,539	46,661,983	1,636,444
BRISTOL BAY	694,694	698,215	3,521
CORDOVA	607,508	619,992	12,484
CRAIG	203,817	209,346	5,529
DILLINGHAM	484,940	495,536	10,596
FAIRBANKS	13,025,178	13,371,070	345,892
GALENA	79,860	79,860	0
HAINES	490,999	524,112	33,113
HOONAH	91,252	91,252	0
HYDABURG	22,945	22,945	0
JUNEAU	6,267,941	6,563,157	295,216
KAKE	67,805	67,805	0
KENAI	13,861,476	14,216,071	354,595
KETCHIKAN	3,735,550	3,887,900	152,350
KLAWOCK	59,175	59,175	0
KODIAK	3,317,211	3,383,068	65,857
LAKE AND PENN.	273,695	273,695	0
MATSU	8,082,495	8,471,434	388,939
NENANA	60,449	64,123	3,674
NOME	506,525	526,511	19,986
NORTH SLOPE	4,898,758	4,898,758	0
NORTHWEST ARCTIC	1,307,724	1,307,724	0
PELICAN	55,690	56,709	1,019
PETERSBURG	746,311	799,177	52,866
SITKA	2,069,906	2,161,956	92,050
SKAGWAY	305,573	316,114	10,541
ST. MARY'S	17,837	17,837	0
TANANA	44,982	44,982	0
UNALASKA	880,950	880,950	0
VALDEZ	1,754,330	1,754,330	0
WRANGELL	531,989	559,678	27,689
YAKUTAT	79,829	82,799	2,970
TOTALS	\$110,000,369	\$113,515,700	\$3,515,331

Effect of HB66/SB102 on the required local contribution of the foundation formula.
 The \$3,515,331 would reduce the required general fund for the foundation program.

FISCAL NOTE

STATE OF ALASKA

BILL NO. SB 102

1993 LEGISLATIVE SESSION

Revision Date: _____

Department Affected: Education

Title: An act relating to municipal property tax exemptions
certain residences and to property tax equivalency payment

BRU: K-12

Sponsor: Governor

Component: Foundation Program

Requestor: Governor

COMPONENT SERIAL NO. _____ 141

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	(3,515.3)	(3,655.9)	(3,802.1)	(3,954.2)	(4,112.4)	(4,276.9)
MISCELLANEOUS						
TOTAL OPERATING	(3,515.3)	(3,655.9)	(3,802.1)	(3,954.2)	(4,112.4)	(4,276.9)

CAPITAL						
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REVENUE FUND SOURCE:						
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FUNDING:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	(3,515.3)	(3,655.9)	(3,802.1)	(3,954.2)	(4,112.4)	(4,276.9)
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	(3,515.3)	(3,655.9)	(3,802.1)	(3,954.2)	(4,112.4)	(4,276.9)

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$ _____

ANALYSIS: (Attach a separate page if necessary.)

Assumes a 4% annual increase after FY94 due to estimated property value increase.

Prepared by: Eddy Jeans

Phone: 465-8685

Division: School Finance

Date: 3/3/93

Approved by Commissioner: _____

Jerry Covey

Agency: Education

Date: 3-3-93

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ALASKA DEPARTMENT OF EDUCATION
 PROJECTED FY94 FOUNDATION PROGRAM
 AS 14.17.025(a)

	Existing REQUIRED LOCAL	Proposed REQUIRED LOCAL	Proposed less Existing
ALEUTIANS EAST	347,436	347,436	0
ANCHORAGE	45,025,539	46,661,983	1,636,444
BRISTOL BAY	694,694	698,215	3,521
CORDOVA	607,508	619,992	12,484
CRAIG	203,817	209,346	5,529
DILLINGHAM	484,940	495,536	10,596
FAIRBANKS	13,025,178	13,371,070	345,892
GALENA	79,860	79,860	0
HAINES	490,999	524,112	33,113
HOONAH	91,252	91,252	0
HYDABURG	22,945	22,945	0
JUNEAU	6,267,941	6,563,157	295,216
KAKE	67,805	67,805	0
KENAI	13,861,476	14,216,071	354,595
KETCHIKAN	3,735,550	3,887,900	152,350
KLAWOCK	59,175	59,175	0
KODIAK	3,317,211	3,383,068	65,857
LAKE AND PENN.	273,695	273,695	0
MATSU	8,082,495	8,471,434	388,939
NENANA	60,449	64,123	3,674
NOME	506,525	526,511	19,986
NORTH SLOPE	4,898,758	4,898,758	0
NORTHWEST ARCTIC	1,307,724	1,307,724	0
PELICAN	55,690	56,709	1,019
PETERSBURG	746,311	799,177	52,866
SITKA	2,069,906	2,161,956	92,050
SKAGWAY	305,573	316,114	10,541
ST. MARY'S	17,837	17,837	0
TANANA	44,982	44,982	0
UNALASKA	880,950	880,950	0
VALDEZ	1,754,330	1,754,330	0
WRANGELL	531,989	559,678	27,689
YAKUTAT	79,829	82,799	2,970
TOTALS	\$110,000,369	\$113,515,700	\$3,515,331

Effect of HB66/SB102 on the required local contribution of the foundation formula.
 The \$3,515,331 would reduce the required general fund for the foundation program.

FISCAL NOTE

Revision Date: _____ Dept. Affected: Community & Reg. Affairs
 Title: "An Act relating to property tax exemptions...." BRU: Senior Citizens/Disabled Veterans
 Component: Renters Equivalence Rebate
 Sponsor: _____
 Requestor: _____ COMPONENT SERIAL NO. 654

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
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REVENUE FUND SOURCE:						
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0	0	0	0	0	0

POSITIONS:

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

Estimate of current (FY93) impact \$ none

ANALYSIS: (Attach a separate page if necessary)
 The Renters Rebate program was instituted in order to treat seniors, who paid rent for their homes, on an equitable basis with those seniors who owned their own homes in terms of property tax relief. Since the Homeowners' program is being proposed for deletion with legislation making it a local option of the municipality, funding for the Renters Rebate program is also being deleted.
NOTE: This fiscal impact is reflected in the proposed FY94 operating budget.

Prepared by: Kermond Henderson Phone: 465-4708
 Division: Administrative Services Date: 12/29/92

Approved by Commissioner: Rh Ld EDGAR BLATCHFORD Date: 12/29/92

Agency: Community & Regional Affairs

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FISCAL NOTE

Revision Date: _____ Dept. Affected: (Community & Reg Affs)
 Title: "An Act relating to property tax
exemptions...." BRU: Senior Citizens/Disabled Veterans
 Component: Homeowner's Property Tax
 Sponsor: _____ Exemption
 Requestor: _____ COMPONENT SERIAL NO. 653

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
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REVENUE FUND SOURCE:						
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0	0	0	0	0	0

POSITIONS:

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

Estimate of current (FY93) Impact \$ none

ANALYSIS: (Attach a separate page if necessary)
 As the law currently exists, municipalities are required to fund the balance of the program not funded by the state. Full funding for this program is approximately 13 million, however, at the current state general fund level of 2838.8 (21.8% of full funding amount), municipalities are required, by statute, to fund the balance. This places an extreme hardship on municipalities who are already faced with declining revenues. Therefore, the department proposes to celete the funding for this program and support legislation which would make the program a local option of the municipalities.
 Note: This fiscal impact is reflected in the proposed FY94 operating budget.

Prepared by: KIMMORR FLETCHER Phone: 465-4708
 Division: Administrative Services Date: 12/29/92

Approved by Commissioner: Rh for EDGAR BLANKHARD Date: 12/29/92

Agency: Community & Regional Affairs

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STATE OF ALASKA
1993 LEGISLATIVE SESSION

Bill Version: SB 102
(S) Publish Date: 2/5/93

Revision Date: _____
Title: An act relating to municipal tax exemptions
Sponsor: Rules Committee
Requestor: Governor

Department Affected: Administration
BRU: Div. of Pioneers' Benefits
Component: Central Office

COMPONENT SERIAL NO. 34

Expenditures/Revenues:

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	0	0	0	0	0	0
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FUNDING:

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

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

Estimate of current year (FY93) impact: 0

ANALYSIS: (Attach a separate page if necessary.)
There is no fiscal impact on programs in the Division of Pioneers' Benefits

Prepared by: Dennis L. DeWitt, Director
Division: Pioneers' Benefits

Phone: 465-4400
Date: 12/28/92

Approved by Commissioner: Nancy Bear Usher
Agency: Administration

Date: 12/28/92

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
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Revision Date: 2/11/93

Dept. Affected: Community & Regional Affairs

Title: "An Act relating to property tax exemptions..."

BRU: Senior Citizens/Disabled Veterans

Component: Homeowners' Property Tax Exemption

Sponsor: Rules

Requestor: Governor

COMPONENT SERIAL NO.

653

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
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REVENUE FUND SOURCE:						
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FUNDING:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0	0	0	0	0	0

POSITIONS:

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

Estimate of current (FY93) Impact \$ none

ANALYSIS: (Attach a separate page if necessary)

As the law currently exists, municipalities are required to fund the balance of the program not funded by the state. Full funding for this program is approximately 13 million, however, at the current state general fund level of 2838.8 (21.8% of full funding amount), municipalities are required, by statute, to fund the balance. This places an extreme hardship on municipalities who are already faced with declining revenues. Therefore, the department proposes to delete the funding for this program and support legislation which would make the program a local option of the municipalities.

NOTE: This fiscal impact is reflected in the proposed FY94 operating budget.

Prepared by: *Remond Henderson*

Phone: 465-4708

Division: Administrative Services

Date: 2/11/93

Approved by Commissioner: *Sam R. Light*

Date: 2/11/93

Agency: Community & Regional Affairs

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

For further distribution information call the Governor's Legislative Office

Revision Date: 2/11/93 Dept. Affected: Community & Regional Affairs
 Title: "An Act relating to property tax exemptions..." BRU: Senior Citizens/Disabled Veterans
 Component: Renters Equivalency Rebate
 Sponsor: Rules
 Requestor: Governor COMPONENT SERIAL NO. 654

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

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

REVENUE FUND SOURCE:						
----------------------	--	--	--	--	--	--

FUNDING:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0	0	0	0	0	0

POSITIONS:

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

Estimate of current (FY93) Impact \$ none

ANALYSIS: (Attach a separate page if necessary)

The Renters Rebate program was instituted in order to treat seniors, who pay rent for their homes, on an equitable basis with those seniors who owned their own homes in terms of property tax relief. Since the Homeowners' program is being proposed for deletion with legislation making it a local option of the municipality, funding for the Renters Rebate program is also being deleted

NOTE: This fiscal impact is reflected in the proposed FY94 operating budget.

Prepared by: Remond Henderson Phone: 465-4708

Division: Administrative Services Date: 2/11/93

Approved by Commissioner: Ben R. Smith Date: 2/11/93

Agency: Community & Regional Affairs

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AN OPAG STUDY

The Impact of
Older Alaskans
on the
Economy of Alaska

Information for this study collected and compiled by
Older Persons Action Group, Inc.,
Board of Directors

April 1992

*This study follows three previous studies compiled and produced by
the OPAG Board of Directors and Staff*

Older Persons Action Group, Inc.
325 E. Third Avenue, Suite 300
Anchorage, AK 99501

Introduction

As Alaska matures, so does its population. In 1987, the OPAG Board of Directors prepared and produced the report *Why Encourage Seniors to remain in Alaska?* OPAG continues to research and study the impact of older Alaskans in the 1990s.

The information included in this paper represents many hours of volunteer work conducted by the OPAG Board of Directors and staff. The study is on-going and OPAG welcomes comments and suggestions.

Conspicuous by its absence is information about volunteer work contributed by older Alaskans in every community, village, city and borough of the state. Volunteers throughout Alaska are now in the process of collecting and totaling those very valuable hours of service.

Information used in this report is documented and includes verifiable reports from reliable sources.

The impact of older Alaskans on the state's economy

Older Alaskans are a year-round economic and social resource. Other states rely on retirement communities to stabilize and balance their budget. Alaska, too, has that option.

Many people retire from work between the ages of 50 and 60. Those are the years when decisions are made to stay in Alaska or move to another area. A look at the factors which influence that decision include climate; housing options; individual life styles including the right to remain in the work force; cost; and availability of health care, social and recreational opportunities. Given the high cost of living in Alaska, the few who move to this state after retiring in their later years most often do so to be near their adult children.

It is important to note that retirement assets are among the most portable of all assets. Each person who moves takes with them benefits earned from former employers, social security, annuities and bank accounts. Each person moving to Alaska will purchase groceries, pay for housing and utilities. In short, they will contribute to the economy as we all do. It should also be noted that each time an older consumer moves from the state, Alaska loses that individual's income, other financial assets, expertise, experience and continuing contributions.

Prior to the introduction of the longevity bonus and property tax/renters

rebate programs, most seniors who could afford a move went "south" when they retired. They sold or rented their home, withdrew checking/savings account, took their pensions, annuities, social security, health care benefits, earned interest, dividends and other assets and moved out of the state to a warmer and less expensive climate. Those who left at age 55 could have contributed to Alaska's economy and social welfare for ten years before qualifying for either the bonus or tax exemption.

A report released by the National Association of Retired Federal Employees (NARFE) included a state-by-state rundown on the net gain or loss to each state's economy resulting from migration of older persons. From 1985 to 1990, Florida's economy gained \$5,095,000,000. During that same period, Alaska's economy lost \$41,000,000.

The economic loss is great. Older consumers tend to shop in stores located near their residences, patronize local merchants and spend most of their total income in the community where they live. They consume fewer public services than other groups since few have children in the school system, most drive fewer miles than younger people, seldom require services of the police. This group does consume more medical services than other age groups; however, medical insurance pays most of the costs and contributes to the support of the medical community.

Older Alaskans are a wonderful source of volunteer help for their community. Retirement is a time when people can select activities for satisfaction and pleasure. For many that means supporting a favorite group, volunteering to share their interests, expertise and talents with others. For the town, city or village where older people live, that means volunteer services for hospitals, schools, libraries, museums, visitors centers, parks and gardens. The list is never-ending and includes a wide variety of contributions.

Older Persons Action Group, Inc. (OPAG) wanted to determine what Alaska's older residents contributed to this state. This paper includes the findings of that study as of April 1992.

This study is one of OPAG's many efforts to provide Alaskans with the information needed to foster a healthy intergenerational society where all ages are assured the right to live in dignity and with security.

Additional copies of this study can be obtained at Older Persons Action Group, Inc., 325 E. Third Avenue, Suite 300, Anchorage, AK 99501. A small donation to cover mailing and handling charges would be appreciated.

AN OPAG STUDY

The Impact of Older Alaskans on the Economy of Alaska *as of March 1992*

Retirement annuities, pensions, etc., mailed to Alaskan addresses:

1. Federal	\$ 89,338,436
2. Military	72,378,369
3. Social Security	235,632,240
4. SSI (elderly only)	2,073,563
5. State	112,439,609
6. Labor	65,068,461
7. Corporate	940,718
Total Retirement Income	\$577,871,396
8. Wages & Salary	372,277,924
Total Retirement Income plus Wages & Salary	\$ 950,149,320
9. Medicare A & B	227,000,000
10. Veteran's Benefits	87,041,365
Grand Total	\$1,264,190,685

The above figures do not include monies appropriated from the General Fund such as the Longevity Bonus.

This total does not include money derived from private investments or individual tax deferred plans.

Using a multiplier of 1.8, the impact of \$1,264,190,685 is \$2,275,543,233. This is a most conservative multiplier; other reports and sources use up to 7.0.



Official Business

COMMITTEE:

SENATE COMMUNITY & REGIONAL AFFAIRS

DATE: 2/18/93

Subject of meeting:

SB 102 MUNICIPAL PROPERTY TAX EXEMPTIONS

SIGN-IN

PLEASE PRINT!

NAME

ADDRESS

(MAILING) & (ZIP)

PHONE

REPRESENTING

DO YOU WANT TO TESTIFY?

NAME	ADDRESS (MAILING) & (ZIP)	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Kent Swisher	217 2nd St Juneau	586-1325	AML	yes.
Bruce Geraylty	Juneau	4700	DCRA	Yes
Cornie Sipa	Juneau	2-250	Juneau Area	Yes

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7
7

8-GH1032R
Cook
3/5/93

*Proposed
House Bill*

CS FOR HOUSE BILL NO. 66()

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTEENTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to an exemption from and deferral of municipal property taxes
2 for certain primary residences, to property tax equivalency payments for certain
3 residents, to the determination of full and true value of taxable property in a
4 municipality; and providing for an effective date."

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

6 * Section 1. AS 14.17.140(a) is amended to read:

7 (a) To determine the amount of local effort under AS 14.17.025 and to aid the
8 department and the legislature in planning, the Department of Community and
9 Regional Affairs, in consultation with the assessor for each district, shall determine the
10 full value of the taxable real and personal property in each city or borough district.
11 If there is no local assessor or current local assessment for a district, then the
12 Department of Community and Regional Affairs shall make the determination of full
13 value from information available. In making the determination, the Department of
14 Community and Regional Affairs shall be guided by AS 29.45.110. However, the

1 value of property exempted under AS 29.45.052 may not be included in the
2 determination. The determination of full value shall be made by October 1 and sent
3 by certified mail, return receipt requested, on or before that date to the president of the
4 school board in each district. Duplicate copies shall be sent to the commissioner. The
5 governing body of a borough or city that is a school district may obtain judicial review
6 of the determination. The superior court may modify the determination of the
7 Department of Community and Regional Affairs only upon a finding of abuse of
8 discretion or upon a finding that there is no substantial evidence to support the
9 determination.

10 * Sec. 2. AS 29.45.030(h) is amended to read:

11 (h) Nothing [EXCEPT AS PROVIDED IN (g) OF THIS SECTION,
12 NOTHING] in (i) [(e) - (j)] of this section affects similar exemptions from property
13 taxes granted by a municipality on September 10, 1972, or prevents a municipality
14 from granting similar exemptions by ordinance as provided in AS 29.45.050.

15 * Sec. 3. AS 29.45.030(k) is amended to read:

16 (k) The department shall adopt regulations to implement the provisions of [(g)
17 AND] (j) of this section.

18 * Sec. 4. AS 29.45 is amended by adding new sections to read:

19 Sec. 29.45.052. OPTIONAL EXEMPTION FOR CERTAIN RESIDENCES.

20 (a) The real property owned and occupied as the primary residence and permanent
21 place of abode by a resident of the state who is (1) 65 years of age or older, (2) a
22 disabled veteran; or (3) at least 60 years old and the widow or widower of a person
23 who qualified for an exemption under former AS 29.45.030(e) or under (1) or (2) of
24 this section, may by ordinance be exempted from taxation on all or part of the assessed
25 value of the real property. Only one exemption may be granted for the same property
26 and, if two or more persons are eligible for an exemption for the same property, the
27 parties shall decide between or among themselves who is to receive the benefit of the
28 exemption. Real property may not be exempted under this subsection if the assessor
29 determines, after notice and hearing to the parties, that the property was conveyed to
30 the applicant primarily for the purpose of obtaining the exemption. The determination
31 of the assessor may be appealed under AS 44.62.560 - 44.62.570.

1 (b) In this section,

2 (1) "disabled veteran" means a disabled person separated from the
3 military service of the United States under a condition that is not dishonorable, whose
4 disability was incurred or aggravated in the line of duty in the military service of the
5 United States, and whose disability has been rated as 50 percent or more by the branch
6 of service in which that person served or by the Department of Veterans' Affairs;

7 (2) "real property" includes mobile homes, whether classified as real
8 or personal property for municipal tax purposes.

9 Sec. 29.45.054. OPTIONAL DEFERRAL FOR CERTAIN RESIDENCES. (a)

10 Payment of taxes on all or part of the assessed value of real property may be deferred
11 by ordinance if the property is owned and occupied as the primary residence and
12 permanent place of abode by a resident of the state who is (1) 65 years of age or
13 older; (2) a disabled veteran; or (3) at least 60 years old and the widow or widower
14 of an individual who qualified for an exemption under former AS 29.45.030(e) or for
15 a deferral under (1) or (2) of this section. The taxes become due when the property
16 ceases to be owned by the resident who qualified for the deferral or the spouse if the
17 spouse also qualified for a deferral. Only one deferral may be granted for the same
18 property and, if two or more persons are eligible for a deferral for the same property,
19 the parties shall decide between or among themselves who is to receive the benefit of
20 the deferral. Payment of taxes may not be deferred under this subsection if the
21 assessor determines, after notice and hearing to the parties, that the property was
22 conveyed to the applicant primarily for the purpose of obtaining the deferral. The
23 determination of the assessor may be appealed under AS 44.62.560 - 44.62.570.

24 (b) In this section,

25 (1) "disabled veteran" means a disabled person separated from the
26 military service of the United States under a condition that is not dishonorable, whose
27 disability was incurred or aggravated in the line of duty in the military service of the
28 United States, and whose disability has been rated as 50 percent or more by the branch
29 of service in which that person served or by the Department of Veterans' Affairs;

30 (2) "real property" includes mobile homes, whether classified as real
31 or personal property for municipal tax purposes.

- 1 * Sec. 5. AS 29.45.030(a)(6), 29.45.030(e), 29.45.030(f), 29.45.030(g), 29.45.030(i),
- 2 29.45.040, and 29.45.050(i) are repealed.
- 3 * Sec. 6. This Act takes effect January 1, 1994.

8-GS1032J
Cook
3/5/93

Includes 3 amendments

CS FOR SENATE BILL NO. 102(CRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered:
Referred:

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to municipal property tax exemptions for certain residences, to
2 property tax equivalency payments for certain residents, and to the determination
3 of full and true value of taxable property in a municipality; and providing for
4 an effective date."

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

6 * Section 1. AS 14.17.140(a) is amended to read:

7 (a) To determine the amount of local effort under AS 14.17.025 and to aid the
8 department and the legislature in planning, the Department of Community and
9 Regional Affairs, in consultation with the assessor for each district, shall determine the
10 full value of the taxable real and personal property in each city or borough district.
11 If there is no local assessor or current local assessment for a district, then the
12 Department of Community and Regional Affairs shall make the determination of full
13 value from information available. In making the determination, the Department of
14 Community and Regional Affairs shall be guided by AS 29.45.110. However, the

Amendment #1

1 value of property exempted under AS 29.45.052 may not be included in the
 2 determination. The determination of full value shall be made by October 1 and sent
 3 by certified mail, return receipt requested, on or before that date to the president of the
 4 school board in each district. Duplicate copies shall be sent to the commissioner. The
 5 governing body of a borough or city that is a school district may obtain judicial review
 6 of the determination. The superior court may modify the determination of the
 7 Department of Community and Regional Affairs only upon a finding of abuse of
 8 discretion or upon a finding that there is no substantial evidence to support the
 9 determination.

10 * Sec. 2. AS 29.45.030(e) is amended to read:

11 (e) The real property owned and occupied as the primary residence and
 12 permanent place of abode by a resident who is (1) a [RESIDENT 65 YEARS OF
 13 AGE OR OLDER; (2)] disabled veteran; or (2) [(3) RESIDENT] at least 60 years old
 14 and [WHO IS] the widow or widower of a person who qualified for an exemption
 15 under (1) [OR (2)] of this subsection, is exempt from taxation on the first \$150,000
 16 of the assessed value of the real property. A municipality may, in case of hardship,
 17 provide for exemption beyond the first \$150,000 of assessed value in accordance with
 18 regulations of the department. Only one exemption may be granted for the same
 19 property and, if two or more persons are eligible for an exemption for the same
 20 property, the parties shall decide between or among themselves who is to receive the
 21 benefit of the exemption. Real property may not be exempted under this subsection
 22 if the assessor determines, after notice and hearing to the parties, that the property was
 23 conveyed to the applicant primarily for the purpose of obtaining the exemption. The
 24 determination of the assessor may be appealed under AS 44.62.560 - 44.62.570.

25 * Sec. 3. AS 29.45.040(a) is amended to read:

26 (a) A resident of the state who rents a permanent place of abode is eligible for
 27 a tax equivalency payment from the state through the department if the resident is:
 28 (1) [AT LEAST 65 YEARS OLD;
 29 (2)] a disabled veteran; or
 30 (2) [(3)] at least 60 years old and the widow or widower of a person
 31 who was eligible for payment under (1) [OR (2)] of this subsection.

Amendment #2

1 * Sec. 4. AS 29.45.040(d) is amended to read:

2 (d) If two or more persons occupy a residence as tenants, not all of whom are
3 eligible for a tax equivalency payment under this section, the assessor shall determine
4 equitable partial payments to be made to the eligible tenants. However, a tax
5 equivalency payment to an eligible applicant may not be reduced because the spouse
6 [IS LESS THAN 65 YEARS OF AGE OR] is not a disabled veteran. If all occupants
7 in a residence are eligible for a tax equivalency payment under this section, the
8 occupants shall decide between and among themselves who [WHICH] shall receive
9 payment.

10 * Sec. 5. AS 29.45.050(i) is amended to read:

11 (i) A municipality may by ordinance approved by the voters exempt from
12 taxation the assessed value that exceeds \$150,000 of real property owned and occupied
13 as a permanent place of abode by a resident who is

14 (1) [65 YEARS OF AGE OR OLDER;

15 (2)] a disabled veteran, including a person who was disabled in the line
16 of duty while serving in the Alaska Territorial Guard; or

17 (2) [(3)] at least 60 years old and a widow or widower of a person who
18 qualified for an exemption under (1) [OR (2)] of this subsection.

19 * Sec. 6. AS 29.45 is amended by adding a new section to read:

20 Sec. 29.45.052. OPTIONAL EXEMPTION FOR CERTAIN PRIMARY
21 RESIDENCES. (a) The real property owned and occupied as the primary residence
22 and permanent place of abode by a resident who is (1) at least 65 years old; or (2) at
23 least 60 years old and the widow or widower of a person who qualified for an
24 exemption under (1) of this subsection, may by ordinance be exempted from taxation
25 on all or part of the assessed value of the real property. The ordinance may base the
26 exemption on hardship. Only one exemption may be granted for the same property,
27 and if two or more persons are eligible for an exemption for the same property, the
28 exemption may not be granted unless the parties decide between or among themselves
29 who is to receive the benefit of the exemption. Real property may not be exempted
30 under this subsection if the local assessor determines, after notice and hearing to the
31 parties, that the property was conveyed to the applicant primarily for the purpose of

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obtaining the exemption. The determination of the assessor may be appealed to the superior court under procedures set out in AS 44.62.560 - 44.62.570.

(b) In this section, "real property" includes mobile homes, whether classified as real or personal property for municipal tax purposes.

* Sec. 7. This Act takes effect January 1, 1994.

Memorandum #3

8-GS1032AE
Cook
2/15/93

CS FOR SENATE BILL NO. 102(CRA)
IN THE LEGISLATURE OF THE STATE OF ALASKA
EIGHTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered:
Referred:

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to municipal property tax exemptions for certain residences and
2 to property tax equivalency payments for certain residents; and providing for an
3 effective date."

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

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

6 (h) Nothing [EXCEPT AS PROVIDED IN (g) OF THIS SECTION,
7 NOTHING] in (j) [(e) - (j)] of this section affects similar exemptions from property
8 taxes granted by a municipality on September 10, 1972, or prevents a municipality
9 from granting similar exemptions by ordinance as provided in AS 29.45.050.

10 * Sec. 2. AS 29.45.030(k) is amended to read:

11 (k) The department shall adopt regulations to implement the provisions of [(g)
12 AND] (j) of this section.

13 * Sec. 3. AS 29.45 is amended by adding a new section to read:

14 Sec. 29.45.052. OPTIONAL EXEMPTION FOR CERTAIN PRIMARY

1 RESIDENCES. (a) The real property owned and occupied as the primary residence
2 and permanent place of abode by a resident of the state who is (1) 65 years of age or
3 older; (2) a disabled veteran; or (3) at least 60 years old and who is the widow or
4 widower of a person who qualified for an exemption under (1) or (2) of this
5 subsection, may by ordinance be exempted from taxation on all or part of the assessed
6 value of the real property. The ordinance may base the exemption on hardship. Only
7 one exemption may be granted for the same property, and if two or more persons are
8 eligible for an exemption for the same property, the exemption may not be granted
9 unless the parties decide between or among themselves who is to receive the benefit
10 of the exemption. Real property may not be exempted under this subsection if the
11 local assessor determines, after notice and hearing to the parties, that the property was
12 conveyed to the applicant primarily for the purpose of obtaining the exemption. The
13 determination of the assessor may be appealed to the superior court under procedures
14 set out in AS 44.62.560 - 44.62.570.

15 (b) In this section,

16 (1) "disabled veteran" means a disabled person separated from the
17 military service of the United States under a condition that is not dishonorable, whose
18 disability was incurred or aggravated in the line of duty in the military service of the
19 United States, and whose disability has been rated as 50 percent or more by the branch
20 of service in which that person served or by the Department of Veterans' Affairs;

21 (2) "real property" includes mobile homes, whether classified as real
22 or personal property for municipal tax purposes.

23 * Sec. 4. AS 29.45.030(a)(6), 29.45.030(e), 29.45.030(f), 29.45.030(g), 29.45.030(i),
24 29.45.040, and 29.45.050(i) are repealed.

25 * Sec. 5. This Act is retroactive to January 1, 1993.

26 * Sec. 6. This Act takes effect immediately under AS 01.10.070(c).

A M E N D M E N T

OFFERED IN THE SENATE
TO: CSSB 102(CRA)

BY THE SENATE CRA COMMITTEE

Page 2, line 25:

Delete all material.

Re-number the following bill section accordingly.

Page 2, line 26:

Delete "immediately under AS 01.10.070(c)"

Insert "January 1, 1994"

A M E N D M E N T

OFFERED IN THE SENATE
TO: CSSB 102(CRA)

BY THE SENATE CRA COMMITTEE

Page 1, line 1:

Delete "and"

Insert ","

Page 1, line 2, after "residents":

Insert ", and to the determination of full and true value of taxable property in a municipality"

Page 1, after line 4:

Insert a new bill section to read:

"* Section 1. AS 14.17.140(a) is amended to read:

(a) To determine the amount of local effort under AS 14.17.025 and to aid the department and the legislature in planning, the Department of Community and Regional Affairs, in consultation with the assessor for each district, shall determine the full value of the taxable real and personal property in each city or borough district. If there is no local assessor or current local assessment for a district, then the Department of Community and Regional Affairs shall make the determination of full value from information available. In making the determination, the Department of Community and Regional Affairs shall be guided by AS 29.45.110. However, the value of property exempted under AS 29.45.052 may not be included in the determination. The determination of full value shall be made by October 1 and sent by certified mail, return receipt requested, on or before that date to the president of the school board in each district. Duplicate copies shall be sent to the commissioner. The governing body of a borough or city that is a school district may obtain judicial review of the determination. The superior court may modify the determination of the

Department of Community and Regional Affairs only upon a finding of abuse of discretion or upon a finding that there is no substantial evidence to support the determination."

Page 1, line 5:

Delete "* Section 1."

Insert "* Sec. 2."

Renumber the following bill sections accordingly.

A M E N D M E N T

OFFERED IN THE SENATE

BY SENATOR PHILLIPS

TO: CSSB 102(CRA)

Page 1, lines 5 - 12:

Delete all material and insert:

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

(e) The 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 (2) [(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 exempt from taxation on the first \$150,000 of the assessed value of the real property. A municipality may, in case of hardship, provide for exemption beyond the first \$150,000 of assessed value in accordance with regulations of the department. 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 may not be exempted under this subsection if the 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."

Renumber the following bill sections accordingly.

Page 2, lines 2 - 4:

Delete "resident of the state who is (1) 65 years of age or older; (2) a disabled veteran; or (3) at least 60 years old and who is the widow or widower of a person who qualified for an exemption under (1) or (2)"

Insert "(1) resident 65 years of age or older; or (2) resident at least 60 years

old who is the widow or widower of a person who qualified for an exemption under (1)"

Page 2, lines 15 - 24:

Delete all material and insert:

"(b) In this section, "real property" includes mobile homes, whether classified or personal property for municipal tax purposes.

* Sec. 3. AS 29.45.040 is repealed."



Background on HB 66 - Repealing state-mandated property tax exemption for senior citizens and disabled veterans

Current Program

- State mandates a municipal property tax exemption for senior citizens and disabled veterans. Municipalities must exempt the value of property up to \$150,000 for qualified individuals.
- State has not funded the program fully since 1985 and municipalities have had to pick up the costs; this has cost municipalities over \$35.9 million since 1985.
- Costs of the program have been growing steadily -- from FY 92 to FY 93, the statewide program cost increase was 20 percent.
- In FY 93, only \$2.84 million was appropriated for the exemption program. The total cost of the program for FY 93 is \$13.67 million.
- In FY 93, municipal taxpayers will have to pay \$10.8 million, nearly 80 percent of the program's cost, because of underfunding.
- Underfunding of the mandate in FY 93 will cost Anchorage \$5.61 million (up from \$4.23 million in FY 92); Fairbanks North Star Borough, \$1.32 million (up from \$1.04 million); and Kenai Peninsula Borough \$1.29 million, (up from \$988,000 in FY 92).
- Governor Hickel's FY 94 budget includes no funding for the mandated exemption program. If HB 66 is not passed and no appropriation is made, municipal taxpayers will be forced to pick up the entire cost, estimated at \$15.4 million.

HB 66 Proposal

- HB 66 repeals the state mandate to grant an exemption for municipal property taxes to senior citizens and disabled veterans.
- HB 66 allows municipalities to develop their own programs to grant exemptions to seniors and disabled veterans and to adopt them by ordinance. These programs could be designed to fit local needs and priorities. Local decisions could be made on the value of property exempted from tax, needs-based criteria, and other conditions.

- over -

AML-Requested Amendments to HB 66

- Require that an ordinance establishing a local property tax exemption program for senior citizens and disabled veterans be approved by the voters.
- Allow locally established property tax relief programs to grant deferments on property taxes as well as exemptions if the citizens determine this is desirable.
- Provide that the value of property optionally exempted from taxation under a local program to help senior citizens and disabled veterans is not included in the full and true value determination prepared by the Department of Community and Regional Affairs, which is a determining factor in the level of funding under the education foundation and state revenue sharing programs.



Senior Citizens/Disabled Veterans Property Tax Exemption Mandate

The Alaska Municipal League supports legislation to solve the problem of the unfunded mandate imposed on municipalities by AS 29.45.030, which establishes the Senior Citizens/Disabled Veterans Property Tax Exemption Program. The League supports replacement of mandated municipal property tax exemptions with a direct state rebate program for qualified senior citizens and disabled veterans who paid real property taxes on qualified property.

Unfunded mandates are a major element contributing to the increasing costs of government at both the state and local levels. Environmental regulations passed down from the federal to the state to the local level are but one example of unfunded mandates. Another mandate, one that has cost Alaskan municipalities over \$45 million during the last eight years, is the Senior Citizens/Disabled Veterans Property Tax Exemption Program, a program that is steadily growing at the same time funding for it is shrinking.

In 1973, a program to exempt senior citizens from local property taxes was enacted by the Alaska Legislature. In order to make the program workable for municipalities, the program included a provision that the state would reimburse municipalities for tax revenues lost because of the exemption. The intent of the original exemption, for those over 65, was to make it easier for senior citizens to remain in their own homes and, thus, to remain in Alaska. A complementary program, which provides refunds directly to senior citizen renters to compensate for property tax included in their rent charges, was also enacted in 1973. In 1985, the programs were extended to include disabled veterans with a disability of 50 percent or more.

AS 29.45.030(e) requires municipalities to exempt from local property tax "the real property owned and occupied as the primary residence and permanent place of abode by (1) resident 65 years or older; (2) disabled veteran; or (3) resident at least 60 years old who is the widow or widower of a person qualified" for such an exemption, up to an assessed value of \$150,000. Although this exemption is mandated by state law, full funding for the mandated exemption has not been provided by the state since 1985, which has meant that all other (i.e., non-senior or disabled veteran) municipal taxpayers have been forced to bear an additional tax burden or municipal service levels have been reduced because of the costs of this underfunded mandate.

The total cost of the program, which was \$197,050 in 1973 when the program was begun, has grown steadily, reaching over \$12.8 million in FY 93 (see Figure 1). In FY 93 the state appropriation for the program was \$2,838,800, just over 22 percent of the total cost of this state mandate. The estimated cost of the exemption program for FY 94 is \$15.4 million.

Senior Citizens/Disabled Veterans
 Property Tax Rebate Program
 page 2

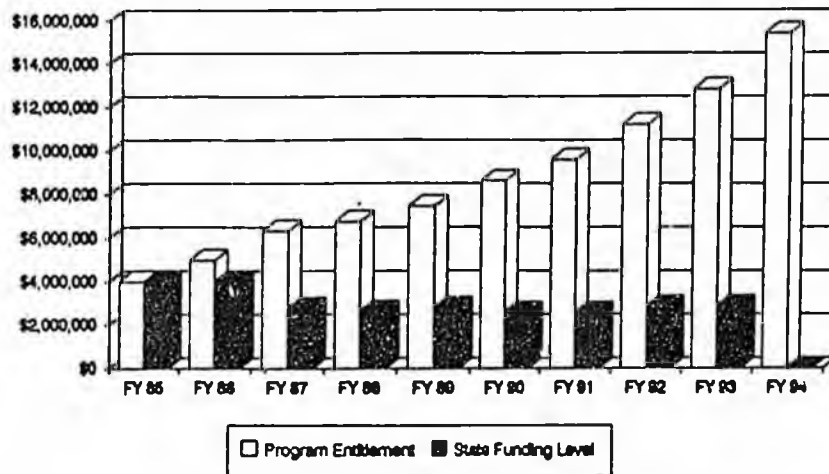
Table 1: FY 92 Cost to Individual Municipalities of Underfunding of the Senior Citizens/Disabled Veterans Tax Exemption Program

Municipality	Cost of FY 92 Underfunding
Anchorage	\$4,234,348
Bristol Bay Borough	2,937
Cordova	15,653
Craig	3,549
Dillingham	8,978
Eagle	224
Fairbanks North Star Borough	1,049,667
Haines Borough	43,617
Juneau	691,369
Kenai Peninsula Borough	640,660
Ketchikan Gateway Borough	329,244
Kodiak Island Borough	100,150
Matanuska-Susitna Borough	988,536
Nenana	6,634
Nome	42,263
North Slope Borough	15,455
Pelican	1,049
Petersburg	94,472
Sitka	90,278
Skagway	15,134
Unalaska	2,518
Valdez	28,511
Whittier	514
Wrangell	41,938
Yakutat	6,652
Total Shortfall in FY 92	\$8,454,350

Source: Department of Community and Regional Affairs

The last year the legislature provided full funding for the homeowners program was 1985, when 5,418 taxpayers were eligible for the exemption and just over \$4 million was appropriated. Since then the number of applicants for the exemption has more than doubled, with nearly 11,000 senior citizens and disabled veterans claiming the exemption for FY 93. The growth in exemptions claimed was 14 percent from FY 92 to FY 93 alone. In 1990 the average value of the exemption per person was estimated to be \$1,000, and for FY 93 the average exemption claimed was \$1,374.

Figure 1: Senior Citizens/Disabled Veterans Property Tax Exemption Program



During those same years, Alaskan municipalities have been forced by inflation, population increases, and cutbacks in state aid to increase property tax rates, which has intensified the impact of the shortfunding on municipal budgets and local taxpayers. In the last eight years, the unwillingness of the legislature and the administration to appropriate adequate funding for this state-mandated program has cost local taxpayers nearly \$45 million. In FY 93 alone, for instance, non-exempt taxpayers in Alaska's municipalities were required to pay an additional \$10 million in property taxes, or 78 percent of the cost of the program, because reimbursement for the mandatory exemption was underfunded.

Table 1 shows the cost of FY 92 underfunding to individual municipalities and their taxpayers; FY 93 data are not yet final.

Local taxpayers should not have to pay the costs of this state-mandated program without having a chance to make a conscious decision on whether or not they want to provide the tax exemption for senior citizens and disabled veterans. If the legislature wants to provide tax relief for these groups, it should be provided through state-administered tax rebate programs.

The 1993 Alaska Municipal League Policy Statement includes the following statement with reference to state-mandated tax exemption programs: "The League opposes the imposition of state-mandated exemptions of certain classes of property, individuals, organizations, or commodities from the application of taxes unless full compensation is made for revenues lost due to these exemptions. If the reimbursements for state-mandated exemptions are not fully funded, currently or in the future, the exemptions should be repealed or prorated."

The League's Policy Statement and AML Resolution No. 93-3 also oppose the imposition of unfunded mandates on local government by the state. The tax exemption program for senior citizens and disabled veterans is an excellent example of the way state-mandated programs that are not accompanied by adequate funding impose an unfair burden on citizens and their local governments. Governor Hickel's proposed FY 94 budget, which was released in December 1992, calls for no state funding at all for this mandated exemption, which would place the entire burden of the estimated \$15.4 million cost on municipalities. The governor has indicated he will introduce legislation that would eliminate the state mandate and make the program entirely a local option.

**Table 2: Senior Citizens/Disabled Veterans
 Property Tax Exemption Program**

Fiscal Year	Entitlement	State Appropriation	Shortfall/ Cost to Municipal Taxpayers ^a	% ^b
1985	\$ 4,005,075	\$ 4,005,075	\$ 0	100.0
1986	4,977,451	4,008,600	968,851	79.5
1987	6,325,763	2,770,300	3,555,463	43.8
1988	6,753,663	2,622,969	4,130,694	38.8
1989	7,464,557	2,782,300	4,682,257	37.3
1990	8,627,081	2,557,900	6,069,151	29.6
1991	9,585,192	2,557,900	7,027,292	26.7
1992	11,293,150	2,838,800	8,454,350	25.1
1993	12,829,291 ^c	2,838,800	9,990,491	22.1
1994	15,395,149 ^d	0 ^e	15,395,149	0.0

^a The actual cost to municipalities exceeds this figure by \$100,000 - \$160,000, depending on the underfunding of the renters program.

^b Ratio of state appropriation (reimbursement to municipalities) to the total cost of the program.

^c FY 93 figures are estimated and subject to final audit.

^d Estimate as of January 1993

^e Governor Hickel's proposed FY 94 budget, released in December 1992, includes no funding for this program nor for the renters rebate program. Governor Hickel has indicated that he will introduce legislation to eliminate the state-mandated program and make it a local option.

Source: Department of Community and Regional Affairs

Senior Citizens/Disabled Veterans
Property Tax Rebate Program
page 5

The Alaska Municipal League urges the Alaska State Legislature to accept full responsibility for the state's senior citizen/disabled veteran property tax exemptions by amending the statutes governing the program to base direct state rebates for local property taxes paid by eligible senior citizens and disabled veterans on the level of state funding appropriated. This would give senior citizens and disabled veterans a tax exemption based on the state's commitment to the program and remove the ever-growing burden the current program has placed on local taxpayers, who have had no opportunity to approve it.

MEMORANDUM

State of Alaska

Department of Community
and Regional Affairs

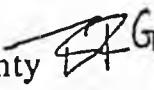
TO: Senator Randy Phillips
Senate CRA Committee, Chairman

DATE: February 23, 1993

FILE NO: CS SB 102/CRA/2-23

THRU:

TELEPHONE:(907) 465-4700

FROM: Bruce R. Geraghty 
Deputy Commissioner

SUBJECT: Additional CS SB 102
Information

Attached you will find, additional information regarding the proposed CS for SB 102. This information was requested during the February 18 committee hearing.:

- 1) DCRA Tax Year '92 - FY 93 Senior Citizen Disabled Veteran Property Tax Exemption Program. This shows the percentages and costs of only the Disabled Veterans portion of the existing program.
- 2) DCRA analysis of the Senior Citizen/Disabled Veteran Property Tax Exemption Program FY 93/TY 92
- 3) DCRA analysis of the Effect of HB 66/SB 102 on Local Contribution Requirement to School Districts
- 8) DCRA estimates of HB 66 Impact on FY 94 SRS Program. SRS is short for State Revenue Sharing.

Please distribute this information to your committee. Thank you.

Tax Year '92 -- FY 93 Senior Citizen Disabled Veteran Property Tax Exemption Program

Municipality	1992 Disabled Veteran	1992 Disabled Veteran Exempt Value	1992 Disabled Veteran Exempt Tax
Municipality of Anchorage	421	\$43,808,744	\$753,880
Bristol Bay Borough	0	\$0	\$0
Cordova	0	\$0	\$0
Craig	2	\$91,060	\$546
Dillingham	0	\$0	\$0
Eagle	0	\$0	\$0
Fairbanks North Star Borough	97	\$1,847,423	\$118,772
Haines Borough	2	\$100,200	\$960
City & Borough of Juneau	26	\$3,125,000	\$43,107
Kenai Peninsula Borough	34	\$2,388,950	\$28,118
Ketchikan Gateway Borough	6	\$645,400	\$8,434
Kodiak Island Borough	9	\$814,525	\$6,465
Matanuska-Susitna Borough	96	\$8,431,100	\$140,226
Nonana	1	\$26,548	\$327
Nome	1	\$112,400	\$1,040
North Slope Borough	0	\$0	\$0
Pelican	0	\$0	\$0
Petersburg	3	\$325,450	\$3,255
City & Borough of Sitka	1	\$129,000	\$774
Skagway	1	\$120,400	\$920
Unalaska	0	\$0	\$0
Valdez	3	\$136,950	\$2,696
Whittier	0	\$0	\$0
Wrangell	0	\$0	\$0
City & Borough of Yakutat	0	\$0	\$0
STATEWIDE DV TOTALS:	703	\$62,103,150	\$1,109,520
STATEWIDE TOTAL WISC:	10,719	\$883,539,005	\$13,669,469
% of DV Participants:	7%	7%	8%

Total cost
Reimbursement
Level
609%

\$ 230,419.⁰⁰
out of

\$ 2.883 million

Effect of HB66/SB102 on Local Contribution Requirement to School Districts

Municipality	1992 Full Value Determination	1992 SC/DV Exempt Value	Total Full Value with SC/DV Exempt Value	Required Millage		Required Millage		Local Additional Contribution AS14.17.025	% Change
				Equivalency Contribution W/SC/DV Exempt Value	Equivalency Contribution WO/SC/DV Exempt Value	Equivalency Contribution W/SC/DV Exempt Value	Equivalency Contribution WO/SC/DV Exempt Value		
Aleutians East Borough	\$86,859,000	N/A	\$86,859,000	\$347,436	\$347,436	\$347,436	\$0	0	
Municipality of Anchorage	\$11,256,384,640	\$409,111,032	\$11,665,495,672	\$45,025,539	\$46,661,983	\$46,661,983	\$1,636,444	4%	
Bristol Bay Borough	\$173,673,500	\$880,203	\$174,553,703	\$694,694	\$698,215	\$698,215	\$3,521	1%	
Cordova	\$151,877,040	\$3,121,040	\$154,998,080	\$607,508	\$619,992	\$619,992	\$12,484	2%	
Craig	\$50,954,200	\$1,382,282	\$52,336,482	\$203,817	\$209,346	\$209,346	\$5,529	3%	
Dillingham	\$121,235,100	\$2,648,830	\$123,883,930	\$484,940	\$495,536	\$495,536	\$10,595	2%	
Fairbanks North Star Borough	\$3,256,294,590	\$86,472,935	\$3,342,767,525	\$13,025,178	\$13,371,070	\$13,371,070	\$345,892	3%	
Galena	\$19,965,100	N/A	\$19,965,100	\$79,860	\$79,860	\$79,860	\$0	0%	
Haines Borough	\$122,749,700	\$8,278,375	\$131,028,075	\$490,999	\$524,112	\$524,112	\$33,114	7%	
Hoonah	\$22,813,100	N/A	\$22,813,100	\$91,252	\$91,252	\$91,252	\$0	0%	
Hydaburg	\$5,736,300	N/A	\$5,736,300	\$22,945	\$22,945	\$22,945	\$0	0%	
City & Borough of Juneau	\$1,566,985,160	\$73,804,100	\$1,640,789,260	\$6,267,941	\$6,563,157	\$6,563,157	\$295,216	5%	
Kake	\$16,951,200	N/A	\$16,951,200	\$67,805	\$67,805	\$67,805	\$0	0%	
Kenai Peninsula Borough	\$3,465,369,120	\$88,648,599	\$3,554,017,719	\$13,861,476	\$14,216,071	\$14,216,071	\$354,594	3%	
Ketchikan Gateway Borough	\$933,887,400	\$38,087,600	\$971,975,000	\$3,735,550	\$3,887,900	\$3,887,900	\$152,350	4%	
Klawock	\$14,793,800	N/A	\$14,793,800	\$59,175	\$59,175	\$59,175	\$0	0%	
Kodiak Island Borough	\$829,302,700	\$16,464,204	\$845,766,904	\$3,317,211	\$3,383,068	\$3,383,068	\$65,857	2%	
Lake & Peninsula Borough	\$68,423,800	N/A	\$68,423,800	\$273,695	\$273,695	\$273,695	\$0	0%	
Matanuska-Susitna Borough	\$2,020,623,780	\$97,234,600	\$2,117,858,380	\$8,082,495	\$8,471,434	\$8,471,434	\$388,938	5%	
Nenana	\$15,112,200	\$918,542	\$16,030,742	\$60,449	\$64,123	\$64,123	\$3,674	6%	
Nome	\$126,631,300	\$4,996,402	\$131,627,702	\$506,525	\$526,511	\$526,511	\$19,986	4%	
North Slope Borough	\$12,537,472,080	\$1,188,570	\$12,538,660,650	\$5,014,989	\$5,015,464	\$5,015,464	\$475	0.01%	
Northwest Arctic Borough	\$326,931,100	N/A	\$326,931,100	\$1,307,724	\$1,307,724	\$1,307,724	\$0	0%	
Pelican	\$13,922,600	\$254,750	\$14,177,350	\$55,690	\$56,709	\$56,709	\$1,019	2%	
Petersburg	\$186,577,700	\$13,216,531	\$199,794,231	\$746,311	\$799,177	\$799,177	\$52,866	7%	
City & Borough of Sitka	\$517,476,500	\$23,012,580	\$540,489,080	\$2,069,906	\$2,161,956	\$2,161,956	\$92,050	4%	
Skagway	\$76,393,200	\$2,635,253	\$79,028,453	\$305,573	\$316,114	\$316,114	\$10,541	3%	
St. Mary's	\$4,459,300	N/A	\$4,459,300	\$17,837	\$17,837	\$17,837	\$0	0%	
Tanana	\$11,245,600	N/A	\$11,245,600	\$44,982	\$44,982	\$44,982	\$0	0%	
Unalaska	\$331,802,860	\$265,940	\$332,068,800	\$1,327,211	\$1,328,275	\$1,328,275	\$1,064	0.08%	
Valdez	\$1,146,257,830	\$2,809,747	\$1,149,067,577	\$1,375,509	\$1,378,881	\$1,378,881	\$3,372	0.25%	
Wrangell	\$132,997,300	\$6,922,290	\$139,919,590	\$531,989	\$559,678	\$559,678	\$27,689	5%	
City & Borough of Yakutat	\$19,957,200	\$742,650	\$20,699,850	\$79,829	\$82,799	\$82,799	\$2,971	4%	

2/22/93

SB 102/HB 66 IMPACT ON FY 94 SRS PROGRAM
ESTIMATES ONLY! DATA NOT FINAL

	\$ Difference
Municipality of Anchorage	(\$54,532)
Bristol Bay Borough	\$487
Cordova	\$9
Craig	(\$330)
Dillingham	(\$83)
Eagle	\$7
City and Borough of Juneau	(\$43,519)
Kenai Peninsula Borough	(\$2,432)
Ketchikan Gateway Borough	(\$3,746)
Kodiak Island Borough	\$235
Matanuska-Susitna Borough	(\$15,554)
Nenana	(\$637)
Nome	(\$3,101)
North Slope Borough	\$3,562
Pelican	\$7
Petersburg	(\$7,601)
City and Borough of Sitka	(\$6,141)
Skagway	(\$264)
Unalaska	\$4,690
Valdez	\$1,944
Whittier	\$5
Wrangell	(\$3,624)
City and Borough of Yakutat	(\$286)



ALASKA STATE LEGISLATION
ALASKA SENIOR CITIZEN/DISABLED VETERANS
PROPERTY TAX RELIEF PROGRAM
POSITION PAPER
1993

AARP POSITION

The Alaska State Legislative Committee of the American Association of Retired Persons supports the Alaska Senior Citizen/Disabled Veterans Property Tax Relief Program and urges the state to resume complete responsibility for full funding as well as to continue the program.

Discussion

The Alaska Senior Citizen/Disabled Veterans Property Tax Relief Program (Chapter 118, SLA 72, effective January 1, 1973), by allowing property tax forgiveness, helps Alaskans over age 65 to remain in their homes.

Tax forgiveness and renter rebates, under the program, have been made available through cooperation between the state and local property taxing authority. When the local authority grants forgiveness under the program this revenue loss to the local taxing authority is expected to be covered from state appropriation to reimburse the local taxing authority. Originally, the total cost was borne by the state.

Alaska legislative action (Chapter 70, SLA 86) amended the initial program providing an upper limit of property tax forgiveness of \$150,000 per applicant but provided also permissive authorization for a municipality to exceed the limit. Legislative appropriations required to reimburse local authorities have been seriously reduced in recent years. These reductions have created financial problems for the local taxing authorities.

There is an approximate 15 to 20 year period in life in which a retiree can generally live independently and contribute to the economic base and social structure of a community if permitted. According to information received in a survey of retirees in Juneau, almost 3/4 of all the persons over age 65 own their own home and want to continue to live in them as long as possible. By continuing to live independently, nursing home and other long-term care costs are reduced and the retiree is allowed to serve in volunteer work as well as contribute retirement income locally.

The Alaska Senior Citizen/Disabled Veterans Property Tax Relief Program under full funding operation accomplished the initial objective for the program. The program contributes to economic security of all Alaskans. It provides intergenerational support mechanisms which bolster social as well as economic support to community life.



ALASKA STATE LEGISLATION
COMPREHENSIVE REVENUE REFORM
POSITION PAPER
1993

AARP POSITION

The Alaska State Legislative Committee of the American Association of Retired Persons advocates comprehensive state revenue reform that is progressive and equitable.

Background

Many groups and individuals are advocating different forms of revenue enhancement for the state of Alaska, in view of a projected decline in oil revenue. Every effort should be made to determine how essential state services may be provided efficiently in contrast with a negative approach in which essential services are eliminated.

Reform should include reestablishment of authorization for a State Income Tax; this additional source of income would be available when growth of state government has been slowed to the point when actual levy of such a tax would be generally acceptable. While there are other forms of revenue enhancement to be examined, the time may not be appropriate for using them. A state wide sales or property taxation are examples.

It is important that new forms of revenue be applied in an equitable fashion to the citizens of this state and that the style of taxation be progressive rather than regressive. At the same time, efforts to limit and slow the growth of state government will create a wider level of support among citizens of all ages for revenue enhancements.

If we wait until all persons are satisfied with a smaller government, too many people suffer from lack of essential services.

For further information, please contact:

Mary Lou Meiners, Chair
State Legislative Committee
(907) 586-2568

Joe Alter, Coordinator
Capital City Task Force
(907) 586-6580

Seattle Office
9750 Third Ave, NE Ste. 400
Seattle, WA 98115
(206) 526-7918

John J. Shaffer, Chair
Economic Security Subcommittee
(907) 747-8425

Adopted: December 8, 1992
akrevref.pos

FEB 11 1993

MEMORANDUM

State of Alaska

Department of Community
and Regional Affairs

TO: Senator Randy Phillips
Chairman, CRA Committee

DATE: February 11, 1993

FILE NO: SB102/CRA/2-11

THRU:

TELEPHONE NO: (907) 465-4700

FROM: Bruce R. Geraghty *BRG*
Deputy Commissioner

SUBJECT: REQUEST FOR HEARING
SB 102

Please schedule SB 102 for public hearing in your committee at the earliest possible time. This is An Act relating to municipal property tax exemptions for certain residences and to property tax equivalency payments for certain residents; and providing for an effective date.

It has been determined during hearings in the House Community and Regional Affairs Committee that the language contained in Section 1 of the bill is unnecessary. We support the House CRA Committee version, and recommend preparation of a Senate CRA Committee Substitute to be presented at the initial hearing. With this in mind, we are providing you with the following information:

- 1) Governor Hickel's transmittal letter (SB 102);
- 2) a copy of a proposed Senate CS for which the Fiscal notes are provided;
- 3) the departments two zero fiscal notes (CS SB 102);
- 4) the departments support position paper (CS SB 102);
- 5) the departments sectional analysis of CS SB 102 (CRA);
- 6) excerpts from the 1993 AML platform pamphlet;
- 7) a department summary of each program effected by the bill;
- 8) a graft showing the history of program funding 1983-1992; and
- 9) two spreadsheets enumerating each programs costs.

Our major concern is to ensure that this property tax exemption becomes a local option, rather than the extremely under funded state mandate it is today.

Please distribute this information to your committee. We are at your service to answer any question you or your committee members may have.

Thank you for your prompt consideration of this legislation.

STATE OF ALASKA
DEPARTMENT OF COMMUNITY
& REGIONAL AFFAIRS

POSITION PAPER

Bill No.: CS SB 102(CRA)
Sponsor: Governor

DCRA FN: Zero (attached)
Position: Support

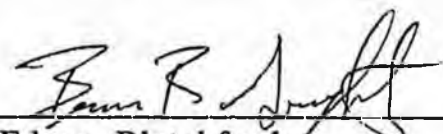
Title: An Act relating to municipal property tax exemptions for certain residences and to property tax equivalency payments for certain residents; and providing for an effective date.

This bill effectively repeals the mandatory provisions of the senior citizens, disabled veterans, and their widow or widowers, property tax exemption; and the renters rebate program for this class of individuals.

The legislature created the tax exemption program in 1973 but, since 1985, has failed to fully refund to communities (only 20% in FY 93) the total cost of this mandated exemption. The renters rebate program was established in 1976 as a means of providing the same benefit to seniors and disabled veterans that rent residences. The rebate program was funded at 85% of those eligible. The estimated cost of the property tax program in FY 94 is \$15.4 million. The estimated cost of the renters rebate program in FY 94 is \$1.3 million. The departments proposed FY 94 budget does not fund either program.

The department supports the amendment made in CRA committee. Due to consultations between the Department of Law and Legislative Legal Services, it was determined that section 1 in the original bill was unnecessary.

The department strongly supports making this program available to municipalities as an optional local tax exemption program. Encouraging seniors citizens and disabled veterans to remain in their own residences, is an issue best handled at the local level. Local governments are in the best position to evaluate the needs of their population with regard to local property taxation issues. In light of the legislative funding history, it is important to afford municipalities the taxing flexibility to appropriately meet the needs of their community.



for Edgar Blatchford
Commissioner

2-11-93

Date

WALTER J. HICKEL
GOVERNOR



4 5 5 1 1 2 0 3
Juneau, Alaska 99801
907 481 3111

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 5, 1993

The Honorable Rick Halford
President of the Senate
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear President Halford:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the mandatory and optional property tax exemptions for residences of senior citizens, disabled veterans and their widow or widowers, and to property tax equivalency payments for certain residents.

The bill provides for municipalities to offer tax exemptions to these people and repeals the mandatory property tax exemption. The bill also repeals the provision for state reimbursement to municipalities for property tax revenue lost to the municipality by operation of the mandatory tax exemptions. Also, the bill repeals the provision for a property tax equivalency payment from the state to persons who rent a residence but would otherwise qualify for a mandatory tax exemption (the "renter's rebate" program). Finally, the bill has a retroactive effective date to January 1, 1993.

Due to declining state revenue, it has become apparent over the past several years that the state can no longer afford to fully pay for the municipal reimbursement program for the mandatory senior citizen or disabled veteran property tax exemptions. As a result, municipalities have not been reimbursed in full for the tax revenue lost due to the mandatory property tax exemptions. This bill will allow municipalities to decide whether they wish to exempt such property from taxation in whole or in part. If they choose to exempt the property, they will, of course, lose tax revenue, but that decision will be up to the individual municipality and will not be mandated by the state.

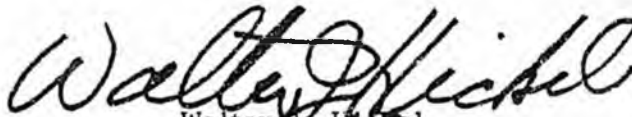
Also, again due to declining state revenue, the state has not fully funded the "renter's rebate" program during the past several years. It is appropriate that this program be repealed at the same time as the mandatory property tax

The Honorable Rick Halford
February 3, 1993
Page 2

exemption provision in order to ensure that, for property tax purposes, the state is treating seniors and disabled veterans who rent a residence in a manner similar to seniors and disabled veterans who own a residence.

I urge your prompt consideration and passage of this bill.

Sincerely,


Walter J. Hickel
Governor

STATE OF ALASKA
DEPARTMENT OF COMMUNITY
& REGIONAL AFFAIRS

Sectional Analysis

Bill No.: CS SB 102(CRA)
Sponsor: Governor

DCRA FN: Zero
Position: Support

Title: An Act relating to municipal property tax exemptions for certain residences and to property tax equivalency payments for certain residents; and providing for an effective date.

Section 1. Repeals DCRA's authority to adopt regulations to implement AS 29.45.030(g), the reimbursement program; that program is repealed by Section 4 of this Act.

Section 2. Adds a new section to AS 29.45. This section, AS 29.45.052, OPTIONAL EXEMPTION FOR CERTAIN PRIMARY RESIDENCES, gives specific authority for municipalities to grant senior citizens, disabled veterans, or their widows or widowers, an exemption from property taxation by municipal ordinance. The ordinance may exempt the property in whole or in part, and the exemption may be based on need. There may only be one exemption for the same property. The exemption is not allowed if the local assessor determines that the transfer of a property was for the primary purpose of receiving the exemption. The section also includes an appeal process where a dispute results from a possible conveyance of a property for the purpose of obtaining the exemption.

Disabled veteran is defined as a veteran with a 50% disability incurred as a result of military service.

Real property is defined to include mobile homes.

Section 3. Repeals all aspects of the state mandated property tax exemption and renters rebate for senior citizens and disabled veterans.

Section 4. Makes this Act retroactive to January 1, 1993.

Section 5. Establishes an immediate effective date.

1 value of the real property. The ordinance may base the exemption on hardship. Only
2 one exemption may be granted for the same property and, if two or more persons are
3 eligible for an exemption for the same property, the exemption may not be granted
4 unless the parties decide between or among themselves who is to receive the benefit
5 of the exemption. Real property may not be exempted under this subsection if the
6 local assessor determines, after notice and hearing to the parties, that the property was
7 conveyed to the applicant primarily for the purpose of obtaining the exemption. The
8 determination of the assessor may be appealed to the superior court under procedures
9 set out in AS 44.62.560 - 44.62.570.

10 (b) In this section,

11 (1) "disabled veteran" means a disabled person separated from the
12 military service of the United States under a condition that is not dishonorable, whose
13 disability was incurred or aggravated in the line of duty in the military service of the
14 United States, and whose disability has been rated as 50 percent or more by the branch
15 of service in which that person served or by the Department of Veterans' Affairs;

16 (2) "real property" includes mobile homes, whether classified as real
17 or personal property for municipal tax purposes.

18 * Sec. 3. AS 29.45.030(a)(6), 29.45.030(e), 29.45.030(f), 29.45.030(g), 29.45.030(h),
19 29.45.030(i), 29.45.040, and 29.45.050(i) are repealed.

20 * Sec. 4. This Act is retroactive to January 1, 1993.

21 * Sec. 5. This Act takes effect immediately under AS 01.10.070(c).

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Municipal Platform

1993

Adopted by the
Board of Directors
of the
Alaska Municipal League
November 14, 1992



Senior Citizens/Disabled Veterans Property Tax Exemption Mandate

The Alaska Municipal League supports legislation to solve the problem of the unfunded mandate imposed on municipalities by AS 29.45.030, which establishes the Senior Citizens/Disabled Veterans Property Tax Exemption Program. The League supports replacement of mandated municipal property tax exemptions with a direct state rebate program for qualified senior citizens and disabled veterans who paid real property taxes on qualified property.

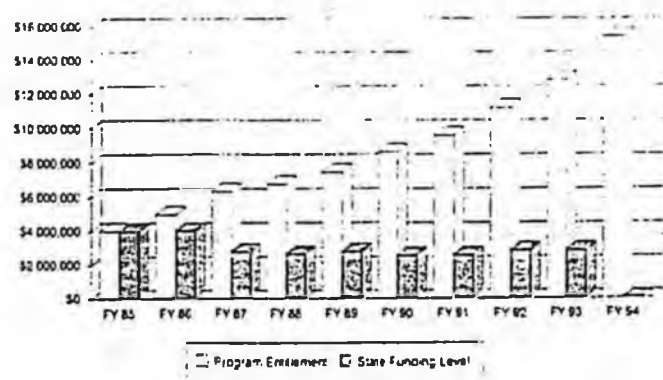
Unfunded mandates are a major element contributing to the increasing costs of government at both the state and local levels. Environmental regulations passed down from the federal to the state to the local level are but one example of unfunded mandates. Another mandate, one that has cost Alaska's municipalities over \$45 million during the last eight years, is the Senior Citizens/Disabled Veterans Property Tax Exemption Program, a program that is steadily growing at the same time funding for it is shrinking.

In 1973, a program to exempt senior citizens from local property taxes was enacted by the Alaska Legislature. In order to make the program workable for municipalities, the program included a provision that the state would reimburse municipalities for tax revenues lost because of the exemption. The intent of the original exemption, for those over 65, was to make it easier for senior citizens to remain in their own homes and, thus, to remain in Alaska. A complementary program, which provides refunds directly to senior citizen renters to compensate for property tax included in their rent charges, was also enacted in 1973. In 1985, the programs were extended to include disabled veterans with a disability of 50 percent or more.

AS 29.45.030(e) requires municipalities to exempt from local property tax "the real property owned and occupied as the primary residence and permanent place of abode by (1) resident 65 years or older; (2) disabled veteran; or (3) resident at least 60 years old who is the widow or

widower of a person qualified* for such an exemption, up to an assessed value of \$150,000. Although this exemption is mandated by state law, full funding for the mandated exemption has not been provided by the state since 1985, which has meant that all other (i.e., non-senior or disabled veteran) municipal taxpayers have been forced to bear an additional tax burden or municipal service levels have been reduced because of the costs of this underfunded mandate.

Figure 4 - Funding History - Senior Citizens/ Disabled Veterans Property Tax Exemption Program



The total cost of the program, which was \$197,050 in 1973 when the program was begun, has grown steadily, reaching over \$12.8 million in FY 93 (see Figure 4). In FY 93 the state appropriation for the program was \$2,838,800, just over 22 percent of the total cost of this state mandate. The estimated cost of the exemption program for FY 94 is \$15.4 million.

The last year the legislature provided full funding for the homeowners program was 1985, when 5,418 taxpayers were eligible for the exemption and just over \$4 million was appropriated. Since then the number of applicants for the exemption has more than doubled, with nearly 11,000 senior citizens and disabled veterans claiming the exemption for FY 93. The growth in exemptions claimed was 14 percent from FY 92 to FY 93 alone. In 1990 the average value of the exemption per person was estimated to be \$1,000, and for FY 93 the average exemption claimed was \$1,374.

During those same years, Alaskan municipalities have been forced by inflation, population increases, and cutbacks in state aid to increase property tax rates, which has intensified the impact of the shortfunding on municipal budgets and local taxpayers. In the last eight years, the unwillingness of the legislature and the administration to appropriate adequate funding for this state-mandated program has cost local taxpayers nearly \$45 million. In FY 93 alone, for instance, non-exempt taxpayers in Alaska's municipalities were required to pay an additional \$10 million in property taxes, or 78 percent of the cost of the program, because reimbursement for the mandatory exemption was underfunded.

Table 7 shows the cost of FY 92 underfunding to individual municipalities and their taxpayers; FY 93 data are not yet final.

Table 7: FY 92 Cost to Individual Municipalities of Underfunding of the Senior Citizens/ Disabled Veterans Tax Exemption Program

Municipality	Cost of FY 92 Underfunding
Anchorage	\$4,234,348
Bristol Bay Borough	2,937
Cordova	15,653
Craig	3,549
Dillingham	8,978
Eagle	224
Fairbanks North Star Borough	1,049,667
Haines Borough	43,617
Juneau	691,369
Kenai Peninsula Borough	640,660
Ketchikan Gateway Borough	329,244
Kodiak Island Borough	100,150
Matanuska-Susitna Borough	988,536
Nenana	6,634
Nome	42,263
North Slope Borough	15,455
Pelican	1,049
Petersburg	94,472
Sitka	90,278
Skagway	15,134
Unalaska	2,518
Valdez	28,511
Whittier	514
Wrangell	41,938
Yakutat	6,652
Total Shortfall in FY 92	\$8,454,350

Source: Department of Community and Regional Affairs

Local taxpayers should not have to pay the costs of this state-mandated program without having a chance to make a conscious decision on whether or not they want to provide the tax exemption for senior citizens and disabled veterans. If the legislature wants to provide tax relief for these groups, it should be provided through state-administered tax rebate programs.

The 1993 Alaska Municipal League Policy Statement includes the following statement with reference to state-mandated tax exemption programs: "The League opposes the imposition of state-mandated exemptions of certain classes of property, individuals, organizations, or commodities from the application of taxes unless full compensation is made for revenues lost due to these exemptions. If the reimbursements for state-mandated exemptions are not fully funded, currently or in the future, the exemptions should be repealed or prorated."

The League's Policy Statement and AML Resolution No. 93-3 also oppose the imposition of unfunded mandates on local governments by the state. The tax exemption program for senior citizens and disabled veterans is an excellent example of the way state-mandated programs that are not accompanied by adequate funding impose an unfair burden on citizens and their local governments. Governor Hickel's proposed FY 94 budget, which was released in December 1992, calls for no state funding at all for this mandated exemption, which would place the entire burden of the estimated \$15.4 million cost on municipalities. The governor has indicated he will introduce and support legislation that would eliminate the state mandate and make the program entirely a local option.

The Alaska Municipal League urges the Alaska State Legislature to accept full responsibility for the state's senior citizen/disabled veteran property tax exemptions by amending the statutes governing the program to base direct state rebates for local property taxes paid by eligible senior citizens and disabled veterans on the level of state funding appropriated. This would give senior citizens and disabled veterans a tax exemption based on the state's commitment to the program and remove the ever-growing burden the current program has placed on local taxpayers, who have had no opportunity to approve the exemption.

Table 8: Senior Citizens/Disabled Veterans Property Tax Exemption Program

Fiscal Year	Entitlement	State Appropriation	Shortfall/ Cost to Municipal Taxpayers ^a	% ^b
1985	\$ 4,005,075	\$ 4,005,075	\$ 0	100.0
1986	4,977,451	4,008,600	968,851	79.5
1987	6,325,763	2,770,300	3,555,463	43.6
1988	6,753,663	2,622,969	4,130,694	38.8
1989	7,464,557	2,782,300	4,682,257	37.3
1990	8,627,081	2,557,900	6,069,181	29.6
1991	9,585,192	2,557,900	7,027,292	26.7
1992	11,293,150	2,838,800	8,454,350	25.1
1993	12,829,291 ^c	2,838,800	9,990,491	22.1
1994	15,395,149 ^d	0 ^e	15,395,149	00.0

^aThe actual cost to municipalities exceeds this figure by \$100,000 + \$160,000, depending on the underfunding of the renters program.

^bRatio of state appropriation (reimbursement to municipalities) to the total cost of the program.

^cFY 93 figures are estimated and subject to final audit.

^dEstimate as of January 1993

^eGovernor Hickel's proposed FY 94 budget, released in December 1992, includes no funding for this program nor for the renters rebate program. Governor Hickel has indicated that he will introduce legislation to eliminate the state-mandated program and make it a local option.

Source: Department of Community and Regional Affairs

**Senior Citizen and Disabled Veteran
Property Tax Exemption Programs
Department of Community and Regional Affairs**

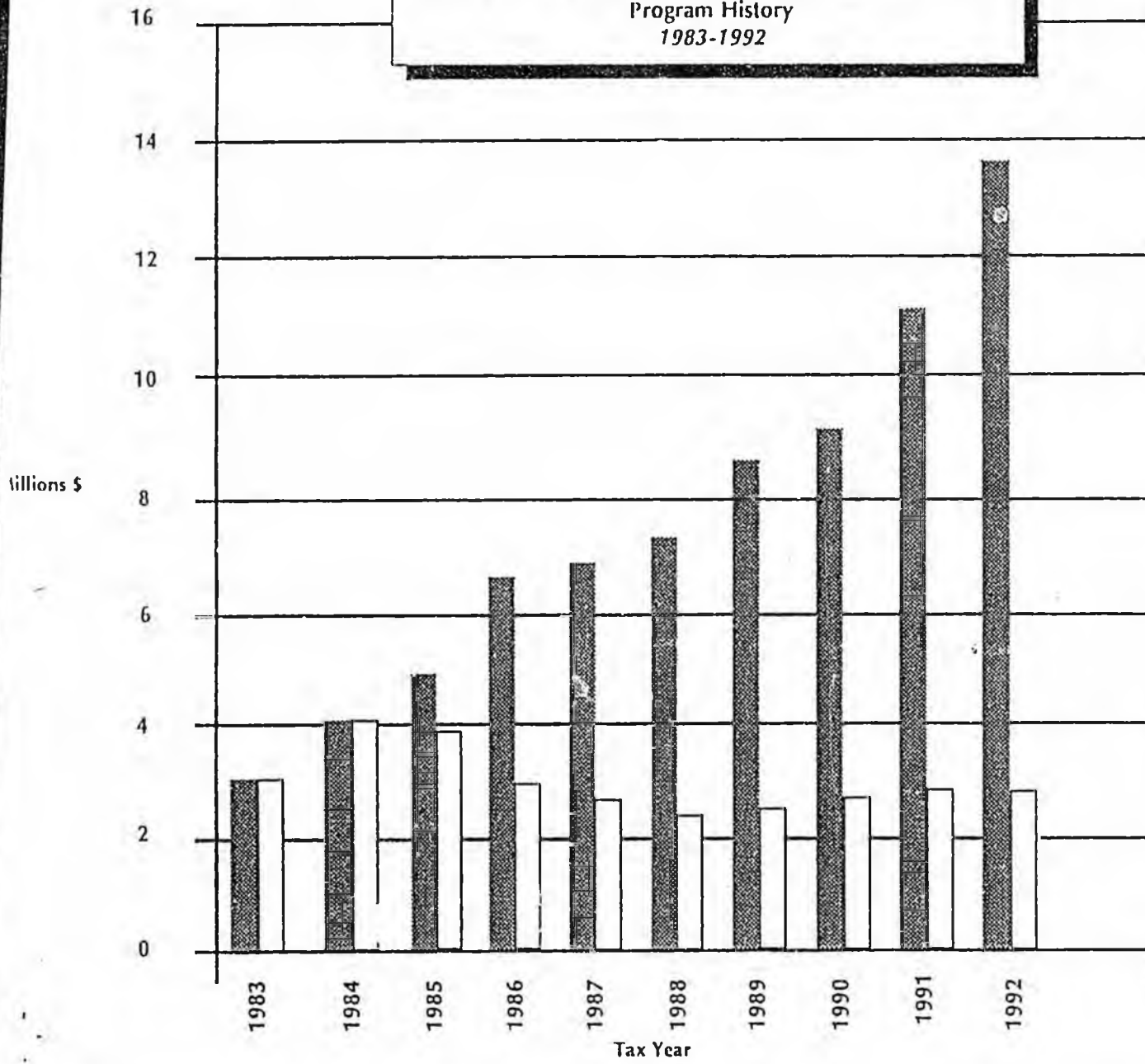
Property Tax Exemption Program

Created in 1974, the Senior and Disabled Veteran Property Tax Exemption Program exempts senior citizens (65 years of age or older) and disabled veterans (with a 50% or greater service-related disability) from payment of property tax on the first \$150,000 of assessed valuation of the applicant's permanent place of abode. Program participants apply each year directly to the municipality in which they seek a tax exemption. The effected municipalities compile annual reports of exempted applicants, exempted assessed values and exempted tax amounts. Based on these figures, the municipalities apply to the Department for reimbursement for property tax revenues lost due to this state-mandated program. After the submitted applications are audited and certified, the Department issues warrants to the municipalities. If taxes exempted under this program exceed funding appropriation levels, the State issues payments on a prorated basis. This has been the case since FY 86. In FY 93, state funding covered about 20% of the reimbursement requests submitted by municipalities.

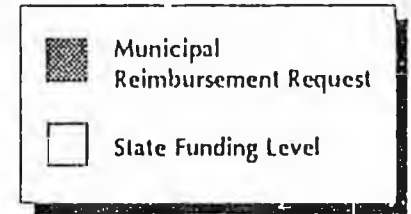
Senior Citizen/Disabled Veteran Property Tax Equivalency Program

This program was created in 1976 as a companion program to the property tax exemption program. The program rebates eligible applicants for that portion of their yearly rent on their permanent place of abode that goes toward the payment of real property taxes. Applicants must be at least 65 years of age or disabled veterans and rent property that is subject to a local property tax. Rent rebate payments are calculated as one percent of the local mill rate times the total annual rent. Applicants apply directly to the Department and payments are issued to each eligible applicant. Rebate payments are prorated if program costs exceed the annual program appropriation. The renter rebate program has exceeded funding levels since 1986. In FY 93 applicants will each receive about 85% of the amount calculated by formula.

Senior Citizen/Disabled Veteran Property Tax Exemption
Program History
1983-1992



Tax Yr.	State Funding Level	Municipal Reimbursement Request
1983	3,146,618	3,146,618
1984	4,005,075	4,005,075
1985	3,985,567	4,977,451
1986	2,770,300	6,325,763
1987	2,622,969	6,753,663
1988	2,519,344	7,464,557
1989	2,542,803	8,627,081
1990	2,557,900	9,585,192
1991	2,838,800	11,293,150
1992	2,838,800	13,669,469



Tax Jurisdiction Summary – Tax Year 1991/FY 92

	Seniors	Veterans	Requested Rebates
Anchorage Municipality	480	61	\$516,576.00
Cordova	1		\$269.57
Craig	1		\$9.42
Fairbanks NS Borough	72	11	\$75,744.77
FNSB/Fairbanks City	35		\$30,212.51
FNSB/North Pole	1	2	\$1,909.92
Haines Borough	5		\$1,835.30
Juneau, City & Boro	112	5	\$93,077.04
Kenai Peninsula Boro	1		\$663.60
Ketchikan Gateway Boro	32	1	\$22,734.97
Kodiak Island Borough	34	1	\$9,378.73
KPB/Homer	8	2	\$6,793.11
KPB/Kenai	26		\$10,914.73
KPB/Seward	2		\$1,835.70
KPB/Soldotna	47	1	\$17,844.21
Mat-Su Borough	2		\$1,486.35
Mat-Su/Palmer	20	4	\$13,670.20
Mat-Su/Wasilla	16	3	\$18,311.78
Nenana	1		\$516.60
Pelican	2		\$250.36
Petersburg	5	1	\$2,863.00
Sitka, City & Boro	18		\$5,836.96
Skagway	1		\$303.43
Valdez	1		\$357.45
Wrangell	7		\$2,991.23
Total Rebates Requested	930	92	\$836,387.02

Senior Citizen/Disabled Veteran Property Tax Exemption Program FY 93/TY 92

BOROUGH	TY91/FY92 NUMBER OF APPLICANTS APPROVED	TY92/FY93 NUMBER OF APPLICANTS APPROVED	TY91/FY92 TOTAL ASSESSED VALUE EXEMPT	TY92/FY93 TOTAL ASSESSED VALUE EXEMPT	TY91/FY92 TOTAL TAX EXEMPT	TY92/FY93 TOTAL TAX EXEMPT	TY91/FY92 PRORATED PAYMENT	TY92/FY93 PRORATED PAYMENT	TY91/FY92 REIMBURSE- MENT SHORTAGE	TY92/FY93 REIMBURSE- MENT SHORTAGE	TY91/FY92 AVERAGE EXEMPT VALUE PER APP.	TY92/FY93 AVERAGE EXEMPT VALUE PER APP.	TY91/FY92 AVERAGE EXEMPT TAX PER APP.	TY92/FY93 AVERAGE EXEMPT TAX PER APP.	% INCREASE/ DECREASES IN PROGRAM COST
Municipality of Anchorage	4,325	4,751	330,769,989	409,111,032	5,656,157	7,082,897	1,421,809	1,470,937	4,234,348	5,611,960	76,479	86,111	1,308	1,491	0.20
Bristol Bay Borough	14	13	784,657	880,203	3,923	4,401	986	914	2,937	3,487	56,047	67,708	280	339	0.11
Fairbanks North Star Borough	1,306	1,379	82,932,034	86,472,935	1,402,124	1,665,069	352,457	345,792	1,049,667	1,319,276	63,531	62,707	1,074	1,207	0.16
Haines Borough	101	110	7,326,875	8,278,375	58,263	71,402	14,846	14,828	43,617	56,574	72,543	75,258	577	649	0.18
City & Borough of Juneau	698	714	67,004,000	73,804,100	923,516	1,017,742	232,148	211,359	691,389	806,383	95,994	103,367	1,323	1,425	0.09
Kenai Peninsula Borough	1,035	1,108	74,518,204	88,648,599	855,731	1,007,552	215,121	209,243	640,660	798,309	71,998	80,008	827	909	0.15
Keetchikan Gateway	430	436	36,090,974	38,087,600	439,797	509,577	110,553	105,828	329,244	403,751	83,932	87,357	1,023	1,169	0.14
Kodiak Island Borough	209	181	15,591,524	16,464,204	133,778	127,227	33,628	26,422	100,150	100,805	74,601	90,962	640	703	-0.05
Matanuska-Susitna Borough	1,133	1,249	79,829,563	97,234,600	1,320,466	1,633,159	331,930	339,168	988,536	1,293,994	70,459	77,850	1,165	1,308	0.19
North Slope Borough	20	22	1,133,642	1,188,570	20,644	20,946	5,189	4,350	15,455	16,596	56,682	54,026	1,032	952	0.01
City & Borough of Sitka	201	226	20,098,445	23,012,580	120,591	138,025	30,313	28,664	90,278	109,361	99,992	101,826	600	611	0.13
Borough Subtotal	9,472	10,189	716,079,907	843,182,798	10,935,040	13,277,997	2,748,780	2,757,501	8,186,261	10,520,496	75,600	82,754	1,114	1,303	0.18
CITIES															
CORDOVA	40	41	2,947,465	3,171,040	20,909	34,331	5,256	7,130	15,653	27,201	73,687	76,123	523	837	0.39
CRAIG	11	20	782,478	1,382,282	4,741	8,294	1,192	1,722	3,549	6,571	71,134	69,114	431	415	0.43
DILLINGHAM	23	23	2,663,130	2,648,830	9,321	11,920	2,343	2,475	6,978	9,444	115,788	115,167	405	518	0.22
EAGLE	5	6	299,540	317,550	300	318	75	66	224	252	59,908	52,925	60	53	0.06
HEMLOCK	19	21	937,666	918,542	11,533	11,298	2,899	2,346	8,634	8,952	49,351	43,740	607	538	-0.02
NOVAK	77	76	5,018,169	4,996,402	56,455	46,217	14,191	9,598	42,233	36,619	65,171	65,742	733	608	-0.22
PELICAN	5	5	254,750	254,750	1,401	1,401	352	291	1,049	1,110	50,950	50,950	280	280	0.00
PETERSBURG	133	135	12,619,438	13,216,531	126,194	132,165	31,722	27,447	94,472	104,718	94,883	97,900	949	979	0.05
SKAGWAY	38	38	2,511,267	2,635,253	20,216	18,390	5,082	3,819	15,134	14,571	66,086	69,349	532	484	-0.10
UNALASKA	4	4	285,500	265,940	3,363	3,133	845	651	2,518	2,482	71,375	66,485	841	783	-0.07
VALDEZ	37	38	2,343,968	2,809,747	38,084	55,314	9,573	11,487	28,511	43,826	63,350	73,941	1,029	1,456	0.31
WHITTIER	7	6	137,400	124,400	687	622	173	129	514	493	19,629	20,733	92	104	-0.10
WRANGELL	104	106	6,563,021	6,922,290	55,020	58,935	14,082	12,239	41,938	46,696	63,106	65,305	539	556	0.05
YAKUTAT	11	11	722,400	742,650	8,886	9,135	2,235	1,897	6,652	7,238	65,673	67,514	808	830	0.03
CITIES SUBTOTAL	514	530	38,086,190	40,356,207	358,110	391,472	90,020	81,299	268,089	310,173	74,098	76,144	697	739	0.09
FY 93 STATEWIDE TOTAL	9,986	10,719	754,166,097	883,539,005	11,293,150	13,669,469	2,838,800	2,838,800	8,454,350	10,830,669	75,522	82,427	1,131	1,275	0.21
FISCAL YR. FUNDING LEVELS															
FF SHORTAGE															
				(FY92 Shortage)	-8,454,350	-10,830,669	(FY93 Shortage)								
				Prorating %	0.25137362	0.207674488									



217 Second Street, Suite 200 • Juneau, Alaska 99801 • Tel (907) 586-1325, Fax (907) 463-5480

February 15, 1993

TO: Senator Randy Phillips, Chair
and
Members, Senate Committee on Community and Regional Affairs

FROM: Kent E. Swisher, Executive Director *KES*

RE: SB 102 - Relating to municipal tax exemptions and property tax equivalency payments for senior citizens and disabled veterans

The Alaska Municipal League supports the general concept of SB 102, which repeals the state-mandated municipal property tax exemption for senior citizens and disabled veterans, and asks the committee to consider three important amendments to make the local options provisions of SB 102 more effective.

Underfunding of the state-mandated municipal property tax exemption for senior citizens and disabled veterans has cost Alaska's local governments nearly \$36 million since 1985. Finding an answer to the issue of this unfunded mandate is a legislation priority of the Alaska Municipal League for the current legislative session.

The League's preferred solution to the problem is and has been for the State of Alaska to provide full funding for the program. Short of full funding of the state's obligation, which has not happened since 1985, the League supports a direct rebate program that would provide tax relief payments from the state directly to eligible individuals based on the amount appropriated by the legislature for the program (*1993 Municipal Platform* and *1993 Alaska Municipal League Policy Statement*, Part I.D.2).

Although the League continues to support full funding or a rebate program as preferred alternatives, League members have come to the realization that neither of these two options is likely in a time of declining state revenues. Thus, also in accordance with its *Policy Statement*, the League supports repeal of the state-mandated property tax exemption program, as proposed in SB 102. Granting municipalities the authority to establish property tax relief programs for senior citizens and disabled veterans at the local level will allow local decisions on the feasibility of such programs, citizens' willingness to support them, the level of tax relief to be provided, needs-based criteria for relief, and other conditions. It will tie the authority to determine the nature of property tax relief programs to the responsibility to pay for them.

The Alaska Municipal League requests three amendments to SB 102:

1. Require that any local property tax relief program for senior citizens and disabled veterans be approved by the voters.
2. Allow locally established property tax relief programs to grant deferrals on property taxes as well as exemptions

- continued -

Senator Randy Phillips and
Community and Regional Affairs Committee
February 15, 1993
page 2

3. Exempt the value of property optionally exempted under a local program to provide tax relief for senior citizens and disabled veterans from the full and true value determination prepared by the Department of Community and Regional Affairs, which is a determining factor in the level of funding under the education foundation and the state revenue sharing programs.

These proposed amendments are necessary to provide local governments with the maximum flexibility and incentives to establish local programs of tax relief for senior citizens and disabled veterans. The League urges you to amend SB 102 to include these provisions and to pass the amended bill.

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

February 9, 1993

WALTER J. HICKEL, GOVERNOR

PLEASE REPLY TO:

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ANCHORAGE, ALASKA 99501-1994
PHONE: (907) 269-5100
FAX: (907) 276-3697

KEY BANK BUILDING
100 CUSHMAN ST., SUITE 400
FAIRBANKS, ALASKA 99701-4679
PHONE: (907) 452-1568
FAX: (907) 456-1317

P. O. BOX 110300 - STATE CAPITOL
JUNEAU, ALASKA 99811-0300
PHONE: (907) 465-3600
FAX: (907) 463-5295

The Honorable Randy Phillips
Alaska State Senate
Chair, Senate Community and
Regional Affairs Committee
State Capitol
Juneau, AK 99801-1182

RE: SB 102 relating to property tax
exemptions

Dear Senator Phillips:

It is our understanding that SB 102, relating to property tax exemptions for certain primary residences and to property tax equivalency payments for certain residents, has been referred to your committee. The purpose of this letter is to recommend the adoption of an amendment to the bill, copy of which is enclosed.

After reviewing this bill, the Legislative Affairs Agency has suggested an amendment that we agree is appropriate. The amendment would be to delete Section 1 in its entirety (at page 1, lines 5 - 12), renumber the remaining sections accordingly, and add AS 29.45.030(h) to the list of sections to be repealed in the current Section 4 (at page 2, line 27). This amendment is recommended because with the repeal of the property tax exemptions in AS 29.45.030(e) and (f) as proposed in this bill, there would be nothing left in AS 29.45.030 that would effect a similar property tax exemption granted by a municipality. Therefore, there is no need for the bill to include such a provision.

We have also advised Senators Frank and Pearce, Co-Chairs of the Senate Finance Committee, and Representative Olberg, Chair of the House Community and Regional Affairs Committee, of this recommended amendment to the bill. The House Community and

The Honorable Randy Phillips
SB 102 relating to property tax exemptions

February 9, 1993
Page 2

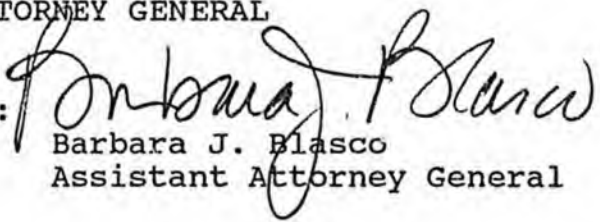
Regional Affairs Committee adopted this amendment when it considered the House version (HB 66) on February 9, 1993.

Please let me know if you have any questions about this matter.

Sincerely yours,

CHARLES E. COLE
ATTORNEY GENERAL

By:


Barbara J. Blasco
Assistant Attorney General

BJB:cp:ae

cc: Deborah E. Behr, Assistant Attorney General
Department of Law

Tamara Cook, Director, Division of Legal Services
Legislative Affairs Agency