

LEG. FINANCE - BILLS 1985 - 1986 2184

CSSB 109 - SB 113

2184

COMMITTEE REPORT  
HOUSE

FURTHER:

(11)

5/1/75

Date: 2/12/75

The Committee on FINANCE has had CS 100 (HESH)

"An Act relating to provision of chiropractic services under the Medicaid program"

under consideration and recommends:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for \_\_\_\_\_  same title  
 new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation  Zero Fiscal Note Attached
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

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CHAIRMAN

Offered: 4/3/85  
Referred: Finance

Original sponsors: Josephson, Abood  
and Fahrenkamp

1 IN THE SENATE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2

CS FOR SENATE BILL NO. 109 (HESS)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act related to provision of chiropractic services  
under the medicaid program."

7

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

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\* Section 1. AS 47.07.030 is amended to read:

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Sec. 47.07.030. MEDICAL SERVICES TO BE PROVIDED. Medical, ser-  
vices to be offered to eligible persons include inpatient hospital,  
outpatient hospital, rural health clinic, outpatient surgical care  
centers, laboratory and X-ray, refractions and eye examinations by  
ophthalmologists or optometrists, eyeglasses prescribed by a physician  
skilled in diseases of the eye or by an optometrist, inpatient psy-  
chiatric hospital for persons age 65 or older and persons under age  
21, skilled and intermediate nursing home, physician, nurse midwife,  
home health care services, early periodic screening diagnosis and  
treatment of persons under 21 years of age, clinic services, treatment  
of speech, hearing and language disorders, physical therapy, occupa-  
tional therapy, chiropractic services, prosthetic devices and medical  
supplies, long-term care noninstitutional services, and reasonable  
transportation to and from the point of medical care. Additional  
services may not be provided unless approved by the legislature.

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\* Sec. 2. AS 47.07.035 is amended to read:

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Sec. 47.07.035. PRIORITY OF SERVICES. If the funding in a  
fiscal year is inadequate to finance the total medical assistance  
program under this chapter, the department shall, to the extent that  
federal law and funding permits, provide medical assistance in the

29

1 following order:

2 (1) aged, blind, or disabled persons who

3 (A) do not receive supplemental security income under  
4 42 U.S.C. 1381 - 1383c (Title XVI, Social Security Act) because  
5 they do not meet income and resources requirements; and

6 (B) are eligible to receive an optional state supple-  
7 mentary payment;

8 (2) persons in a medical or intermediate care facility

9 (A) whose income while in the facility does not exceed  
10 300 percent of the supplemental security income benefit rate  
11 under 42 U.S.C. 1381 - 1383c (Title XVI, Social Security Act);  
12 and

13 (B) who would not be eligible for an optional state  
14 supplementary payment if they left the facility;

15 (3) persons under 21 years of age

16 (A) who are under the supervision of the department;

17 (B) whose maintenance is paid in whole or in part from  
18 public funds; and

19 (C) who are in foster homes or private child-care  
20 institutions;

21 (4) persons under 21 years of age who

22 (A) receive treatment in a psychiatric hospital; and

23 (B) are financially eligible as determined by the  
24 standards of 42 U.S.C. 601 - 615 (Title IV-A, Social Security  
25 Act, Aid to Families with Dependent Children);

26 (5) persons under 21 years of age who are

27 (A) in an institution designated by the department as  
28 an intermediate care facility for the mentally retarded; and

29 (B) financially eligible as determined by the

1 standards of the federal aid to families with dependent children  
2 program;

3 (6) women who are pregnant;

4 (7) persons under 21 years of age who do not qualify for  
5 benefits under the federal aid to families with dependent children  
6 program because they are not dependent children;

7 (8) intermediate nursing home services;

8 (9) eye examinations by an ophthalmologist or optometrist;  
9 or eyeglasses prescribed by a physician skilled in the diseases of the  
10 eye or by an optometrist;

11 (10) treatment of speech, hearing, or language disorders;

12 (11) physical or occupational therapy;

13 (12) care at an intermediate care facility for the mentally  
14 retarded;

15 (13) care at an inpatient psychiatric facility;

16 (14) community mental health clinic services;

17 (15) surgical care center services;

18 (16) nurse midwife services;

19 (17) medical supplies and equipment;

20 (18) long-term care noninstitutional services;

21 (19) chiropractic services.

22 \* Sec. 3. AS 47.07.900 is amended by adding a new paragraph to read:

23 (7) "chiropractic services" includes only services that are  
24 provided by a chiropractor licensed under AS 08.20 that consist of  
25 treatment by means of manual manipulation of the spine and x-rays  
26 necessary for treatment.

# STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date : 2/11/86

**REQUEST**

Bill/Resolution No. : CSSB109 (HESS)  
 Title : An Act relating to provision of chiropractic services under Med. Asst.  
 Sponsor : Josephson, Abood, Fahrenkamp  
 Requestor : \_\_\_\_\_  
 Date of Request : 2/86

**FISCAL DETAIL**

Agency Affected : Health & Social Services  
 BRU : Medical Assistance - Non Facility  
 Components : Medicaid Non-Facility

**EXPENDITURES/REVENUES : (Thousands of Dollars)**

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	-0-	20.0	-0-	-0-	-0-	-0-
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	-0-	153.0	160.0	166.4	173.0	180.0
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>-0-</b>	<b>173.0</b>	<b>160.0</b>	<b>166.4</b>	<b>173.0</b>	<b>180.0</b>

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
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**FUNDING : (Thousands of Dollars)**

GENERAL FUND	-0-	86.5	80.0	83.2	86.5	90.0
FEDERAL FUNDS	-0-	86.5	80.0	83.2	86.5	90.0
OTHER						
<b>TOTAL</b>	<b>-0-</b>	<b>173.0</b>	<b>160.0</b>	<b>166.4</b>	<b>173.0</b>	<b>180.0</b>

**POSITIONS :**

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

**ANALYSIS :** Attach a separate page if necessary

Please see attached analysis for method used to determine FY87 cost of \$173.0. A 4% inflator was used to estimate cost for FY88 and each year thereafter.

Prepared by : Rod Betit, Director *R Betit*  
 Division : Division of Medical Assistance

Phone : 465-3355  
 Date : \_\_\_\_\_ *JCC*

Approved by Commissioner : \_\_\_\_\_ *John A. King*  
 Agency : Department of Health & Social Services

Date : 2/11/86

**Distribution (by Agency preparing fiscal note) :**

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

CSSB 109  
Fiscal Note Attachment  
Cost Analysis for Chiropractic Services

Additional Contractual Costs

The Alaska Medical Payments System will require modification to pay chiropractors as a new services. The contractual costs include the following: provider manuals, training, a new claims form, tables included in the system for chiropractic services, computer programming, computer reports, the addition of collocation codes, the provision of notice to providers, provider relations, and a computer system test.

Additional Grants/Claims Costs

These figures were adjusted by an inflation factor of 4%. This is the average percent increase experienced during the past two years in chiropractic services. These costs are for only manual manipulation of the spine and the x-rays necessary for diagnosis. Again, these are the only chiropractic services for which federal reimbursement is available. The federal match for Medicaid is 50%.

We did not develop a fiscal note for the full range of chiropractic services included in SB 109. We used the following formula to develop our cost estimates:

$$\left( \frac{\# \text{Recipients}}{\text{Month}} \times \frac{\# \text{Services}}{\text{Month}} \times \frac{\text{Cost/Service}}{\text{Month}} + \frac{\# \text{Recipients}}{\text{mth}} \times \frac{\# \text{X-Rays}}{\text{Month}} \times \text{Cost/X-Ray} \times 12 \text{ mths} \right)$$

$$[50 \times 2 \times \$30] + (50 \times 3 \times \$65) \times 12 = \$153.0 + 1 \text{ time Administrative Cost } \$20.0 = \$173.0$$

Assumption #1:

Alaska's ratio of recipients to eligibles is similar to the ratio of recipients to eligibles in Idaho.

Idaho averaged 75 chiropractic recipients and 30,000 eligibles per month. Therefore we estimate Alaska would average 50 chiropractic recipients out of 20,000 eligibles per month.

Assumption #2:

Services would be limited to 2 visits per month per recipient.

Assumption #3:

X-rays would be limited to three x-ray per month per recipient.

Assumption #4:

Manual manipulation of the spine costs \$30. An x-ray costs \$65.00.

*This is all part of the file*

*R. P. Bell*  
2/10/86

BILL

IN THE LEGISLATURE OF THE STATE OF ALASKA

LEGISLATURE

A BILL

For an Act entitled: "An Act relating to payments to health facilities."

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

\* Section 1. 47.07.040 is amended to read:

Sec. 47.07.040. STATE PLAN FOR PROVISION OF MEDICAL ASSISTANCE. The department shall prepare a state plan in accordance with the provisions of 42 U.S.C. 1396 -- 1396p (Title XIX, Social Security Act, Medical Assistance) and submit it for approval to the United States Department of Health and Human Services. The plan shall designate that the Department of Health and Social Services is the single state agency to administer this plan. The department shall act for the state in any negotiations relative to the submission and approval of the plan. The department, including the medicaid rate commission, may make those arrangements, or regulatory changes, not inconsistent with law, as may be required under federal law to obtain and retain approval of the United States Department of Health and Human Services to secure for the state the optimum federal participation under the provisions of 42 U.S.C. 1396 -- 1396p (Title XIX, Social Security Act, Medical Assistance). In addition, the department shall provide a report to the legislature no later than March 15 of each year concerning the status of this program and recommendations,

1 with supporting fiscal data, as to any changes in the  
2 coverage of eligible persons or services to be provided.

3 \* Sec. 2. 47.07.070(a) is amended to read:

4 Sec. 47.07.070(a). PAYMENT TO HEALTH FACILITIES. (a)

5 The Commission shall determine prospectively the rate of  
6 payment to a health facility under this chapter and  
7 AS 47.25.120 - 47.25.300 based on a fixed rate, not to  
8 exceed the facility's customary charges, for reasonable  
9 costs incurred by the facility. The commission shall by  
10 regulation list the factors it considers in making its rate  
11 determinations under this section.

12 \* Sec. 3. 47.07.070 is amended by adding new subsections:

13 Sec. 47.07.070(d) In determining rates of payment to  
14 health facilities, the commission shall consider the appro-  
15 priation limit set by the legislature for the department's  
16 programs under this chapter and under AS 47.25.120 --  
17 47.25.300. The commission shall set rates for facilities in  
18 the state so that, taking into account projected rates of  
19 utilization, the aggregate state payments to health facil-  
20 ities will not exceed the budgeted amounts for the state  
21 fiscal year.

22 (e) For the state fiscal year 1987, beginning July 1,  
23 1986, the commission may establish new prospective payment  
24 rates for any facility whose rate for any part of state  
25 fiscal year 1987 was set before the effective date of this  
26 amendment, if a new rate is necessary to allow the commis-  
27 sion to carry out the intent of subsection (d) above.

28 \* Sec. 4. 47.07.180 is amended to read:  
29

1           Sec. 47.07.180. DUTIES. (a) The commission shall  
2 review proposed payment rates [AND BUDGETS] of health  
3 facilities and establish payment rates for health facilities  
4 under this chapter and AS 47.25.120 -- 47.25.300.

5           (b) The commission shall consult with the department  
6 on the state plan as it relates to health facilities, and  
7 shall coordinate the payment rate methods used by the  
8 commission with the state plan and with the administrative  
9 needs of the department's medical assistance payment  
10 program.

11           (c) The commission will make available facility-  
12 reported budget data to any health facility which has need  
13 of budgeting or management assistance, including assistance  
14 by the commission in a facility's request to the United  
15 States Department of Health and Social Services for a waiver  
16 of federal reimbursement rules or limits.

17           (d) By March 1 of each year, the commission shall  
18 adopt a target dollar amount estimating state medical  
19 assistance program utilization, revenues, and payment rates  
20 of facilities for the state fiscal year beginning the next  
21 July 1. The methodology used by the commission to develop  
22 the target shall be the basis used for establishing payment  
23 rates for the facilities during the applicable state fiscal  
24 year.

POSITION PAPER  
CSSB 109

"An act relating to provision of chiropractic services under the Medical Assistance program".

I. Background

CSSB 109 would modify the Medicaid program to add chiropractic services. Currently, approximately 29 states include chiropractic services in their Medicaid program. In addition, many major private insurance programs include chiropractic coverage. Generally, chiropractors and advocates of their services contend that chiropractic services are an alternative to other, potentially more costly medical treatments. However, States that have chiropractic services as part of their Medicaid programs have not reported reductions in the utilization of other health care services.

CSSB 109 limits coverage to the two services covered under federal Medicaid rules i.e., manual manipulation of the spine and x-rays necessary for treatment. The added FY87 costs to include chiropractic services if limited to these two services is anticipated to be \$173.0, (\$86.5 in state funds).

II. Departmental Position:

Chiropractic services would be a good addition to the medical services currently offered under Medicaid, but the added cost associated with this new service is not in the Governor's budget and would have to be added by the Legislature.

Recommended By: Rod Betit  
Rod Betit, Director  
Division of Medical Assistance

Date: 2/10/86

Approved By: John P. Pugh  
John P. Pugh, Commissioner  
Department of Health & Social  
Services

Date: 2/11/86

(Tying Medicaid rates to Budget Process) -

Offered: 4/29/85  
Referred: Rules

See Section 4,  
p. 4. Action taken  
in House Finance  
in 1985

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 98 (Finance)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to medical assistance; and providing  
7 for an effective date."

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

9 \* Section 1. AS 47.07.020(b) is amended to read:

10 (b) In addition to the persons specified in (a) of this section,  
11 the following optional groups of persons for whom the state may claim  
12 federal financial participation are eligible for medical assistance:

13 (1) persons eligible for but not receiving assistance under  
14 any plan of the state approved under 42 U.S.C. 601 - 615 (Title IV-A,  
15 Social Security Act, Aid to Families with Dependent Children) or 42  
16 U.S.C. 1381 - 1383c (Title XVI, Social Security Act, Supplemental  
17 Security Income);

18 (2) persons in a general hospital, skilled nursing facility  
19 or intermediate care facility, who, if they left the facility, would  
20 be eligible for assistance under one of the federal programs specified  
21 in (1) of this subsection;

22 (3) persons under age 21 who are [YEARS OF AGE] under  
23 supervision of the department, for whom maintenance is being paid in  
24 whole or in part from public funds, and who are in foster homes or  
25 private child-care institutions;

26 (4) aged, blind, or disabled persons, who, because they do  
27 not meet income and resources requirements, do not receive supple-  
28 mental security income under 42 U.S.C. 1381 - 1383c (Title XVI, Social  
29 Security Act), and who do not receive a mandatory state supplement,

1 but who are eligible, or would be eligible if they were not in a  
2 general hospital or skilled nursing facility or intermediate care  
3 facility to receive an optional state supplementary payment;

4 (5) persons under age 21 who are [YEARS OF AGE] in an  
5 institution designated as an intermediate care facility for the  
6 mentally retarded and who are financially eligible as determined by  
7 the standards of the federal aid to families with dependent children  
8 program;

9 (6) persons in a medical or intermediate care facility  
10 whose income while in the facility does not exceed 300 percent of the  
11 supplemental security income benefit rate under 42 U.S.C. 1381 - 1383c  
12 (Title XVI, Social Security Act) but who would not be eligible for an  
13 optional state supplementary payment if they left the hospital or  
14 other facility;

15 (7) persons under age 21 who are [YEARS OF AGE] receiving  
16 active treatment in a psychiatric hospital and who are financially  
17 eligible as determined by the standards of 42 U.S.C. 601 - 615 (Title  
18 IV-A, Social Security Act, Aid to Families with Dependent Children);

19 (8) persons age five and over, but under age 21, [YEARS OF  
20 AGE] who would be eligible for benefits under the federal aid to  
21 families with dependent children program, but who do not qualify  
22 because they are not dependent children [;

23 (9) WOMEN WHO ARE PREGNANT].

24 \* Sec. 2. AS 47.07.030 is repealed and reenacted to read:

25 Sec. 47.07.030. MEDICAL SERVICES TO BE PROVIDED. (a) The de-  
26 partment shall offer all mandatory services required under 42 U.S.C.  
27 1396 - 1396p (Title XIX of the Social Security Act).

28 (b) In addition to the mandatory services specified in (a) of  
29 this section, the department may offer only the following optional

1 services: emergency hospital services; long-term care noninstitutional  
2 services; medical supplies and equipment; clinic services; inpatient  
3 psychiatric facility services for individuals age 65 or older and  
4 individuals under age 21; physical therapy; occupational therapy;  
5 treatment of speech, hearing, and language disorders; prosthetic  
6 devices and eyeglasses; optometrists' services; intermediate care  
7 facility services; skilled nursing facility services for individuals  
8 under age 21; and reasonable transportation to and from the point of  
9 medical care.

10 \* Sec. 3. AS 47.07.035 is repealed and reenacted to read:

11 Sec. 47.07.035. PRIORITY OF MEDICAL ASSISTANCE. If the depart-  
12 ment finds that the cost of medical assistance for all persons eligi-  
13 ble under this chapter will exceed the amount allocated in the state  
14 budget for that assistance for the fiscal year, the department shall  
15 eliminate coverage for optional medical services and optionally  
16 eligible groups of individuals in the following order:

- 17 (1) emergency hospital services;
- 18 (2) long-term care noninstitutional services;
- 19 (3) medical supplies and equipment;
- 20 (4) clinic services;
- 21 (5) inpatient psychiatric facility services;
- 22 (6) intermediate care facility services for the mentally  
23 retarded;
- 24 (7) physical therapy and occupational therapy;
- 25 (8) treatment of speech, hearing, and language disorders;
- 26 (9) prosthetic devices and eyeglasses;
- 27 (10) optometrists' services;
- 28 (11) intermediate care facility services;
- 29 (12) individuals age five and over, but under age 21, who are

1 not eligible for benefits under the federal aid to families with  
2 dependent children program because they do not meet the definition of  
3 dependent children;

4 (13) individuals under age 21 under supervision of the de-  
5 partment, for whom maintenance is being paid in whole or in part from  
6 public money and who are in foster homes or private child-care insti-  
7 tutions;

8 (14) individuals in a health facility whose income while in  
9 the facility does not exceed 300 percent of the supplemental security  
10 income benefit rate under Title XVI of the Social Security Act, and  
11 who would not be eligible for the optional state supplementary payment  
12 if they left the facility;

13 (15) aged, blind, and disabled individuals who, because they  
14 do not meet the income and resource requirements, do not receive  
15 supplemental security income under Title XVI of the Social Security  
16 Act, and who are not eligible to receive a mandatory state supplement  
17 but who are eligible, or would be eligible if they were not in a  
18 general hospital or skilled nursing facility or intermediate care  
19 facility, to receive an optional state supplementary payment;

20 (16) skilled nursing facility services for persons under age  
21 21.

22 \* Sec. 4. AS 47.07.070 is amended by adding a new subsection to read:

23 (d) Notwithstanding (a) - (c) of this section, the commission  
24 shall also consider available state and federal revenue when making  
25 rate decisions.

26 \* Sec. 5. AS 47.07.900(1) is amended to read:

27 (1) "clinic services" means services provided by state-  
28 approved outpatient community mental health clinics that receive  
29 grants under AS 47.30.520 - 47.30.620, state-operated community mental

1 health clinics, outpatient surgical care center services, and physi-  
2 cian clinics;

3 \* Sec. 6. AS 47.07.900 is amended by adding a new paragraph to read:

4 (7) "emergency hospital services" means services that

5 (A) are necessary to prevent the death or serious  
6 impairment of the health of the individual; and

7 (B) because of the threat to the life or health of the  
8 individual, necessitate the use of the most accessible hospital  
9 available that is equipped to furnish the services, even if the  
10 hospital does not currently meet

11 (i) the conditions for participation under Medi-  
12 care; or

13 (ii) the definitions of inpatient or outpatient  
14 hospital services under 42 C.F.R. secs. 440.10 and 440.20.

15 \* Sec. 7. This Act takes effect immediately in accordance with AS 01.-  
16 10.070(c).

DHSS proposed  
language: 1986

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BILL  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
LEGISLATURE  
A BILL

For an Act entitled: "An Act relating to payments to health facilities."

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

\* Section 1. 47.07.040 is amended to read:

Sec. 47.07.040. STATE PLAN FOR PROVISION OF MEDICAL ASSISTANCE. The department shall prepare a state plan in accordance with the provisions of 42 U.S.C. 1396 -- 1396p (Title XIX, Social Security Act, Medical Assistance) and submit it for approval to the United States Department of Health and Human Services. The plan shall designate that the Department of Health and Social Services is the single state agency to administer this plan. The department shall act for the state in any negotiations relative to the submission and approval of the plan. The department, including the medicaid rate commission, may make those arrangements, or regulatory changes, not inconsistent with law, as may be required under federal law to obtain and retain approval of the United States Department of Health and Human Services to secure for the state the optimum federal participation under the provisions of 42 U.S.C. 1396 -- 1396p (Title XIX, Social Security Act, Medical Assistance). In addition, the department shall provide a report to the legislature no later than March 15 of each year concerning the status of this program and recommendations.

1 with supporting fiscal data, as to any changes in the  
2 coverage of eligible persons or services to be provided.

3 \* Sec. 2. 47.07.070(a) is amended to read:

4 Sec. 47.07.070(a). PAYMENT TO HEALTH FACILITIES. (a)  
5 The Commission shall determine prospectively the rate of  
6 payment to a health facility under this chapter and  
7 AS 47.25.120 - 47.25.300 based on a fixed rate, not to  
8 exceed the facility's customary charges, for reasonable  
9 costs incurred by the facility. The commission shall by  
10 regulation list the factors it considers in making its rate  
11 determinations under this section.

12 \* Sec. 3. 47.07.070 is amended by adding new subsections:

13 Sec. 47.07.070(d) In determining rates of payment to  
14 health facilities, the commission shall consider the appro-  
15 riation limit set by the legislature for the department's  
16 programs under this chapter and under AS 47.25.120 --  
17 47.25.300. The commission shall set rates for facilities in  
18 the state so that, taking into account projected rates of  
19 utilization, the aggregate state payments to health facil-  
20 ities will not exceed the budgeted amounts for the state  
21 fiscal year.

22 (e) For the state fiscal year 1987, beginning July 1,  
23 1986, the commission may establish new prospective payment  
24 rates for any facility whose rate for any part of state  
25 fiscal year 1987 was set before the effective date of this  
26 amendment, if a new rate is necessary to allow the commis-  
27 sion to carry out the intent of subsection (d) above.

28 \* Sec. 4. 47.07.180 is amended to read:  
29

1                   Sec. 47.07.180. DUTIES. (a) The commission shall  
2 review proposed payment rates [AND BUDGETS] of health  
3 facilities and establish payment rates for health facilities  
4 under this chapter and AS 47.25.120 -- 47.25.300.

5                   (b) The commission shall consult with the department  
6 on the state plan as it relates to health facilities, and  
7 shall coordinate the payment rate methods used by the  
8 commission with the state plan and with the administrative  
9 needs of the department's medical assistance payment  
10 program.

11                   (c) The commission will make available facility-  
12 reported budget data to any health facility which has need  
13 of budgeting or management assistance, including assistance  
14 by the commission in a facility's request to the United  
15 States Department of Health and Social Services for a waiver  
16 of federal reimbursement rules or limits.

17                   (d) By March 1 of each year, the commission shall  
18 adopt a target dollar amount estimating Medicaid  
19 utilization, revenues, and payment rates of facilities for  
20 the state fiscal year beginning the next July 1. The  
21 methodology used by the commission to develop the target  
22 shall be the basis used for establishing payment rates for  
23 the facilities during the applicable state fiscal year.  
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current work draft for HB 98

(page 3, line 20)

Hein  
2/1/86

Original sponsor: Rules/Governor

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BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

IN THE HOUSE

SENATE CS FOR CS FOR HOUSE BILL NO. 98 (HESS)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FOURTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to medical assistance; and providing  
for an effective date."

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

\* Section 1. AS 44.77 is amended by adding a new section to read:

Sec. 44.77.015. CLAIMS FOR MEDICAL SERVICES. (a) For the purposes of filing claims for medical services provided under AS 47.07 or 47.25.120 - 47.25.300, "promptly," in AS 44.77.010(a), means (1) within six months after the date of service, or as provided in (b) of this section, if there is no third-party claim, or (2) within 12 months after the date of service if there is a third-party claim. Except as provided in (c) of this section, a claim may not be paid if it is not filed promptly; an inference to the contrary may not be drawn from AS 09.10.050, AS 09.50.250 - 09.50.300, or AS 37.25.010.

(b) In accordance with (a) of this section, a claim may be considered to be filed promptly if (1) the claim was filed more than six months after the date of service because the medical provider had reason to believe that the beneficiary was ineligible for service under AS 47.07 or AS 47.25.120 - 47.25.300; (2) a court of competent jurisdiction or an administrative hearing officer finds that the beneficiary was eligible for service under AS 47.07 or AS 47.25.120 - 47.25.300 on the date of service; and (3) the claim is filed within six months after the date that the court or administrative finding is rendered. The beneficiary is responsible for notifying the medical provider of the judicial or administrative finding.

1 (c) The commissioner of health and social services may authorize  
2 payment to a medical provider of a claim not promptly filed, upon good  
3 cause shown. Payments under this subsection may not exceed 50 percent  
4 of the allowable charges presented in the claim. In this subsection,  
5 "good cause" does not include a beneficiary's failure to notify a  
6 provider of a judicial or administrative finding of eligibility.

7 (d) In this section,

8 (1) "beneficiary" means a person who is found to be eligi-  
9 ble to receive medical services under AS 47.07 or AS 47.25.121 -  
10 47.25.300;

11 (2) "medical provider" means a person, firm, corporation,  
12 association, or institution that, on the date of service, was approved  
13 to provide medical assistance, in accordance with regulations adopted  
14 by the Department of Health and Social Services.

15 \* Sec. 2. AS 47.05 is amended by adding a new section to read:

16 Sec. 47.05.070. SUBROGATION. (a) If the department provides or  
17 pays for medical assistance for injury or illness under this title,  
18 the department is subrogated to the rights of the recipient of that  
19 medical assistance for any claim arising from the injury or illness  
20 and to the proceeds of an insurance policy covering the injury or  
21 illness to the extent of the value of the medical assistance provided.

22 (b) If a recipient of medical assistance under this title set-  
23 tles a claim or obtains an award or judgment arising from the injury  
24 or illness for which the medical assistance was received, the depart-  
25 ment shall reimburse the recipient for attorney fees and costs commen-  
26 surate with the amount of the settlement, award, or judgment to which  
27 the department is entitled under (a) of this section. Regardless of  
28 the manner in which the amount of the attorney fees is derived, reim-  
29 bursement of attorney fees shall be in accordance with the applicable

1 rules of court governing the award of attorney fees in civil matters.

2 \* Sec. 3. AS 47.07.020(b) is amended to read:

3 (b) In addition to the persons specified in (a) of this section,  
4 the following optional groups of persons for whom the state may claim  
5 federal financial participation are eligible for medical assistance:

6 (1) persons eligible for but not receiving assistance under  
7 any plan of the state approved under 42 U.S.C. 601 - 615 (Title IV-A,  
8 Social Security Act, Aid to Families with Dependent Children) or 42  
9 U.S.C. 1381 - 1383c (Title XVI, Social Security Act, Supplemental  
10 Security Income);

11 (2) persons in a general hospital, skilled nursing facility  
12 or intermediate care facility, who, if they left the facility, would  
13 be eligible for assistance under one of the federal programs specified  
14 in (1) of this subsection;

15 (3) persons under age 21 who are [YEARS OF AGE] under  
16 supervision of the department, for whom maintenance is being paid in  
17 whole or in part from public funds, and who are in foster homes or  
18 private child-care institutions;

19 (4) aged, blind, or disabled persons, who, because they do  
20 not meet income [REDACTED] requirements, do not receive supple-  
21 mental security income under 42 U.S.C. 1381 - 1383c (Title XVI, Social  
22 Security Act), and who do not receive a mandatory state supplement,  
23 but who are eligible, or would be eligible if they were not in a  
24 [GENERAL HOSPITAL OR] skilled nursing facility or intermediate care  
25 facility to receive an optional state supplementary payment;

26 (5) persons under age 21 who are [YEARS OF AGE] in an  
27 institution designated as an intermediate care facility for the men-  
28 tally retarded and who are financially eligible as determined by the  
29 standards of the federal aid to families with dependent children

1 program;

2 (6) persons in a medical or intermediate care facility  
3 whose income while in the facility does not exceed 300 percent of the  
4 supplemental security income benefit rate under 42 U.S.C. 1381 - 1383c  
5 (Title XVI, Social Security Act) but who would not be eligible for an  
6 optional state supplementary payment if they left the hospital or  
7 other facility;

8 (7) persons under age 21 who are [YEARS OF AGE] receiving  
9 active treatment in a psychiatric hospital and who are financially  
10 eligible as determined by the standards of 42 U.S.C. 601 - 615 (Title  
11 IV-A, Social Security Act, Aid to Families with Dependent Children);

12 (8) persons under age 21 and not covered under (a) of this  
13 section, [YEARS OF AGE] who would be eligible for benefits under the  
14 federal aid to families with dependent children program, except that  
15 they have the care and support of both their natural and adoptive  
16 parents [BUT WHO DO NOT QUALIFY BECAUSE THEY ARE NOT DEPENDENT CHILD-  
17 REN];

18 (9) [WOMEN WHO ARE] pregnant women not covered under (a) of  
19 this section and who meet the income and resource requirements of the  
20 federal aid to families with dependent children program.

21 \* Sec. 4. AS 47.07.030 is repealed and reenacted to read:

22 Sec. 47.07.030. MEDICAL SERVICES TO BE PROVIDED. (a) The de-  
23 partment shall offer all mandatory services required under 42 U.S.C.  
24 1396 - 1396p (Title XIX of the Social Security Act).

25 (b) In addition to the mandatory services specified in (a) of  
26 this section, the department may offer only the following optional  
27 services: personal care services in a recipient's home; emergency  
28 hospital services; long-term care noninstitutional services; medical  
29 supplies and equipment; clinic services; inpatient psychiatric

1 facility services for individuals age 65 or older and individuals  
2 under age 21; physical therapy; occupational therapy; treatment of  
3 speech, hearing, and language disorders; prosthetic devices and  
4 eyeglasses; optometrists' services; intermediate care facility  
5 services, including intermediate care facility services for the  
6 mentally retarded; skilled nursing facility services for individuals  
7 under age 21; and reasonable transportation to and from the point of  
8 medical care.

9 \* Sec. 5. AS 47.07.035 is repealed and reenacted to read:

10 Sec. 47.07.035. PRIORITY OF MEDICAL ASSISTANCE. If the depart-  
11 ment finds that the cost of medical assistance for all persons eligi-  
12 ble under this chapter will exceed the amount allocated in the state  
13 budget for that assistance for the fiscal year, the department shall  
14 eliminate coverage for optional medical services and optionally eligi-  
15 ble groups of individuals in the following order:

- 16 (1) personal care services in a recipient's home;
- 17 (2) emergency hospital services;
- 18 (3) long-term care noninstitutional services;
- 19 (4) medical supplies and equipment;
- 20 (5) clinic services;
- 21 (6) inpatient psychiatric facility services;
- 22 (7) intermediate care facility services for the mentally  
23 retarded;
- 24 (8) physical therapy and occupational therapy;
- 25 (9) treatment of speech, hearing, and language disorders;
- 26 (10) prosthetic devices and eyeglasses;
- 27 (11) optometrists' services;
- 28 (12) intermediate care facility services;
- 29 (13) individuals age five and over, but under age 21, who are

1 not eligible for benefits under the federal aid to families with  
2 dependent children program because they do not meet the definition of  
3 dependent children;

4 (14) individuals under age 21 under supervision of the de-  
5 partment, for whom maintenance is being paid in whole or in part from  
6 public money and who are in foster homes or private child-care insti-  
7 tutions;

8 (15) individuals in a health facility whose income while in  
9 the facility does not exceed 300 percent of the supplemental security  
10 income benefit rate under Title XVI of the Social Security Act, and  
11 who would not be eligible for the optional state supplementary payment  
12 if they left the facility;

13 (16) aged, blind, and disabled individuals who, because they  
14 do not meet the income and resource requirements, do not receive  
15 supplemental security income under Title XVI of the Social Security  
16 Act, and who are not eligible to receive a mandatory state supplement  
17 but who are eligible, or would be eligible if they were not in a  
18 general hospital or skilled nursing facility or intermediate care  
19 facility, to receive an optional state supplementary payment;

20 (17) skilled nursing facility services for persons under age  
21 21.

22 \* Sec. 6. AS 47.07.070 is amended by adding a new subsection to read:

23 (d) Notwithstanding (a) - (c) of this section, the commission  
24 shall also consider available state and federal revenue when making  
25 rate decisions.

26 \* Sec. 7. AS 47.07.900(1) is amended to read:

27 (1) "clinic services" means services provided by state-  
28 approved outpatient community mental health clinics that receive  
29 grants under AS 47.30.520 - 47.30.620, state-operated community mental

1 health clinics, outpatient surgical care centers, and physician  
2 clinics;

3 \* Sec. 8. AS 47.07.900 is amended by adding new paragraphs to read:

4 (7) "emergency hospital services" means services that

5 (A) are necessary to prevent the death or serious  
6 impairment of the health of the individual; and

7 (B) because of the threat to the life or health of the  
8 individual, necessitate the use of the most accessible hospital  
9 available that is equipped to furnish the services, even if the  
10 hospital does not currently meet

11 (i) the conditions for participation under Medi-  
12 care; or

13 (ii) the definitions of inpatient or outpatient  
14 hospital services under 42 C.F.R. secs. 440.10 and 440.20.

15 (8) "personal care services in a recipient's home" means  
16 services prescribed by a physician in accordance with the recipient's  
17 plan of treatment and provided by an individual who is

18 (A) qualified to provide the services;

19 (B) supervised by a registered nurse; and

20 (C) not a member of the recipient's family.

21 \* Sec. 9. AS 44.77.010(b) is repealed.

22 \* Sec. 10. This Act takes effect immediately in accordance with AS 01.-  
23 10.070(c).  
24  
25  
26  
27  
28  
29

Introduced: 1/30/85  
Referred: Health, Education and  
Social Services and  
Finance

BY JOSEPHSON, ABOOD  
AND FAHRENKAMP

1 IN THE SENATE

2 SENATE BILL NO. 109

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act related to provision of chiropractic services  
7 under the medicaid program."

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

9 \* Section 1. AS 47.07.030 is amended to read:

10 Sec. 47.07.030. MEDICAL SERVICES TO BE PROVIDED. Medical ser-  
11 vices to be offered to eligible persons include inpatient hospital,  
12 outpatient hospital, rural health clinic, outpatient surgical care  
13 centers, laboratory and X-ray, refractions and eye examinations by  
14 ophthalmologists or optometrists, eyeglasses prescribed by a physician  
15 skilled in diseases of the eye or by an optometrist, inpatient psy-  
16 chiatric hospital for persons age 65 or older and persons under age  
17 21, skilled and intermediate nursing home, physician, nurse midwife,  
18 home health care services, early periodic screening diagnosis and  
19 treatment of persons under 21 years of age, clinic services, treatment  
20 of speech, hearing and language disorders, physical therapy, occupa-  
21 tional therapy, chiropractic services, prosthetic devices and medical  
22 supplies, long-term care noninstitutional services, and reasonable  
23 transportation to and from the point of medical care. Additional  
24 services may not be provided unless approved by the legislature.

25 \* Sec. 2. AS 47.07.035 is amended to read:

26 Sec. 47.07.035. PRIORITY OF SERVICES. If the funding in a  
27 fiscal year is inadequate to finance the total medical assistance  
28 program under this chapter, the department shall, to the extent that  
29 federal law and funding permits, provide medical assistance in the

1 following order:

2 (1) aged, blind, or disabled persons who

3 (A) do not receive supplemental security income under  
4 42 U.S.C. 1381 - 1383c (Title XVI, Social Security Act) because  
5 they do not meet income and resources requirements; and

6 (B) are eligible to receive an optional state supple-  
7 mentary payment;

8 (2) persons in a medical or intermediate care facility

9 (A) whose income while in the facility does not exceed  
10 300 percent of the supplemental security income benefit rate  
11 under 42 U.S.C. 1381 - 1383c (Title XVI, Social Security Act);  
12 and

13 (B) who would not be eligible for an optional state  
14 supplementary payment if they left the facility;

15 (3) persons under 21 years of age

16 (A) who are under the supervision of the department;  
17 (B) whose maintenance is paid in whole or in part from  
18 public funds; and

19 (C) who are in foster homes or private child-care  
20 institutions;

21 (4) persons under 21 years of age who

22 (A) receive treatment in a psychiatric hospital; and  
23 (B) are financially eligible as determined by the  
24 standards of 42 U.S.C. 601 - 615 (Title IV-A, Social Security  
25 Act, Aid to Families with Dependent Children);

26 (5) persons under 21 years of age who are

27 (A) in an institution designated by the department as  
28 an intermediate care facility for the mentally retarded; and

29 (B) financially eligible as determined by the

1 standards of the federal aid to families with dependent children  
2 program;

3 (6) women who are pregnant;

4 (7) persons under 21 years of age who do not qualify for  
5 benefits under the federal aid to families with dependent children  
6 program because they are not dependent children;

7 (8) intermediate nursing home services;

8 (9) eye examinations by an ophthalmologist or optometrist;  
9 or eyeglasses prescribed by a physician skilled in the diseases of the  
10 eye or by an optometrist;

11 (10) treatment of speech, hearing, or language disorders;

12 (11) physical or occupational therapy;

13 (12) care at an intermediate care facility for the mentally  
14 retarded;

15 (13) care at an inpatient psychiatric facility;

16 (14) community mental health clinic services;

17 (15) surgical care center services;

18 (16) nurse midwife services;

19 (17) medical supplies and equipment;

20 (18) long-term care noninstitutional services;

21 (19) chiropractic services.

22 \* Sec. 3. AS 47.07.900 is amended by adding a new paragraph to read:

23 (7) "chiropractic" has the meaning given in AS 08.20.220.

COMMITTEE REPORT  
SENATE

FURTHER:

5/22/85

Date 5/2/85

Mr. President

The Committee on FINANCE considered the bill

relating to state and municipal (02) exceptions to...

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for \_\_\_\_\_
- new title
- same title and recommends \_\_\_\_\_
- and attached a "LETTER OF INTENT"  NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS

\_\_\_\_\_  
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\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Chairman recommendation

SENATE LETTER OF INTENT

SB 113

It is the intent of the Legislature that exemptions from the \$200,000 assessment cap are to be granted liberally to senior citizens living in the same place of residence for a number of years, who might otherwise be forced to move due to high property taxes.

By the Finance Committee



From The  
**SENATE  
FINANCE COMMITTEE**

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May 2, 1985

REMINDER -

Senator Halford advised he would draft a Letter of Intent to accompany SB 113 (Act relating to state and municipal tax exemptions). The letter is to express legislative intent that exemptions from the \$200,000 assessment cap are to be granted to senior citizens living in the same place/residence for the past 10 or 15 years.

kathy  
4935

Introduced: 1/30/85  
Referred: Community & Regional Affairs  
and Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2

SENATE BILL NO. 113

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to state and municipal tax exemp-  
7 tions; and providing for an effective date."

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

9 \* Section 1. AS 28.10.411(c) is amended to read:

10 (c) A resident 65 years of age or older on January 1 of the as-  
11 essment year is entitled to an exemption from the tax levied under  
12 AS 28.10.431(b) and the registration fee required [TAX] under this  
13 section for one motor vehicle subject to registration under AS 28.10.-  
14 421(b)(1), (2), (5), or (6). An exemption may not be granted except  
15 upon written application for the exemption on a form prescribed by the  
16 department.

17 \* Sec. 2. AS 28.10.411(d) is repealed and reenacted to read:

18 (d) The Department of Community and Regional Affairs shall reim-  
19 burse a municipality that elects to levy a tax under AS 28.10.431 for  
20 revenues lost because of the exemption from the tax provided by (c) of  
21 this section. If appropriations are less than the amount necessary  
22 for full reimbursement to all municipalities under this section, pay-  
23 ments to all municipalities entitled to receive reimbursement under  
24 this section must be prorated.

25 \* Sec. 3. AS 29.53.020(a) is amended to read:

26 (a) The following property is exempt from general taxation:

27 (1) municipal, state or federally owned property, except  
28 that private leaseholds, contracts or other interest in the property  
29 shall be taxable to the extent of those interests;

1 (2) household furniture of the head of a family or a house-  
2 holder not exceeding \$500 in value;

3 (3) property used exclusively for nonprofit religious,  
4 charitable, cemetery, hospital or educational purposes;

5 (4) property of a nonbusiness organization composed entire-  
6 ly of persons with 90 days or more of active service in the armed  
7 forces of the United States whose conditions of service and separation  
8 were other than dishonorable, or the property of the auxiliary of such  
9 organization;

10 (5) money on deposit;

11 (6) the real property of certain residents of the state to  
12 the extent and subject to the conditions provided in (e) of this  
13 section;

14 (7) real property to the extent and subject to the condi-  
15 tions provided in (j) of this section;

16 (8) inventories located within a foreign trade zone estab-  
17 lished under AS 45.77.010, before those inventories are cleared by the  
18 United States Customs Service and admitted into domestic commerce;

19 (9) real property or an interest in real property that is  
20 exempt from taxation under 43 U.S.C. 1620(d), as amended;

21 (10) a motor vehicle of certain residents of the state to  
22 the extent and subject to the conditions provided in (m) of this sec-  
23 tion.

24 \* Sec. 4. AS 29.53.020(e) is amended to read:

25 (e) The real property owned and occupied as a permanent place of  
26 abode by a resident 65 years of age or older [OVER] or by a disabled  
27 veteran is exempt from taxation of the first \$200,000 of the assessed  
28 value of the real property. A municipality may, in the case of hard-  
29 ship to an individual, provide for exemption beyond the first \$200,000

1 of assessed value under regulations of the Department of Community and  
2 Regional Affairs. Only one exemption may be granted for the same  
3 property and, if two or more persons are eligible for an exemption for  
4 the same property, the parties shall decide between or among them-  
5 selves which will [SHALL] receive the benefit of the exemption. The  
6 surviving spouse of a person who had been receiving the benefits of an  
7 exemption may continue to receive the benefits of the exemption if the  
8 surviving spouse is at least 55 years of age. Real property may not  
9 be exempted under this subsection if the assessor determines, after  
10 notice and hearing to the parties concerned, that the property was  
11 conveyed to the applicant primarily for the purpose of obtaining the  
12 exemption. The determination of the assessor may be appealed under  
13 AS 44.62.560 -- 44.62.570.

14 \* Sec. 5. AS 29.53.020(f) is amended to read:

15 (f) An exemption may not be granted except upon written applica-  
16 tion for the exemption on a form approved by the state assessor for  
17 use by local assessors. The claimant must file the application no  
18 later than January 15 of the assessment year for which the exemption  
19 is sought, but during the same year the governing body of the munici-  
20 pality for good cause shown may waive the claimant's failure to make  
21 timely application for the exemption for that year and authorize the  
22 assessor to accept the application as if timely filed. The claimant  
23 must file a separate application for each exemption and for each as-  
24 sessment year in which the exemption is sought. The assessor shall  
25 allow an exemption if [IF] an application is filed within the required  
26 time and [IS APPROVED BY THE ASSESSOR, THE ASSESSOR SHALL ALLOW AN  
27 EXEMPTION] in accordance with the provisions of this section. If a  
28 claimant whose failure to file by January 15 of the assessment year  
29 has been waived under [AS PROVIDED IN] this subsection and the

1 application for exemption is approved, the amount of tax that the  
2 claimant may have already paid for the assessment year with respect to  
3 the property exempted must [SHALL] be refunded to the claimant. The  
4 assessor shall require proof in the form the assessor considers neces-  
5 sary of the right to and amount of an exemption claimed under this  
6 section, and shall require a disabled veteran claiming an exemption  
7 under (e) of this section to provide evidence of the disability rat-  
8 ing. The assessor may require proof under this section at any time.

9 \* Sec. 6. AS 29.53.020 is amended by adding new subsections to read:

10 (m) One motor vehicle owned by a resident 65 years of age or  
11 older on January 1 of the assessment year is exempt from the property  
12 tax levied by a municipality under AS 29.53.010. Only one exemption  
13 may be granted for the same motor vehicle and, if two or more persons  
14 are eligible for an exemption for the same motor vehicle, the parties  
15 shall decide who will receive the exemption. A motor vehicle that the  
16 assessor determines, after notice and hearing to the parties con-  
17 cerned, has been conveyed to the applicant primarily for the purpose  
18 of obtaining the exemption may not be exempted under this subsection.

19 (n) The state shall reimburse a municipality for the revenue  
20 lost to it under (m) of this section. To the extent that a municipal-  
21 ity exempts motor vehicles from taxation under AS 29.53.025(b)(4) that  
22 would otherwise be exempt under this section, no reimbursement will be  
23 made under this subsection.

24 (o) If appropriations made for the purpose of reimbursement to a  
25 municipality under (g) and (n) of this section are inadequate to pro-  
26 vide full reimbursement to each municipality entitled to reimburse-  
27 ment, payments to all municipalities entitled to receive reimbursement  
28 under this section must be prorated.

29 \* Sec. 7. AS 29.73.060(c) is amended to read:

1           (c) To obtain a tax equivalency payment, the eligible resident  
2 must apply to the department for payment for the preceding year by  
3 January 15 of each year, on forms and in the manner prescribed by the  
4 department. The department for good cause shown may waive an appli-  
5 cant's failure to make timely application for a tax equivalency pay-  
6 ment for the preceding year and accept the application as if timely  
7 filed. Each applicant shall submit with the application rental re-  
8 cepts or, if rental receipts are not available, other evidence satis-  
9 factory to the department for determination of the fact of payment of  
10 rent and the amount paid. A disabled veteran shall submit with the  
11 application evidence of the disability rating.

12 \* Sec. 8. AS 29.73 060 is amended by adding a new subsection to read:

13           (f) If appropriations made for the purpose of implementing this  
14 section are inadequate to provide full property tax equivalency pay-  
15 ments to each resident of the state entitled to receive a payment  
16 under this section, payments to each resident entitled to receive a  
17 payment under this section must be prorated.

18 \* Sec. 9. AS 29.73.062(b) is amended to read:

19           (b) The amount of a reimbursement payment under this section  
20 equals the amount of sales taxes paid on the abode during the preced-  
21 ing year by the eligible resident. If appropriations are less than  
22 the amount necessary for full reimbursement to all eligible residents  
23 under this section, payments to residents entitled to receive reim-  
24 bursements must be prorated.

25 \* Sec. 10. This Act takes effect January 1, 1986.

## STATE OF ALASKA 1985 LEGISLATIVE SESSION

FISCAL NOTE

SC 113

Revision Date: \_\_\_\_\_

REQUEST

Bill/Resolution No.: \_\_\_\_\_

Title: State & Municipal Tax

Sponsor: \_\_\_\_\_

Requestor: DC & RA

Date of Request: \_\_\_\_\_

FISCAL DETAILAgency Affected: C & R A

Program Category Affected: \_\_\_\_\_

Social Service

BRU, Program or Subprogram(s) Affected: \_\_\_\_\_

Senior Citizens/disabled veterans taxreliefEXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES	0		25.4	26.7	28.0	29.4
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES			.5	.5	.6	.6
500 EQUIPMENT			.2	.2	.2	.2
600 LAND & STRUCTURES			.8	-0-	-0-	-0-
700 GRANTS, CLAIMS	0	(151.3)	(166.4)	(183.0)	(201.3)	(221.4)
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0	(151.3)	(139.5)	(155.6)	(172.5)	(191.2)

<b>CAPITAL</b>						
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<b>REVENUE</b>						
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FUNDING: (Thousands of Dollars)

GENERAL FUND		(151.3)	(139.5)	(155.6)	(172.5)	(191.2)
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	0	(151.3)	(139.5)	(155.6)	(172.5)	(191.2)

POSITIONS:

FULL-TIME	0	0	1	1	1	1
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

(See attached page)

Prepared By: Bob Kern Assistant State Assessor Phone: 465-4735Division: Municipal & Regional Assistance Date: 1/7/85Approved by Commissioner: Paul Hall Date: 1/9/85

Agency: \_\_\_\_\_

Distribution (by Agency preparing fiscal note):

Legislative Finance

Legislative Sponsor

Requestor

Office of Management and Budget

Impacted Agency(ies)

7/1/84

State of Alaska  
1985 Legislative Session  
Fiscal Note  
ANALYSIS

Bill No.: \_\_\_\_\_

Title: State and Municipal Tax Exemption

Assumptions:

1. The estimated savings of \$20,000 in the motor vehicles tax exemption program is a fairly conservative estimate.
2. The \$200,000 cap on assessed value exempted under the senior citizens/disabled veterans homeowners tax exemption should produce a savings equal to 5% of the funding for the program.
3. After FY 87 personal services and contractual increased annually by 5%.
4. Grant savings increase 10% annually due to inflation and increasing importance of \$200,000 assessed value cap.

Program Summary: This bill would correct errors in the existing motor vehicles tax exemption program which now pays some municipalities twice and reimburses other municipalities that exempt all residents from this levy. The bill also curtails the exemptions allowed for senior citizen/disabled veterans homeowners to the first \$200,000 of assessed value.

1. Positions: This bill will create additional work in the State Assessor's office to address prorating and motor vehicle exemption changes. However, the department in taking a conservative approach to new positions, will not ask for additional staff at this time to address this and other new programs for disabled veterans and rural citizens that were created by the 13th Legislature. If this bill is enacted and when the new programs become fully operational the State Assessor's office will then review the adequacy of staffing levels. Since additional staff may be needed a Clerk Typist III is included starting with the FY 87 budget.
2. Funding: The bill should produce a general fund savings to the State of \$151,300 in FY 86.
3. Section cost Analysis: General Fund savings are all in the grants line item. Costs which offset savings to some extent may begin in FY 87. This due to the need to hire a clerical position to address additional work.

Computations: \$20,000 will be saved due to the correction of the motor vehicles tax exemption program. \$131,300 (5% of the program's funding) will be saved by imposing the \$200,000 assessed value limitation on the senior citizen/disabled veterans homeowners tax exemption program.

Impact on Local Government: Under the homeowners tax exemption program only \$200,000 of the assessed value would be exempt. Therefore, the local assessor's staff would have to compute and levy against the remaining value and bill the senior citizen/disabled veteran for the balance.

1.	POSITION TITLE Clerk Typist III for FY 87				RANGE/STEP 08/A	DARG. UNIT GGU	PAGE/LINE	COV.	APPROV.	DISAPP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION Juneau	ELECTION DISTRICT	LEG.		
3.	CONTINUATION LEVEL				JUSTIFICATION					
4.	TYPE OF EXPENDITURE			AMOUNT						
	1			2			3			
	PERSONAL SERVICES									
5.	Salary		19,570							
6.	Benefits		5,871							
7.	Supplemental Benefits									
8.	Fixed Benefits									
9.	TOTAL PERSONAL SERVICES		01		25,441					
10.	Travel		02		0					
11.	Contractual		03		500					
12.	Commodities		04		200					
13.	Equipment		05		800					
14.	Other									
15.	TOTAL COST				26,941					
	RECEIPT CODE		FUNDING SOURCE							
16.			Federal Receipts 1002							
17.			C.F. Match 1003							
18.			General Funds 1004		26,9					
19.			I-A Receipts 1005							
20.			Program Receipts 1028							
21.			Other							
FOR B&H USE ONLY KEY NUMBER _____										

This position may be needed in FY 87 to handle growing workload demands as a result of a modified motor vehicle tax exemption program, proposed prorationing of reimbursements for senior citizen/disabled veterans homeowners tax exemptions and the inclusion of disabled veterans and rural residents in tax relief programs. There is some uncertainty on whether this work can be absorbed by existing staff and that is why it is not proposed for consideration until FY 87.

**REQUEST FOR  
NEW POSITION**

AGENCY Community and Regional Affairs  
 PROGRAM Community Development  
 BRU Local Government Assistance  
 COMPONENT State Assessor

**FY 86**

Page      of       
 Revised Date

Revised 2/3/86  
APR 1986

# STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date: \_\_\_\_\_

### REQUEST

Bill/Resolution No. : SB 113  
Title : An Act relating to state and  
municipal tax exemptions.

Sponsor : Rules/Governor  
Requestor : House Commerce & Regional Affairs  
Date of Request : 1/27/86

### FISCAL DETAIL

Agency Affected : Public Safety  
BRU : Motor Vehicles

Components : Field Services

### EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

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

REVENUE						
---------	--	--	--	--	--	--

### FUNDING : (Thousands of Dollars)

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

### POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

### ANALYSIS : Attach a separate page if necessary

No impact on Division of Motor Vehicles.

Prepared by : Bill Brown

Division : Motor Vehicles

Phone : 465-2650

Date : 1-27-86

Approved by Commissioner : [Signature]

Agency : \_\_\_\_\_

Date : 1/29/86

### Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

SECTIONAL ANALYSIS FOR SENATE BILL 113

(taken from Governor's Transmittal Note)

An Act relating to state and municipal tax exemptions

Section 1

Extends the senior citizen exemption from the state motor vehicle registration fee (AS 28.10.411 and 28.10.421) to the municipal registration tax (AS 28.10.431). This section limits the exemption to vehicles used for personal, rather than commercial, uses. In making this change, this section also removes an inaccurate and confusing use of the word "tax".

Section 2

Limits reimbursements to municipalities to the amount of revenue lost as a result of the senior citizen exemption from the municipal registration tax. This section allows the department to prorate reimbursement if appropriations are less than the amount needed for full reimbursement.

Section 3

Adds senior citizen-owned vehicles to the list of property that is exempt from municipal property taxes. (See sec. 6 of this bill.)

Section 4

Limits the amount of exemption from property taxation of a home owned by a senior citizen to the first \$200,000 of the assessed value of the property. This section provides for additional exemption beyond that amount in case of hardship. It also allows the surviving spouse of a person who received the exemption to continue the exemption if the surviving spouse is at least 55 years of age.

Section 5

Requires a separate application for each exemption claimed under AS 29.53.020. And it removes some inappropriate language regarding approval by the assessor

Section 6

Exempts one motor vehicle owned by a resident 65 years of age or older from municipal property taxation (see sec. 3 of this

bill). This section also required the result of this exemption, but only to the extent that the vehicle is not already exempt under AS 29.53.025 (b) (4) (regarding optional tax exemptions). And it provides for proration of reimbursement.

Section 7

Limits the department's authority to waive the untimeliness of an application for senior citizen property tax equivalency payment to the year following the year for which the payment is claimed.

Section 8

Provides for proration of senior citizen property tax equivalency payments.

Section 9

Provides for proration of senior citizen rent sales tax reimbursement.

Section 10

Provides for a January 1, 1986 effective date.



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

January 30, 1985

The Honorable Don Bennett  
President of the Senate  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Senator Bennett:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to state and municipal tax exemptions.

Alaska statutes provide senior citizens with exemptions from certain state and municipal fees and taxes. The state either reimburses the municipalities for revenue lost as a result of the exemptions or directly reimburses senior citizens for taxes paid.

This bill allows the Department of Community and Regional Affairs to prorate reimbursements to municipalities and individuals if appropriations are insufficient to cover all reimbursements. The bill creates new exemptions from municipal registration and property taxation for motor vehicles owned by senior citizens, and requires the department to reimburse municipalities for revenue lost as a result of the exemptions.

The bill also removes a provision that has resulted in double payments -- one from the state and one from senior citizens -- to some municipalities for vehicles owned by senior citizens in those municipalities.

A section-by-section description of the bill follows:

Section 1 extends the senior citizen exemption from the state motor vehicle registration fee (AS 28.10.411 and 28.10.421) to the municipal registration tax (AS 28.10.431). This section limits the exemption to vehicles used for personal, rather than commercial, uses. In making this change, this section also removes an inaccurate and confusing use of the word "tax."

Section 2 limits reimbursements to municipalities to the amount of revenue lost as a result of the senior citizen

SB 113

exemption from the municipal registration tax. This section allows the department to prorate reimbursement if appropriations are less than the amount needed for full reimbursement.

Section 3 adds senior citizen-owned motor vehicles to the list of property that is exempt from municipal property taxes. (See sec. 6 of this bill.)

Section 4 limits the amount of exemption from property taxation of a home owned by a senior citizen to the first \$200,000 of the assessed value of the property. This section provides for additional exemption beyond that amount in case of hardship. It also allows the surviving spouse of a person who received the exemption to continue the exemption if the surviving spouse is at least 55 years of age.

Section 5 requires a separate application for each exemption claimed under AS 29.53.020. And it removes some inappropriate language regarding approval by the assessor.

Section 6 exempts one motor vehicle owned by a resident 65 years of age or older from municipal property taxation (see sec. 3 of this bill). This section also requires the state to reimburse municipalities for revenue lost as a result of this exemption, but only to the extent that the vehicle is not already exempt under AS 29.53.025(b)(4) (regarding optional tax exemptions). And it provides for proration of reimbursement.

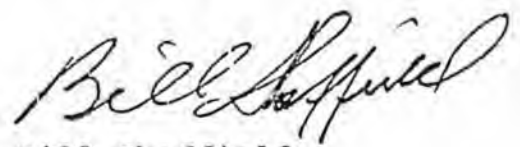
Section 7 limits the department's authority to waive the untimeliness of an application for senior citizen property tax equivalency payment to the year following the year for which the payment is claimed.

Section 8 provides for proration of senior citizen property tax equivalency payments.

Section 9 provides for proration of senior citizen rent sales tax reimbursement.

Section 10 provides for a January 1, 1986 effective date.

Sincerely,



Bill Sheffield  
Governor

COMMITTEE REPORT  
SENATE

FURTHER:

FINANCE

1/30/85

Date \_\_\_\_\_

Mr. President

The Committee on C&RA considered SB 113

relating to state and municipal tax exemptions; efd.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for \_\_\_\_\_
- new title
- same title and recommends \_\_\_\_\_
- and attached a "LETTER OF INTENT"  NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

*John C. ...*  
*...*  
*Cliff Sturgulinski*  
*...*  
   
   
 

MEMBERS HAVING  
OTHER RECOMMENDATIONS

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*Eduardo ...*  
Chairman

*Do Pass*  
Chairman recommendation

HOUSE

COMMITTEE REPORT

(11)

Date referred: 2/11/86

FURTHER REFERRALS:

DATE: 4-30-86

The FINANCE Committee has considered SB 113

"An Act relating to state and municipal tax exemptions; and providing for an effective date."

and recommends:

- do pass
- do not pass
- do pass with attached amendment(s)
- no recommendation
- replace with HCS SB 113 (FINANCE) [X] same title

and recommends <sup>do pass</sup> individual recommendations

further referral to the \_\_\_\_\_ Committee

- and attaches:
- letter of intent
  - first fiscal note
  - new fiscal note
  - zero fiscal note

SIGNING DO PASS:

*[Handwritten signatures]*  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
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 \_\_\_\_\_  
 \_\_\_\_\_

SIGNING OTHER RECOMMENDATIONS:

*[Handwritten signatures and notes]*  
 \_\_\_\_\_ Do not  
 \_\_\_\_\_ PASS  
 \_\_\_\_\_ (do not pass)  
 \_\_\_\_\_ NO REC.  
 \_\_\_\_\_  
 \_\_\_\_\_ NO REC  
 \_\_\_\_\_ No Recommendation  
 \_\_\_\_\_  
 \_\_\_\_\_

*[Signature]*  
Chairman

# STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date : 4/29/86

**REQUEST**

Bill/Resolution No. : HCS SB 113  
 Title : State & Municipal Tax  
 \_\_\_\_\_  
 Sponsor : Rules by request of Governor  
 Requestor : Community & Regional Affairs  
 Date of Request : \_\_\_\_\_

**FISCAL DETAIL**

Agency Affected : State Assessor  
 BRU : Senior Citizens/Disabled  
Veterans Tax Relief  
 \_\_\_\_\_  
 Components : \_\_\_\_\_  
 \_\_\_\_\_

**EXPENDITURES/REVENUES : (Thousands of Dollars)**

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS		-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS						
<b>TOTAL OPERATING</b>		-0-	-0-	-0-	-0-	-0-

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

REVENUE						
---------	--	--	--	--	--	--

**FUNDING : (Thousands of Dollars)**


GENERAL FUND			-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

**POSITIONS :**

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

**ANALYSIS :** Attach a separate page if necessary

\* See estimates and explanation attached.

Prepared by : Michael W. Worley Phone : 465-4730  
 Division : Municipal & Regional Assistance Date : 4/29/86  
 Approved by Commissioner :  Date : 4/29/86  
 Agency : Community & Regional Affairs

Distribution (by Agency preparing fiscal note) :

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

STATE OF ALASKA 1986 - 14TH LEGISLATURE  
 SECOND SESSION  
 FISCAL NOTE

Bill/Resolution No.: SB 113

ANALYSIS:

Assumptions:

Below are estimates showing the anticipated growth of the Homeowners Exemption Program if fully funded through FY 91.

Calculations:

The calculations are FY 86 actual requests multiplied by an inflation factor of 10%, minus a program savings of 25% for the \$150,000 cap.

Calculations for Veterans are based on FY 86 actual requests multiplied by an inflation factor of 10%, minus a program savings of 25% for the \$150,000 cap.

	FULL FUNDING <u>WITHOUT</u> \$150,000 CAP	WITHOUT DISABLED VETERANS	FULL FUNDING <u>WITH</u> \$150,000 CAP	WITHOUT DISABLED VETERANS
FY 87	\$ 5,500,000	\$ 5,060,000	\$ 4,125,000	\$3,795,000
FY 88	\$ 6,050,000	\$ 5,566,000	\$ 4,537,000	\$4,174,000
FY 89	\$ 6,655,000	\$ 6,122,000	\$ 4,991,000	\$4,591,000
FY 90	\$ 7,320,000	\$ 6,734,000	\$ 5,490,000	\$5,051,000
FY 91	\$ 8,052,000	\$ 7,408,000	\$ 6,039,000	\$5,556,000

The fiscal note shows no savings for Fiscal Year 87 for the Senior Citizens Motor Vehicle, Water/Sewer and Rental Sales Tax exemption programs as they have been zeroed out in both the House and Senate budgets. The following estimates represent savings based on full funding levels of the Senior Citizen Sewer/Water Exemption and Motor Vehicle Exemption from FY 87 through FY 92.

FY 87	\$189,900
FY 88	208,800
FY 89	229,700
FY 90	252,700
FY 91	278,000
FY 92	305,800

Original sponsor: Rules/Governor

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR SENATE BILL NO. 113 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state and municipal tax exemp-  
7 tions; and providing for an effective date."

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

9 \* Section 1. AS 28.10.421(d)(3) is amended to read:

10 (3) a vehicle owned by a disabled veteran or other handi-  
11 capped person, and registered under AS 28.10.181 or a resident 65  
12 years of age or older who files a written application for an exemption  
13 on a form prescribed by the department [COMPLIES WITH AS 28.10.411(c)]  
14 . . . . . none;

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

16 (e) The real property owned and occupied as the primary resi-  
17 dence and [A] permanent place of abode by a (1) resident 65 years of  
18 age or older [OVER]; (2) disabled veteran; or (3) resident at least 60  
19 years old who is the widow or widower of a person who qualified for an  
20 exemption under (1) or (2) of this subsection, is exempt from taxation  
21 on the first \$150,000 of the assessed value of the real property. A  
22 municipality may, in a case of hardship, provide for exemption beyond  
23 the first \$150,000 of assessed value in accordance with regulations of  
24 the department. Only one exemption may be granted for the same prop-  
25 erty and, if two or more persons are eligible for an exemption for the  
26 same property, the parties shall decide between or among themselves  
27 who is to [WHICH SHALL] receive the benefit of the exemption. Real  
28 property may not be exempted under this subsection if the assessor  
29 determines, after notice and hearing to the parties [CONCERNED], that

1 the property was conveyed to the applicant primarily for the purpose  
2 of obtaining the exemption. The determination of the assessor may be  
3 appealed under AS 44.62.560 - 44.62.570.

4 \* Sec. 3. AS 29.45.030(j) is amended to read:

5 (j) One motor vehicle per household owned by a resident 65 years  
6 of age or older on January 1 of the assessment year is exempt either  
7 from taxation on its assessed value or from the registration tax under  
8 AS 28.10.431. An exemption may be granted under this subsection only  
9 upon written application on a form prescribed by the Department of  
10 Public Safety. [THE STATE SHALL REIMBURSE A MUNICIPALITY FOR TAX  
11 REVENUES LOST TO IT BECAUSE OF THE EXEMPTION REQUIRED BY THIS SUB-  
12 SECTION. REIMBURSEMENT TO A MUNICIPALITY EQUALS THE AMOUNT OF REGIS-  
13 TRATION TAX AUTHORIZED UNDER AS 28.10.431(b) FOR EACH VEHICLE EXEMPTED  
14 UNDER THIS SUBSECTION.]

15 \* Sec. 4. AS 29.45.050 is amended by adding new subsections to read:

16 (i) A municipality may by ordinance approved by the voters  
17 exempt from taxation the assessed value that exceeds \$150,000 of real  
18 property owned and occupied as a permanent place of abode by a resi-  
19 dent who is

20 (1) 65 years of age or older;

21 (2) a disabled veteran; or

22 (3) at least 60 years old and a widow or widower of a  
23 person who qualified for an exemption under (1) or (2) of this subsec-  
24 tion.

25 (j) A municipality may by ordinance approved by the voters  
26 exempt real or personal property in a taxing unit used in processing  
27 timber after it has been delivered to the processing site from up to  
28 75 percent of the rate of taxes levied on other property in that  
29 taxing unit. An ordinance adopted under this subsection may not

1 provide for an exemption that exceeds five years in duration. In this  
2 subsection "taxing unit" means a municipality and includes

- 3 (1) a service area in a unified municipality or borough;
- 4 (2) the entire area outside cities in a borough; and
- 5 (3) a differential tax zone in a city.

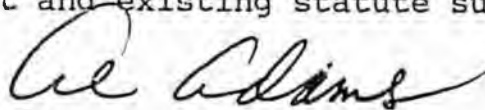
6 (k) A municipality may by ordinance approved by the voters  
7 exempt from taxation pollution control facilities that meet require-  
8 ments of the United States Environmental Protection Agency or the  
9 Department of Environmental Conservation. An ordinance adopted under  
10 this subsection may not provide for an exemption that exceeds five  
11 years in duration.

12 \* Sec. 5. AS 28.10.411(c) and (d); AS 29.10.200(41); AS 29.45.045; and  
13 AS 29.46.090 are repealed.

14 \* Sec. 6. This Act takes effect January 1, 1987.

HOUSE FINANCE COMMITTEE  
LETTER OF INTENT  
FOR  
H CS SB 113 (FINANCE)

The legislature recognizes that some seniors and some disabled veterans currently receiving full exemption from local property taxes will suffer possible hardship with imposition of a cap on the exempted amount of assessed valuation because of special tax assessment circumstances. It is the intent of the legislature that the department and local governments fully utilize the provision in this Act to grant property tax exemptions for assessments above the cap for hardship situations such as in the case of low income seniors living in older homes located on land which has increased dramatically and disproportionately in value and assessment due to changes in zoning, development or taxation of adjacent or nearby lands. Monies for such exemptions due to hardship would be eligible for state reimbursement under this Act and existing statute subject to appropriation.



---

Al Adams, Chair  
House Finance Committee

Rep. Pat Pourchot  
April 29, 1986

REVISED LETTER OF INTENT, SB 113, Property Tax Exemptions

The Legislature recognizes that some seniors and some disabled veterans currently receiving full exemption from local property taxes will suffer possible hardship with imposition of a cap on the exempted amount of assessed valuation because of special tax assessment circumstances. It is the intent of the Legislature that the Department and local governments fully utilize the provision in this Act to grant property tax exemptions for assessments above the cap for hardship situations such as in the case of low income seniors living in older homes located on land which has increased dramatically and disproportionately in value and assessment due to changes in zoning, development or taxation of adjacent or nearby lands. Monies for such exemptions due to hardship would be eligible for state reimbursement under this Act and existing statute subject to appropriation.

A M E N D M E N T ~~HB~~

Offered in the HOUSE

By Taylor

TO: HCS SB 113(C&RA)

SUND

~~Page 3, after line 2,~~ add a new bill section to read:

\*\* Sec. 4. AS 29.45.050 is amended by adding new subsections to read:

(i) A municipality may by ordinance <sup>APPROVED. by the voters</sup> exempt from taxation real or personal property used in the direct processing of timber in the municipality as provided in this subsection. An exemption may be granted by a municipality under this subsection for not to exceed five years. ~~The municipality may grant an exemption for nonproductive pollution control facilities constructed to meet the requirements of the Environmental Protection Agency or the Department of Environmental Conservation from 100 percent of the rate levied within the taxing unit; an exemption granted to other property used in the direct processing of timber may not exceed 75 percent of the rate levied within the taxing unit.~~ In this subsection,

(1) "direct processing of timber" means processing of the timber after it has been delivered to the processing site;

~~(2) "taxing unit"~~

~~(A) means a municipality;~~

~~(B) includes~~

(i) a service area or the entire area outside cities in a borough or a unified municipality; or

(ii) a differential tax zone in a city.

(j) A municipality may exempt a resource extractive industry

other than the timber industry under (i) of this section on a determination by the municipality that unique events have affected that industry and that the exemption of that industry is in the public interest. The exemption may not exceed 75 percent of the rate levied against other property within the taxing unit. An exemption may be granted by a municipality under this subsection for not to exceed five years."

Renumber remaining bill sections accordingly.

# Alaska State Legislature

## COMMITTEES:

VICE-CHAIRMAN  
HEALTH, EDUCATION & SOCIAL SERVICES

JUDICIARY

FINANCE SUB-COMMITTEE  
ON COURT SYSTEM

JOINT COMMITTEE ON  
FOREIGN TRADE



PO. BOX 1441  
WRANGELL, ALASKA 99929  
(907) 874-2316

While in Juneau  
POUCH V  
JUNEAU, ALASKA 99811  
(907) 465-4905

## House of Representatives

ROBIN L. TAYLOR

TO: Representative Al Adams  
Chairman, House Finance Committee

Date: April 24, 1986

FROM: Representative Robin L. Taylor

SUBJECT: SB 113 Municipal Tax Exemptions

I would like to request that the attached amendment to SB 113 be included in the House Finance Committee review on Friday, April 25.

This amendment would give municipalities the option of temporarily exempting 75% of assessed taxes for property used in processing timber. In addition it would also provide a 100% exemption of taxes levied on non-productive pollution control devices required by the Environmental Protection Agency and the Department of Environmental Conservation.

This measure could significantly help our ailing timber industry in Alaska and could also be evenly applied to other industries if unique conditions exist that threaten the economic viability of the industry.

This is not mandatory legislation and would give the municipality the option of exempting taxes if deemed necessary for the industry's survival and in the best interest of the state.

cc: House Finance Committee members

A M E N D M E N T

Offered in the HOUSE

TO: HCS SB 113 (Finance)

Page 2, line 7, delete "a new subsection" and insert "new subsections"

Page 2, after line 16, insert the following new subsections to read:

*FAILS*  
"(j) A municipality may by ordinance <sup>APPROVED BY THE VOTERS</sup> exempt any real property from up to 75 percent of the rate of taxes levied on other real property. An ordinance adopted under this subsection may not provide for an exemption that exceeds five years in duration.

*FAILS*  
"(k) A municipality may by ordinance <sup>APPROVED BY THE VOTERS</sup> exempt from taxation pollution control facilities that meet requirements of the United States Environmental Protection Agency or the Department of Environmental Conservation. An ordinance adopted under this subsection may not provide for an exemption that exceeds five years in duration."

FILE

A M E N D M E N T

Offered in the HOUSE

By Uehling

TO: HCS SB 113 (Finance)

Page 1, line 22:

Delete "may" and insert "shall"

Page 2, after line 3, insert the following new bill section to read:

"\* Sec. 3. AS 29.45.030(g) is amended to read:

(g) The state shall reimburse a borough or city, as appropriate, for the real property tax revenue [REVENUES] lost to it by the operation of (e) of this section, including revenue lost as a result of increasing in accordance with regulations of the department the amount of exemptions in cases of hardship. However, reimbursement will be made to a municipality for revenue lost to it only to the extent that the loss exceeds an exemption that was granted by the municipality, or that on proper application by an individual would have been granted under AS 29.45.050(a). If appropriations are not sufficient to fully fund reimbursements under this subsection, the amount available shall be distributed pro rata among eligible municipalities."

Renumber the following bill sections accordingly.

Purchase  
Adopted

Amendment to Proposed HCS for SB 113 (FIN)

Amend Section 3:

AS 29.45.030 (j) to amended to read:

(j) One motor vehicle per household owned by a resident 65 years of age or older on January 1 of the assessment year is exempt either from taxation on its assessed value or from the registration tax under AS 28.10.431. [An exemption may be granted under this subsection only upon written application with the Department of Public Safety. The state shall reimburse a municipality for tax revenues lost to it because of the exemption required by this subsection. Reimbursement to a municipality equals the amount of registration tax authorized under AS 28.10.431 (b) for each vehicle exempted under this section.]

Amend Section 5.

Delete reference to AS 29.45.030(j).

A M E N D M E N T

Offered in the HOUSE

By Uehling

TO: HCS SB 113 (Finance)

Page 1, line 22:

Delete "may" and insert "shall"

Page 2, after line 3, insert the following new bill section to read:

"\* Sec. 3. AS 29.45.030(g) is amended to read:

(g) The state shall reimburse a borough or city, as appropriate, for the real property tax revenue [REVENUES] lost to it by the operation of (e) of this section, including revenue lost as a result of increasing in accordance with regulations of the department the amount of exemptions in cases of hardship. However, reimbursement will be made to a municipality for revenue lost to it only to the extent that the loss exceeds an exemption that was granted by the municipality, or that on proper application by an individual would have been granted under AS 29.45.050(a). If appropriations are not sufficient to fully fund reimbursements under this subsection, the amount available shall be distributed pro rata among eligible municipalities."

Renumber the following bill sections accordingly.

## Amendment to Proposed HCS for SB 113 (FIN)

Amend Section 3:

AS 29.45.030 (j) to amended to read:

(j) One motor vehicle per household owned by a resident 65 years of age or older on January 1 of the assessment year is exempt either from taxation on its assessed value or from the registration tax under AS 28.10.431. [An exemption may be granted under this subsection only upon written application with the Department of Public Safety. The state shall reimburse a municipality for tax revenues lost to it because of the exemption required by this subsection. Reimbursement to a municipality equals the amount of registration tax authorized under AS 28.10.431 (b) for each vehicle exempted under this section.]

Amend Section 5.

Delete reference to AS 29.45.030(j).

Offered: 2/11/86  
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE SENATE  
2 HOUSE CS FOR SENATE BILL NO. 113 (C&RA)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FOURTEENTH LEGISLATURE - SECOND SESSION  
5 A BILL  
6 For an Act entitled: "An Act relating to state and municipal tax exemp-  
7 tions; and providing for an effective date."  
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:  
9 \* Section 1. AS 29.45.030(e) is amended to read:  
10 (e) The real property owned and occupied as the primary resi-  
11 dence and [A] permanent place of abode by a (1) resident 65 years of  
12 age or older [OVER]; (2) disabled veteran; or (3) resident at least 60  
13 years old who is the widow or widower of a person who qualified for an  
14 exemption under (1) or (2) of this subsection, is exempt from taxation  
15 on the first \$200,000 of the assessed value of the real property. A  
16 municipality may, in a case of hardship, provide for exemption beyond  
17 the first \$200,000 of assessed value in accordance with regulations of  
18 the department. Only one exemption may be granted for the same prop-  
19 erty and, if two or more persons are eligible for an exemption for the  
20 same property, the parties shall decide between or among themselves  
21 which is to [SHALL] receive the benefit of the exemption. Real prop-  
22 erty may not be exempted under this subsection if the assessor deter-  
23 mines, after notice and hearing to the parties [CONCERNED], that the  
24 property was conveyed to the applicant primarily for the purpose of  
25 obtaining the exemption. The determination of the assessor may be  
26 appealed under AS 44.62.560 - 44.62.570.  
27 \* Sec. 2. AS 29.45.030(j) is amended to read:  
28 (j) One motor vehicle per household owned by a resident 65 years  
29 of age or older on January 1 of the assessment year is exempt either

1 from taxation on its assessed value or from the registration tax under  
2 AS 28.10.431. Only one exemption may be granted for the same motor  
3 vehicle and, if two or more persons are eligible for an exemption for  
4 the same motor vehicle, the parties shall decide which is to receive  
5 the exemption. A motor vehicle that the assessor determines, after  
6 notice and hearing to the parties, has been conveyed to the applicant  
7 primarily for the purpose of obtaining the exemption may not be  
8 exempted under this subsection. An exemption may be granted under  
9 this subsection only upon written application on a form prescribed by  
10 the Department of Public Safety. The state shall reimburse a municipi-  
11 pality for tax revenue [REVENUES] lost to it because of the exemption  
12 required by this subsection. Reimbursement to a municipality equals  
13 the amount of registration tax authorized under AS 28.10.431(b) for  
14 each vehicle exempted under this subsection. To the extent that a  
15 municipality exempts motor vehicles from taxation under AS 29.45.-  
16 050(b)(5) that would otherwise be exempt under this subsection, reim-  
17 bursement will not be made. If appropriations are inadequate to  
18 provide full reimbursement to each municipality entitled to reimburse-  
19 ment under this subsection, payments shall be prorated.

20 \* Sec. 3. AS 29.45.040(c) is amended to read:

21 (c) To obtain a tax equivalency payment the eligible resident  
22 must apply to the department for payment for the preceding year by  
23 January 15 of each year on forms and in the manner prescribed by the  
24 department. The department for good cause shown may waive an appli-  
25 cant's failure to make timely application for a tax equivalency pay-  
26 ment for the preceding year and accept the application as if timely  
27 filed. Each applicant shall submit with the application rental re-  
28 cepts or, if rental receipts are not available, other evidence satis-  
29 factory to the department for determination of the fact of payment of

- 1       rent and the amount paid. A disabled veteran shall submit with the  
2       application evidence of the disability rating.  
3       \* Sec. 4. AS 28.10.411(d) is repealed.  
4       \* Sec. 5. This Act takes effect January 1, 1987.

Introduced: 1/30/85  
Referred: Community & Regional Affairs  
and Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2

SENATE BILL NO. 113

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to state and municipal tax exemp-  
7 tions; and providing for an effective date."

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

9 \* Section 1. AS 28.10.411(c) is amended to read:

10 (c) A resident 65 years of age or older on January 1 of the as-  
11 essment year is entitled to an exemption from the tax levied under  
12 AS 28.10.431(b) and the registration fee required [TAX] under this  
13 section for one motor vehicle subject to registration under AS 28.10.-  
14 421(b)(1), (2), (5), or (6). An exemption may not be granted except  
15 upon written application for the exemption on a form prescribed by the  
16 department.

17 \* Sec. 2. AS 28.10.411(d) is repealed and reenacted to read:

18 (d) The Department of Community and Regional Affairs shall reim-  
19 burse a municipality that elects to levy a tax under AS 28.10.431 for  
20 revenues lost because of the exemption from the tax provided by (c) of  
21 this section. If appropriations are less than the amount necessary  
22 for full reimbursement to all municipalities under this section, pay-  
23 ments to all municipalities entitled to receive reimbursement under  
24 this section must be prorated.

25 \* Sec. 3. AS 29.53.020(a) is amended to read:

26 (a) The following property is exempt from general taxation:

27 (1) municipal, state or federally owned property, except  
28 that private leaseholds, contracts or other interest in the property  
29 shall be taxable to the extent of those interests;

1 (2) household furniture of the head of a family or a house-  
2 holder not exceeding \$500 in value;

3 (3) property used exclusively for nonprofit religious,  
4 charitable, cemetery, hospital or educational purposes;

5 (4) property of a nonbusiness organization composed entire-  
6 ly of persons with 90 days or more of active service in the armed  
7 forces of the United States whose conditions of service and separation  
8 were other than dishonorable, or the property of the auxiliary of such  
9 organization;

10 (5) money on deposit;

11 (6) the real property of certain residents of the state to  
12 the extent and subject to the conditions provided in (e) of this  
13 section;

14 (7) real property to the extent and subject to the condi-  
15 tions provided in (j) of this section;

16 (8) inventories located within a foreign trade zone estab-  
17 lished under AS 45.77.010, before those inventories are cleared by the  
18 United States Customs Service and admitted into domestic commerce;

19 (9) real property or an interest in real property that is  
20 exempt from taxation under 43 U.S.C. 1620(d), as amended;

21 (10) a motor vehicle of certain residents of the state to  
22 the extent and subject to the conditions provided in (m) of this sec-  
23 tion.

24 \* Sec. 4. AS 29.53.020(e) is amended to read:

25 (e) The real property owned and occupied as a permanent place of  
26 abode by a resident 65 years of age or older [OVER] or by a disabled  
27 veteran is exempt from taxation of the first \$200,000 of the assessed  
28 value of the real property. A municipality may, in the case of hard-  
29 ship to an individual, provide for exemption beyond the first \$200,000

1 of assessed value under regulations of the Department of Community and  
2 Regional Affairs. Only one exemption may be granted for the same  
3 property and, if two or more persons are eligible for an exemption for  
4 the same property, the parties shall decide between or among them-  
5 selves which will [SHALL] receive the benefit of the exemption. The  
6 surviving spouse of a person who has been receiving the benefits of an  
7 exemption may continue to receive the benefits of the exemption if the  
8 surviving spouse is at least 55 years of age. Real property may not  
9 be exempted under this subsection if the assessor determines, after  
10 notice and hearing to the parties concerned, that the property was  
11 conveyed to the applicant primarily for the purpose of obtaining the  
12 exemption. The determination of the assessor may be appealed under  
13 AS 44.62.560 -- 44.62.570.

14 \* Sec. 5. AS 29.53.020(f) is amended to read:

15 (f) An exemption may not be granted except upon written applica-  
16 tion for the exemption on a form approved by the state assessor for  
17 use by local assessors. The claimant must file the application no  
18 later than January 15 of the assessment year for which the exemption  
19 is sought, but during the same year the governing body of the munici-  
20 pality for good cause shown may waive the claimant's failure to make  
21 timely application for the exemption for that year and authorize the  
22 assessor to accept the application as if timely filed. The claimant  
23 must file a separate application for each exemption and for each as-  
24 sessment year in which the exemption is sought. The assessor shall  
25 allow an exemption if [IF] an application is filed within the required  
26 time and [IS APPROVED BY THE ASSESSOR, THE ASSESSOR SHALL ALLOW AN  
27 EXEMPTION] in accordance with the provisions of this section. If a  
28 claimant whose failure to file by January 15 of the assessment year  
29 has been waived under [AS PROVIDED IN] this subsection and the

1 application for exemption is approved, the amount of tax that the  
2 claimant may have already paid for the assessment year with respect to  
3 the property exempted must [SHALL] be refunded to the claimant. The  
4 assessor shall require proof in the form the assessor considers neces-  
5 sary of the right to and amount of an exemption claimed under this  
6 section, and shall require a disabled veteran claiming an exemption  
7 under (e) of this section to provide evidence of the disability rat-  
8 ing. The assessor may require proof under this section at any time.

9 \* Sec. 6. AS 29.53.020 is amended by adding new subsections to read:

10 (m) One motor vehicle owned by a resident 65 years of age or  
11 older on January 1 of the assessment year is exempt from the property  
12 tax levied by a municipality under AS 29.53.010. Only one exemption  
13 may be granted for the same motor vehicle and, if two or more persons  
14 are eligible for an exemption for the same motor vehicle, the parties  
15 shall decide who will receive the exemption. A motor vehicle that the  
16 assessor determines, after notice and hearing to the parties con-  
17 cerned, has been conveyed to the applicant primarily for the purpose  
18 of obtaining the exemption may not be exempted under this subsection.

19 (n) The state shall reimburse a municipality for the revenue  
20 lost to it under (m) of this section. To the extent that a municipal-  
21 ity exempts motor vehicles from taxation under AS 29.53.025(b)(4) that  
22 would otherwise be exempt under this section, no reimbursement will be  
23 made under this subsection.

24 (o) If appropriations made for the purpose of reimbursement to a  
25 municipality under (g) and (n) of this section are inadequate to pro-  
26 vide full reimbursement to each municipality entitled to reimburse-  
27 ment, payments to all municipalities entitled to receive reimbursement  
28 under this section must be prorated.

29 \* Sec. 7. AS 29.73.060(c) is amended to read:

1           (c) To obtain a tax equivalency payment, the eligible resident  
2 must apply to the department for payment for the preceding year by  
3 January 15 of each year, on forms and in the manner prescribed by the  
4 department. The department for good cause shown may waive an appli-  
5 cant's failure to make timely application for a tax equivalency pay-  
6 ment for the preceding year and accept the application as if timely  
7 filed. Each applicant shall submit with the application rental re-  
8 cepts or, if rental receipts are not available, other evidence satis-  
9 factory to the department for determination of the fact of payment of  
10 rent and the amount paid. A disabled veteran shall submit with the  
11 application evidence of the disability rating.

12 \* Sec. 8. AS 29.73.060 is amended by adding a new subsection to read:

13           (f) If appropriations made for the purpose of implementing this  
14 section are inadequate to provide full property tax equivalency pay-  
15 ments to each resident of the state entitled to receive a payment  
16 under this section, payments to each resident entitled to receive a  
17 payment under this section must be prorated.

18 \* Sec. 9. AS 29.73.062(b) is amended to read:

19           (b) The amount of a reimbursement payment under this section  
20 equals the amount of sales taxes paid on the abode during the preced-  
21 ing year by the eligible resident. If appropriations are less than  
22 the amount necessary for full reimbursement to all eligible residents  
23 under this section, payments to residents entitled to receive reim-  
24 bursements must be prorated.

25 \* Sec. 10. This Act takes effect January 1, 1986.