

HB

18

Alaska State Legislature
House of Representatives
Minority Leader



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Representative Ethan Berkowitz
District 13

Date: April 3, 2001

To: Representative Carl Morgan, House C&RA Committee Co-Chair
Representative Kevin Meyer, House C&RA Committee Co-Chair

From: Ethan Berkowitz *EAB*

Re: HB 18 hearing

House Bill 18 (short title "Renters Tax Equivalency Payment Appropriation") has received a referral to the House Community & Regional Affairs Committee. Copies of the sponsor statement and the bill are attached. Please schedule the bill for a hearing.

Recommended testifiers include:

- Gerald Dorsher, Past State Commander of the Veterans of Foreign Wars (907-364-3346, bgdorsher@netscape.net);
- Steve Van Sant, State Assessor (907-269-4605, steve_vansant@dced.state.ak.us); and
- Jane Demmert, Executive Director for the Commission on Aging (907-465-4879, jane_demmert@admin.state.ak.us).

I look forward to working with you and your staff on HB 18. Please contact my aide, Patrick Flynn, or me if you have questions. Thank you in advance for your consideration.

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House Bill 18

“An Act making an appropriation to the Department of Community and Economic Development for renters’ tax equivalency payments; and providing for an effective date.”

Sponsor Statement

The Renter’s Equivalency Rebate Program (usually referred to as: “Renter’s Rebate”) was established in 1976 to aid low-income seniors with housing costs. In 1985, disabled veterans were added to the program. Renter’s Rebate typically provided a small housing stipend averaging \$277 a year to individuals who are elderly and/or disabled with incomes in the neighborhood of \$1,000 per month. Specifically 993 seniors and 112 disabled veterans benefited from this program in Fiscal Year 1999.

Since 1991, funding for the program dropped from roughly \$820,000 to \$300,000 before the program was eliminated in Fiscal Year 2000. Adjusting for inflation and population growth, fully funding the Renter’s Rebate program would have required \$1,133,000 in Fiscal Year 2000. House Bill 18 would restore the program at a modest level of support— just \$300,000.

Some have suggested that all Alaskans should share the pain of budget cuts. Failure to pass this legislation means that seniors and disabled veterans – people who have served our country and communities – will continue assuming all the pain of budget cuts.

I would appreciate your support of this legislation.

House COMMUNITY & REGIONAL AFFAIRS Minute



HB 215 - APPROP: RENTERS' EQUIV REBATE PROGRAM

CO-CHAIRMAN HALCRO announced that the first order of business would be HOUSE BILL NO. 215, "An Act making an appropriation to the Department of Community and Regional Affairs for renters' tax equivalency payments; and providing for an effective date."

Number 0050

PATRICK FLYNN, Legislative Assistant for Representative Berkowitz, Alaska State Legislature, explained that HB 215 would simply appropriate \$300,000 in order to fund the renters' equivalency rebate program at the same level as funded in the fiscal year (FY) 99. If this program was fully funded, it would cost the state over \$1 million. Mr. Flynn informed the committee that the funding for this program has been zeroed out in the FY 2000 budget. He noted that the committee should have a letter from the Disabled American Veterans which states its support for this program. Mr. Flynn recalled that the committee had recently heard legislation that would make the senior and disabled veteran property tax exemption an option for municipalities. Within HB 215, there is no local option. Once the renters' rebate program is eliminated in the state budget, the program is eliminated for good. This program impacts people who live from month to month and from check to check. Therefore, the modest sum of \$277 per year makes a big difference for these people.

REPRESENTATIVE MURKOWSKI inquired as to how many people take advantage of the seniors renters' rebate versus the disabled veterans renters' rebate.

MR. FLYNN said that he did not have those specific numbers. However, Mr. Flynn believed that the program has roughly 1,200 participants in total. In further response to Representative Murkowski, Mr. Flynn informed the committee that a disabled veteran must be 50 percent disabled or more in order to qualify for this program.

REPRESENTATIVE MURKOWSKI asked if a \$300,000 appropriation would reach the same number of those eligible for the program on a reduced basis or are some eliminated.

MR. FLYNN stated that there would be a reduction in the benefit level rather than the number of benefit participants.

Number 0403

STEVE VAN SANT, State Assessor, Department of Community & Regional Affairs, testified via teleconference from Anchorage. He noted that he was present for informational purposes as his office handles the administration of the renters' rebate program.

REPRESENTATIVE MURKOWSKI inquired as to the breakdown of numbers regarding how many participants are seniors and how many are disabled veterans participating in the renters' rebate program.

MR. VAN SANT informed the committee that in 1998, there were 993 seniors and 112 disabled veterans.

REPRESENTATIVE MURKOWSKI asked what would a senior's income have to be in order to qualify for the renters' rebate program.

MR. VAN SANT clarified that the renters' rebate program is not needs based. This program is similar to the senior citizens' property tax exemption program. In order to qualify for the renters' rebate program, a senior citizen must be 65 years of age or older and rent their home in a municipality that levies taxes. For a disabled veteran, that individual must have a 50 percent service-connected disability and live in a municipality that levies taxes in order to qualify for the renters' rebate program.

CO-CHAIRMAN HALCRO inquired as to the number of applicants for this program over the years since the funding has decreased.

MR. VAN SANT informed the committee of the number of participants in the program in the following years: 1992 - 1,032; 1993 - 1,207; 1994 - 1,233; 1995 - 1,048; 1996 - 1,092; 1997 - 1,111; 1998 - 1,105. Typically, the applications are sent to all previous filers, municipalities, Legislative Information Offices, senior centers, and to the assessor's offices throughout the state.

CO-CHAIRMAN HALCRO asked if there is a geographic breakdown as to where these folks are located.

MR. VAN SANT said that he did not have that information broken down percentage wise. He informed the committee that out of the \$300,000 approximately over half is given to Anchorage. Almost every community that has property taxes has participants in this program.

Number 0728

GERALD DORSCHER, Appointed Legislative Officer, Veterans of Foreign Wars, informed the committee that the renters' rebate program was established in 1976. He requested the committee's support for HB 215. Veterans are the backbone of America and Alaska. The freedoms everyone enjoys were protected by the veterans. Seniors work to build our communities and our state. Mr. Dorscher emphasized that budget cuts should not be placed on the backs of disabled veterans and senior citizens. He noted that the program has dwindled from \$820,000 in 1991 to \$300,000 in 1998. As mentioned earlier, the current year's budget zeros out the renters' rebate program completely. Mr. Dorscher stressed that senior citizens and disabled veterans serve and continue to serve the country and their communities and are assets to the state.

CO-CHAIRMAN HARRIS said that \$277 per person per year for an individual on a \$1,000 budget would not seem to make a huge difference. He asked if there are other programs similar to this which would help subsidize the cost of living for seniors and disabled veterans.

MR. DORSCHER deferred to Mr. Van Sant.

CO-CHAIRMAN HARRIS asked if there are other programs available.

MR. DORSCHER stated, "Not in the veterans programs that are available."

Number 1058

JANE DEMMERT, Executive Director, Alaska Commission on Aging, said that this is a difficult year for the legislature, Alaskans and

particularly difficult for older Alaskans and disabled veterans. When the constellation of legislation and the budget is reviewed, the impact on almost all of the dimensions of economic stability becomes apparent. These are dimensions with which older Alaskans have planned their retirement. Although the renters' rebate program is small, the program is significant for those who depend upon the program. These are Alaskans for whom the program can make a difference as to whether there is a roof over their head or not.

MS. DEMMERT explained that all Alaskans, but older Alaskans and disabled veterans in particular, are facing the following: the property tax exemption legislation for seniors and disabled veterans, the renters' rebate program, legislation prorating benefits, municipal assistance reductions, and cuts to the Alaska Housing Finance Corporation budget. The Commission on Aging would request the committee seriously consider HB 215 as well as the interplay between the aforementioned legislation. Ms. Demmert recommended that the larger picture be reviewed in order to create a humanely developed approach to the budgets for the future.

REPRESENTATIVE MURKOWSKI agreed that the constellation or mix of all this legislation is very significant. With regards to HB 215, it is a drop in the bucket. Representative Murkowski said that Ms. Demmert's point of the impact of all this legislation is well taken.

There being no one else to testify, the public testimony on H.B. 215 was closed.

CO-CHAIRMAN HARRIS asked if HB 215 is the appropriate vehicle to place the renters' rebate program funding back in the budget. He indicated that this seems to be a slow way in which to return the funding for this program in the budget.

Number 1470

REPRESENTATIVE BERKOWITZ, Sponsor of HB 215, Alaska State Legislature, agreed that this is a slow way to return funds to the budget, but when an item has been zeroed in both bodies that item is gone. Therefore, there needs to be another vehicle to keep the program alive for further consideration. Representative Berkowitz noted that he had offered amendments on the House floor during the budget debate in order to encourage the retention of this program. He believed that this is a self-selective low income group since these folks are renters on a fixed income. This legislation was the only vehicle that Representative Berkowitz could think of to help.

CO-CHAIRMAN HARRIS inquired as to the parameters of the program.

REPRESENTATIVE BERKOWITZ said that he did not know the exact parameters of the program. Most of these individuals are living on small fixed incomes of approximately \$1,000 per month. Although there are some taking advantage of this program who do not need to do so, substantial numbers of people are depending on this program. Representative Berkowitz said that he would be willing to contemplate means testing, but it would probably be a cumbersome bureaucracy given the small sums involved. In further response to Co-Chairman Harris, Representative Berkowitz agreed that funding the program at \$300,000 was chosen because that was the funding level last year.

CO-CHAIRMAN HALCRO reiterated the earlier question regarding whether there are similar federal programs available should this money not be restored to the budget.

REPRESENTATIVE BERKOWITZ said that he would continue his search for alternative funding sources which he seemed to think should exist.

Number 1643

REPRESENTATIVE DYSON moved to report HB 215 out of committee with individual recommendations. There being no objection, it was so ordered.

Bill Root:

BASIS HAS BEEN RE-PROGRAMMED THIS YEAR



TO REPORT PROBLEMS WITH BASIS INQUIRY

[Return to Basis Main Menu \(21 Legislature\)](#)

[Return to Legislature Home Page](#)

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 18
 () Publish Date: _____

Revision Date/Time (Note if correction): 04/09/01 4:05p.m. Dept. Affected: DCED
 Title: Renters' tax equivalency payment appropriation BRU: Comm.Asst & Econ.Dev
 Component: Community and Business Development
 Sponsor: Representative Berkowitz Component Number: 2486
 Requester: House CRA

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This is a simple appropriation of \$300,000 from the general fund to the Department to partially fund the "Property Tax Equivalency" program commonly referred to as the "Renters Rebate" program. This is the companion program of the "senior citizens/disabled veterans property tax exemption" program and is aimed at renters.

This program has not been funded since FY99 when a little over 1,100 individuals participated in it. The \$300K amount to be appropriated is approximately 27% full funding. The renters rebate program has been handled in this office in the past and no new personnel will be required due to this appropriation.

Prepared by: Pat Poland, Director Phone 907-269-4580
 Division: Community and Business Development Date/Time 04/09/01 4:05p.m.
 Approved by: Commissioner Deborah B. Sedwick Date 4/9/2001
 Agency: Department of Community & Economic Development

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