

**ALASKA LEGISLATURE**

**HOUSE and SENATE FINANCE COMMITTEE FILES, 1993-1994**

**952**

MAR 20 1993

A M E N D M E N T

OFFERED IN THE HOUSE

BY REPRESENTATIVE BROWN

TO: CSHB 66( ) (Draft dated 3/15/93)

Page 2, line 25:

After "property."

Insert "The exemption may be based upon economic hardship as provided in the ordinance."

Page 3, line 15:

After "section."

Insert "The deferral may be based upon economic hardship as provided in the ordinance."

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

Property Tax Exemption Program

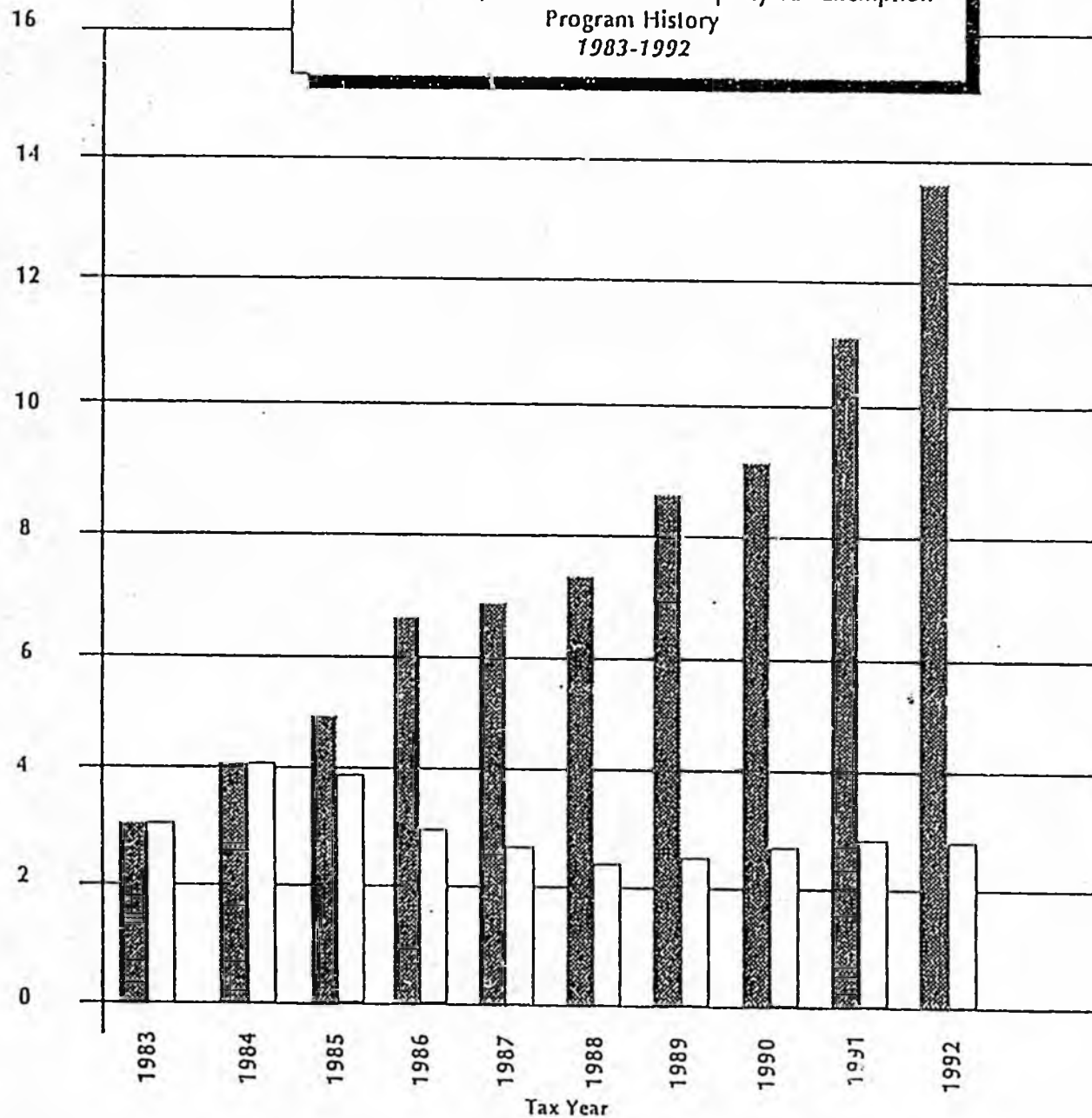
Created in 1974, the Senior and Disabled Veteran Property Tax Exemption Program exempts senior citizens (65 years of age or older) and disabled veterans (with a 50% or greater service-related disability) from payment of property tax on the first \$150,000 of assessed valuation of the applicant's permanent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

Senior Citizen/Disabled Veteran Property Tax Equivalency Program



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

HISTORY OF PROGRAM FUNDING

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



Tax Yr.	State Funding Level	Municipal Reimbursement Request
1983	3,146,618	3,146,618
1984	4,005,075	4,005,075
1985	3,985,567	4,977,451
1986	2,770,300	6,325,763
1987	2,622,969	6,753,663
1988	2,519,344	7,464,557
1989	2,542,803	8,627,081
1990	2,557,900	9,585,192
1991	2,838,000	11,293,150
1992	2,838,000	13,669,469

	Municipal Reimbursement Request
	State Funding Level

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# Municipal Platform

## 1993

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



## Senior Citizens/Disabled Veterans Property Tax Exemption Mandate

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

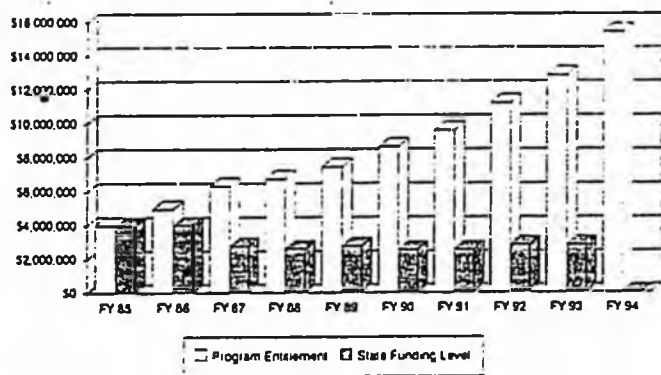
Unfunded mandates are a major element contributing to the increasing costs of government at both the state and local levels. Environmental regulations passed down from the federal to the state to the local level are but one example of unfunded mandates. Another mandate, one that has cost Alaskan municipalities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

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

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

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

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



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

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

During those same years, Alaskan municipalities have been forced by inflation, population increases, and cut-backs in state aid to increase property tax rates, which has intensified the impact of the shortfunding on municipal budgets and local taxpayers. In the last eight years, the unwillingness of the legislature and the administration to appropriate adequate funding for this state-mandated program has cost local taxpayers nearly \$45 million. In FY 93 alone, for instance, non-exempt taxpayers in Alaska's municipalities were required to pay an additional \$10 million in property taxes, or 7 percent of the cost of the program, because reimbursement for the mandatory exemption was underfunded.

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

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

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

Source: Department of Community and Regional Affairs

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

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

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

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

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

Fiscal Year	Entitlement	State Appropriation	Shortfall/ Cost to Municipal Taxpayers <sup>a</sup>	% <sup>b</sup>
1985	\$ 4,005,075	\$ 4,005,075	\$ 0	100.0
1986	4,977,451	4,008,600	968,851	79.5
1987	6,325,763	2,770,300	3,555,463	43.8
1988	6,753,663	2,622,969	4,130,694	38.8
1989	7,464,557	2,782,300	4,682,257	37.3
1990	8,627,081	2,557,900	6,069,181	29.6
1991	9,585,192	2,557,900	7,027,292	26.7
1992	11,293,150	2,838,800	8,454,350	25.1
1993	12,829,291 <sup>c</sup>	2,838,800	9,990,491	22.1
1994	15,395,149 <sup>d</sup>	0 <sup>e</sup>	15,395,149	00.0

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

<sup>b</sup>Ratio of state appropriation (reimbursement to municipalities) to the total cost of the program.

<sup>c</sup>FY 93 figures are estimated and subject to final audit.

<sup>d</sup>Estimate as of January 1993

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

Source: Department of Community and Regional Affairs



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

March 18, 1993

TO: Representatives Ron Larson and Eileen MacLean, Co-Chairs  
and  
Members, House Finance Committee

FROM: Kent E. Swisher, Executive Director

RE: HB 66, Municipal Property Tax Exemption

This memo focuses on the draft Committee Substitute under discussion by Representative MacLean's subcommittee.

The proposed Committee Substitute represents a substantial evolution since the introduction of HB 66 in January and contains a number of positive features from local government's point of view. The League does, however, have three specific concerns with the measure.

#### Community Approval

Granting an exemption or a deferral is an important public policy decision having impacts on all other taxpayers and on the level of service offered by the local government. It seems appropriate that the local public should have the opportunity to participate in this decision through the polls. AML requests that the Committee consider amending HB 66 to provide for voter approval of local ordinances creating exemption or deferral structures.

#### Personal Financial Circumstances

At this point the statute does not include authority for local governments to consider individual financial need or other circumstances in creating an exemption, deferral, or combination system. Such considerations would seem to be desirable in creating systems that will provide fair and equitable treatment of people locally. AML urges the Committee to amend HB 66 to clarify local government's ability to consider need in making decisions in this area. We are advised by municipal attorneys who have reviewed this draft that a clear grant of authority is needed.

#### Effective Date

When HB 66 was introduced, it had an effective date of January 1, 1993, which is consistent with there being no money provided in the Governor's budget proposal for funding of this mandate. At that time, the concept of deferral was not included in the bill, and the required action at the local level was to grant or not grant a tax exemption to a clearly defined group per regulations to be adopted by DCRA. That seemed possible, albeit hasty.

House Finance Committee re HB 66  
March 18, 1993  
page 2

The current proposal is an improvement over the original, offering more options and flexibility at the local level; as a consequence, the local decision process will be more complex. It is still technically possible, in most communities, to pass an ordinance responding to HB 66 if the measure is enacted and signed in the next week or so. Beyond that point, it becomes extremely difficult for a local government to draft and enact an ordinance on this subject before tax rates are fixed. (The statutory requirement for establishing tax rates is not later than June 15, and many jurisdictions act earlier.) It would not be possible to refer such an ordinance to the public within the available time frame. A schedule of tax bill mailing dates and tax due dates is appended for the Committee's information.

The problem with a 1994 effective date is that there is no funding currently provided to even partially reimburse local governments for the cost of the mandated exemption. Local government has borne a substantial and increasing financial burden in this area over the years. While we are sensitive to the equity/expectation issue posed by seniors having already applied for exemption for this year, local officials feel that they have done their part over the years and should not be asked to bear the whole burden in this last year of the mandate. AML urges the Committee to provide \$2.8 million, the same amount appropriated in each of the past two years, to serve as a bridge from the present situation to the new, local options authorized by HB 66. If this is not possible, AML recommends that the effective date be January 1, 1993.

Enclosure

KES3:hb66posn.mem

## TAXING JURISDICTION TAX MAILING AND DUE DATES

<u>MUNICIPALITY</u> <i>(BOROUGH)</i>	<u>TAX BILL MAILING DATE</u>	<u>FIRST HALF DUE</u>	<u>SECOND HALF DUE</u>
ANCHORAGE	MAY 15	JUNE 15	AUGUST 15
BRISTOL BAY	MAY 31	AUGUST 31	AUGUST 31
FAIRBANKS	JUNE 30	SEPTEMBER 1	NOVEMBER 1
HAINES	JUNE 29	SEPTEMBER 1	MARCH 1
JUNEAU	JUNE 30	SEPTEMBER 30	N/A
KENAI PENINSULA	JULY 1	AUGUST 15	NOVEMBER 15
KETCHIKAN GATEWAY	JULY 1	SEPTEMBER 30	N/A
KODIAK ISLAND	JUNE 23	AUGUST 15	NOVEMBER 15
MATANUSKA-SUSITNA	JUNE 30	AUGUST 16	FEBRUARY 7
NORTH SLOPE	JUNE 1	JUNE 30	AUGUST 31
SITKA	JULY 1	AUGUST 31	N/A
<b>CITIES</b>			
CORDOVA	JULY 1	AUGUST 31	OCTOBER 31
CRAIG	JULY 1	DECEMBER 31	
DILLINGHAM	JULY 31	OCTOBER 2	DECEMBER 1
EAGLE	JULY 1	SEPTEMBER 30	
NENANA	JULY 1	JULY 31	SEPTEMBER 1
NOME	JUNE 8	JULY 15	SEPTEMBER 15
PELICAN	MAY 31	OCTOBER 15	MARCH 15
PETERSBURG	JUNE 30	SEPTEMBER 1	
SKAGWAY	JULY 1	SEPTEMBER 1	
UNALASKA	JUNE 30	AUGUST 17	OCTOBER 17
VALDEZ	JULY 1	JULY 1	SEPTEMBER 26
WHITTIER	DNR (SENT FAX)		
WRANGELL	JUNE 30	AUGUST 15	DECEMBER 15
YAKUTAT	JULY 1	AUGUST 31	

## ADMINISTRATIVE MATRIX SD/DV REIMBURSEMENT PROGRAM

Typical Dates (1) (MSB)	Statutory Requirements	Actions	Comments
Dec. 1		Municipalities mail form to SC/DV Advertisements of program	SC/DV must file annually - approved for exemption by local assessor
Jan. 1	Assessment Date		
Jan. 15	Filing Date SC/DV		
Feb. 28	Assessment Notice		
Mar. 15	Deadline for filing SC/DV Applications	Deadline for filing SC/DV	Must file unless physically or mentally unable per doctor (2)
Mar. 1-30	Appeal Period		
April-May	BOE Hearings		
May	Indicated Leg. Approp.		End of Legislative session
June 15	Set Mill rate by	SC/DV Tax Roll to State	Cannot be done before mill rate set (No amendments after post mark this date.)
June 30	Tax bills to be mailed by		Not possible to include SC/DV exemption on tax bill - requires separate letter.
July		Dept. advise Reimb. level	Depends on Governor's signature
July 1-Aug. 15	Varies by Muni.	1/2 payment due	SC/DV pay 1/2 tax and receive authorization to receive reimbursement which is to be sent to the State (3)
Aug. 15	Varies by Muni.	Payment delinquent	
Dec. 20	Varies by Muni.	Second 1/2 bill mailed	
Dec. 20-Feb. 8	Varies by Muni.	Second 1/2 payment due	SC/DV pay 2nd half or balance of total tax due.
Feb. 9	Varies by Muni.	Payment delinquent	

### HARDSHIP AS 29.45.030(e)

19 AAC 35.010 TO .040  
 Deadline to file for Hardship Exemption  
 Application First half delinquent date.  
 Sept. 1 Deadline submit hardship  
 authorizations to State

### EXTREME HARDSHIP

Deadline for Application  
 to the Governing body -  
 2nd half delinquency date.

### Footnotes

(1) Because of variance in fiscal years and local dates of assessment annual cycle it will be necessary for municipalities and the department to agree on deadlines mutually possible to meet.

(2) From municipal code - MOA necessary for determination of reimbursement level. Deadline for filing could be extended to date of hearings of the BOE or into May before "physically or mentally unable" applies. In any case suggest keeping mention of Jan. 15 filing date in statute based on practice and convention among applicants.

(3) Optional suggestion - SC/DV authorize assignment to municipality for claim of reimbursement from State in cases of convenience to the SC/DV applicant.



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

January 15, 1993

The Honorable Ramona L. Barnes  
Speaker of the House  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801-1182

Dear Speaker Barnes:

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

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

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

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

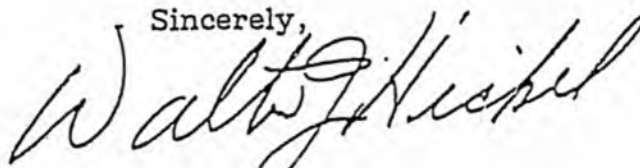
GOV.'S TRANSMITTAL LETTER

The Honorable Ramona L. Barnes  
January 15, 1993  
Page 2

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

I urge your prompt consideration and passage of this bill.

Sincerely,

A handwritten signature in cursive script that reads "Walter J. Hickel". The signature is written in dark ink and is positioned above the printed name and title.

Walter J. Hickel  
Governor



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

AARP POSITION

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

Discussion

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

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

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

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

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

POSITION REPORT

HB 66 & SB 102

SENIOR CITIZENS/DISABLED VETERANS  
PROPERTY TAX EXEMPTION MANDATE

The Kenai Peninsula Borough supports HB66 & SB102, which essentially changes the mandatory exemption (up to \$150,000) on the real property of Senior Citizens and Disabled Veterans to a local municipal optional exemption.

State funding of this mandatory exemption has been steadily declining each year and for the 1992 funding municipalities received only 20% of the total amount exempted. The Governor's budget contains zero funding for this year.

The following provisions are of particular emphasis for inclusion in the exemption language:

1. Municipalities should be given the opportunity to draft an exemption ordinance in a manner and method that is in keeping with the wants and needs of that community. It is prudent to include language that requires voter approval.
2. January 1, 1994 should be considered the effective date as apposed to a retroactive date of January 1, 1993. Applicants have already applied for, qualified for and most have been granted the exemption with respect to the existing exemption provisions. Lending agencies have already adjusted and processed the collection for reserves for taxes. Also, municipalities should have ample time, upon passage, to analyze and draft local legislation for voter approval.
3. Exclusion from full value determination is also recommended.

*If you mandate the program, fund it.*

Cambridge Energy Research Ass Sec  
Ak Dept of Revenue

17.78

18.33

Nov. 20<sup>th</sup>



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

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For further information, please contact:

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

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

Joe Alter, Coordinator  
Capital City Task Force  
(907) 586-6680

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

Adopted: December 8, 1992

aktaxrel.pos

POSITION REPORT

HB 66 & SB 102

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The following provisions are of particular emphasis for inclusion in the exemption language:

1. Municipalities should be given the opportunity to draft an exemption ordinance in a manner and method that is in keeping with the wants and needs of that community. It is prudent to include language that requires voter approval.
2. January 1, 1994 should be considered the effective date as apposed to a retroactive date of January 1, 1993. Applicants have already applied for, qualified for and most have been granted the exemption with respect to the existing exemption provisions. Lending agencies have already adjusted and processed the collection for reserves for taxes. Also, municipalities should have ample time, upon passage, to analyze and draft local legislation for voter approval.
3. Exclusion from full value determination is also recommended.

*If you mandate the program, fund it.*

Cambridge Energy Research Assoc Dec 17, 78  
AK Dept of Revenue 18, 35

Nov, 20<sup>th</sup>

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

Municipality	1992 Full Value Determination	1992 SC/DV Exempt Value	Total Full Value with		Required Millage		Required Millage		Local Additional Contribution AS14.17.025	% Change
			SC/DV	Exempt Value	W/SC/DV	Exempt Value	WO/SC/DV	Exempt Value		
Aleutians East Borough	\$86,859,000	N/A	\$86,859,000		\$347,436		\$347,436		\$0	0%
Municipality of Anchorage	\$11,256,384,640	\$409,111,032	\$11,665,495,672		\$45,025,539		\$46,661,983		\$1,636,444	4%
Bristol Bay Borough	\$173,673,500	\$880,203	\$174,553,703		\$694,694		\$698,215		\$3,521	1%
Cordova	\$151,877,040	\$3,121,040	\$154,998,080		\$607,508		\$619,992		\$12,484	2%
Craig	\$50,954,200	\$1,382,282	\$52,336,482		\$203,817		\$209,346		\$5,529	3%
Dillingham	\$121,235,100	\$2,648,830	\$123,883,930		\$484,940		\$495,536		\$10,595	2%
Fairbanks North Star Borough	\$3,256,294,590	\$86,472,935	\$3,342,767,525		\$13,025,178		\$13,371,070		\$345,892	3%
Galena	\$19,965,100	N/A	\$19,965,100		\$79,860		\$79,860		\$0	0%
Haines Borough	\$122,749,700	\$8,278,375	\$131,028,075		\$490,999		\$524,112		\$33,114	7%
Hoonah	\$22,813,100	N/A	\$22,813,100		\$91,252		\$91,252		\$0	0%
Hydaburg	\$5,736,300	N/A	\$5,736,300		\$22,945		\$22,945		\$0	0%
City & Borough of Juneau	\$1,566,985,160	\$73,804,100	\$1,640,789,260		\$6,267,941		\$6,563,157		\$295,216	5%
Kake	\$16,951,200	N/A	\$16,951,200		\$67,805		\$67,805		\$0	0%
Kenai Peninsula Borough	\$3,465,369,120	\$88,648,599	\$3,554,017,719		\$13,861,476		\$14,215,071		\$354,594	3%
Ketchikan Gateway Borough	\$933,887,400	\$38,087,600	\$971,975,000		\$3,735,550		\$3,887,900		\$152,350	4%
Klawock	\$14,793,800	N/A	\$14,793,800		\$59,175		\$59,175		\$0	0%
Kodiak Island Borough	\$829,302,700	\$16,464,204	\$845,766,904		\$3,317,211		\$3,383,068		\$65,857	2%
Lake & Peninsula Borough	\$68,423,800	N/A	\$68,423,800		\$273,695		\$273,695		\$0	0%
Matanuska-Susitna Borough	\$2,020,623,780	\$97,234,600	\$2,117,858,380		\$8,082,495		\$8,471,434		\$388,938	5%
Nenana	\$15,112,200	\$918,542	\$16,030,742		\$60,449		\$64,123		\$3,674	6%
Nome	\$126,631,300	\$4,996,402	\$131,627,702		\$506,525		\$526,511		\$19,986	4%
North Slope Borough	\$12,537,472,080	\$1,188,570	\$12,538,660,650		\$5,014,989		\$5,015,464		\$475	0.01%
Northwest Arctic Borough	\$326,931,100	N/A	\$326,931,100		\$1,307,724		\$1,307,724		\$0	0%
Pelican	\$13,922,600	\$254,750	\$14,177,350		\$55,690		\$56,709		\$1,019	2%
Petersburg	\$186,577,700	\$13,216,531	\$199,794,231		\$746,311		\$799,177		\$52,866	7%
City & Borough of Sitka	\$517,476,500	\$23,012,580	\$540,489,080		\$2,069,906		\$2,161,956		\$92,050	4%
Skagway	\$76,393,200	\$2,635,253	\$79,028,453		\$305,573		\$316,114		\$10,541	3%
St. Mary's	\$4,459,300	N/A	\$4,459,300		\$17,837		\$17,837		\$0	0%
Tanana	\$11,245,600	N/A	\$11,245,600		\$44,982		\$44,982		\$0	0%
Unalaska	\$331,802,360	\$265,940	\$332,068,800		\$1,327,211		\$1,328,275		\$1,064	0.08%
Valdez	\$1,146,257,830	\$2,809,747	\$1,149,067,577		\$1,375,509		\$1,378,881		\$3,372	0.25%
Wrangell	\$132,997,300	\$6,922,290	\$139,919,590		\$531,989		\$559,678		\$27,689	7%
City & Borough of Yakutat	\$19,957,200	\$742,650	\$20,699,850		\$79,829		\$82,799		\$2,971	4%

2/22/93

(S)CRA  
(H)HESS

**HB**

**66**

**SFIN**

**FILE**

# SENATE FINANCE COMMITTEE REPORT

*mt*

DATE: 4/13/93

FURTHER: *no more*

DATE TURNED INTO OFFICE: 4-26-93

The Finance Committee considered CS FOR HOUSE BILL NO. 66(FIN) am

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

and recommends:

replace with 5 CS CS HB 66 (FINANCE)

- same title
- new title
- technical title change (HB only)

or  adopt previous \_\_\_\_\_ CS \_\_\_\_\_

attaches amendment(s) *& may do pass*

adopts \_\_\_\_\_ Letter of Intent

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

do pass

do not pass

no recommendation

individual recommendations

*4/21/93*

*[Signature]*

**NEW FISCAL NOTES**

**PREVIOUS FISCAL NOTES**

	Department	Date	Zero	Fiscal
<i>Uats</i>	DC & RA (Home)	4/21/93		1,109,520
	DC & RA (Rent)	4/21/93		162,294
<i>Srs</i>	DC & RA (Home)	4/21/93	<input checked="" type="checkbox"/>	
	DC & RA (Rent)	4/21/93	<input checked="" type="checkbox"/>	

	Department	Date	Zero	Fiscal
	DOA	12-8-92	<input checked="" type="checkbox"/>	
	DOE	3-26-93	<input checked="" type="checkbox"/>	

Appropriation No Fiscal Note

**DO PASS:**

*Tom Kelly - as amended*  
*Steve Rai*  
*Best thing*

**OTHER RECOMMENDATIONS:**

*do not pass*

1. *[Signature]*  
 Co-Chair: Signature/Recommendation

2. *[Signature]*  
 Co-Chair: Signature/Recommendation

# FISCAL NOTE

No. 4  
 Bill Version: CSHB 66 (FIN)  
 (H) Publish Date: 3/26/93

STATE OF ALASKA

**1993 LEGISLATIVE SESSION**

Revision Date: 3-26-93  
 Title: An act relating to municipal property tax exemptions  
certain residences and to property tax equivalency payment  
 Sponsor: Governor  
 Requestor: House Finance

Department Affected: Education  
 BRU: K-12  
 Component: Foundation Program

COMPONENT SERIAL NO. 141

**Expenditures/Revenues:**

(Thousands of Dollars)

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

CAPITAL						
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REVENUE FUND SOURCE:						
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**FUNDING:**

(Thousands of Dollars)

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

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						


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

ANALYSIS: (Attach a separate page if necessary.)

See Attached.

Prepared by: Eddy Jeans  
 Division: School Finance

Phone: 465-8685  
 Date: 3-26-93

Approved by Commissioner:   
 Agency: Education

Jerry Covey  
 Date: 3-26-93

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Page \_\_\_\_\_ of \_\_\_\_\_

Attachment for CSHB 66(FIN)

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

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

Revision Date: 4/21/93  
Title: "An Act relating to property tax  
exemptions..."  
Sponsor: Rules  
Requestor: Governor

Dept. Affected: Community & Regional Affairs  
BRU: Senior Citizens/Disabled Veterans  
Component: Homeowners' Property Tax  
Exemption (Disabled Veterans)  
COMPONENT SERIAL NO. 653

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	\$1,109,520	\$1,298,138	\$1,531,803	\$1,822,845	\$2,223,872	\$2,668,645
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>\$1,109,520</b>	<b>\$1,298,138</b>	<b>\$1,531,803</b>	<b>\$1,822,845</b>	<b>\$2,223,872</b>	<b>\$2,668,645</b>

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

1002 Federal Receipts						
1003 GF Match						
1004 GF	\$1,109,520	\$1,298,138	\$1,531,803	\$1,822,845	\$2,223,872	\$2,668,645
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>\$1,109,520</b>	<b>\$1,298,138</b>	<b>\$1,531,803</b>	<b>\$1,822,845</b>	<b>\$2,223,872</b>	<b>\$2,668,645</b>

POSITIONS:

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

Estimate of current (FY93) impact \$ none

ANALYSIS: (Attach a separate page if necessary)

As the law currently exists, municipalities are required to fund the balance of the program not funded by the state. Full funding for this program is approximately 13 million, however, at the current state general fund level of 2838.8 (21.8% of full funding amount), municipalities are required, by statute, to fund the balance. This places an extreme hardship on municipalities who are already faced with declining revenues. Under the current proposal, the exemption would be retained only for disabled veterans. This fiscal note reflects the estimated funding needed to fully fund the disabled veteran aspect of this program.

Prepared by: Remond Henderson Phone: 465-4708

Division: Administrative Services Date: 4/21/93

Approved by Commissioner: Don K. Angell Deputy Commissioner Date: 4/21/93

Agency: Community & Regional Affairs

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Revision Date: 4/21/93  
Title: "An Act relating to property tax  
exemptions..."  
Sponsor: Rules  
Requestor: Senate Finance Committee

Dept. Affected: Community & Regional Affairs  
BRU: Senior Citizens/Disabled Veterans  
Component: Renters Equivalency Rebate  
(For Disabled Veterans)  
COMPONENT SERIAL NO. 654

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	\$162,294	\$189,884	\$224,063	\$266,634	\$325,293	\$390,352
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>\$162,294</b>	<b>\$189,884</b>	<b>\$224,063</b>	<b>\$266,634</b>	<b>\$325,293</b>	<b>\$390,352</b>

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

1002 Federal Receipts						
1003 GF Match						
1004 GF	\$162,294	\$189,884	\$224,063	\$266,634	\$325,293	\$390,352
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>\$162,294</b>	<b>\$189,884</b>	<b>\$224,063</b>	<b>\$266,634</b>	<b>\$325,293</b>	<b>\$390,352</b>

POSITIONS:

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

Estimate of current (FY93) impact \$ none

ANALYSIS: (Attach a separate page if necessary)

The Renters Rebate program for disabled veterans was instituted in order to treat disabled veterans, who pay rent for their homes, on an equitable basis with disabled veterans who owned homes in terms of property tax relief. Since the Homeowners' program for disabled veterans is to be retained under the current proposal, this fiscal note reflects the funding necessary to fully fund the disabled veterans aspect of the Renter's Equivalency Rebate program.

Prepared by: Remond Henderson Phone: 465-4708  
 Division: Administrative Services Date: 4/21/93  
 Approved by Commissioner: [Signature] Deputy Commissioner Date: 4/21/93  
 Agency: Community & Regional Affairs

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# FISCAL NOTE

Revision Date: 4/21/93 Dept. Affected: Community & Regional Affairs  
 Title: "An Act relating to property tax exemptions..." BRU: Senior Citizens/Disabled Veterans  
 Component: Homeowners' Property Tax Exemption (For Seniors)  
 Sponsor: Rules  
 Requestor: Governor COMPONENT SERIAL NO. 653

Expenditures/Revenues: (Thousands of Dollars)

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

CAPITAL						
REVENUE FUND SOURCE:						

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

Estimate of current (FY93) impact \$ none

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

Prepared by: Remond Henderson Phone: 465-4708  
 Division: Administrative Services Date: 4/21/93  
 Approved by Commissioner: [Signature] Deputy Commissioner Date: 4/20/93  
 Agency: Community & Regional Affairs

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FISCAL NOTE

No. 1  
 Bill Version: HB 66  
 (H) Publish Date: 1/15/93

STATE OF ALASKA  
 1993 LEGISLATIVE SESSION

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

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

COMPONENT SERIAL NO. 34

Expenditures/Revenues:

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

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

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

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

Estimate of current year (FY93) impact: 0

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

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

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

Approved by Commissioner: Nancy Bear Usera  
 Agency: Administration

Date: 12/28/92

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4-21-93  
SF moved  
Adopted

8-GH1032NM  
Cook  
4/20/93

SENATE CS FOR CS FOR HOUSE BILL NO. 66(FIN)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
EIGHTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:  
Referred:

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

A BILL

*re-amend.  
adopted*

FOR AN ACT ENTITLED

*a municipal option for*

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

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

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

7 (a) To determine the amount of local effort under AS 14.17.025 and to aid the  
8 department and the legislature in planning, the Department of Community and  
9 Regional Affairs, in consultation with the assessor for each district, shall determine the  
10 full value of the taxable real and personal property in each city or borough district.  
11 If there is no local assessor or current local assessment for a district, then the  
12 Department of Community and Regional Affairs shall make the determination of full  
13 value from information available. In making the determination, the Department of  
14 Community and Regional Affairs shall be guided by AS 29 45.110. However, the

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

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

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

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

26 (a) A resident of the state who rents a permanent place of abode is eligible for  
27 a tax equivalency payment from the state through the department if the resident is:

28 (1) [AT LEAST 65 YEARS OLD;

29 (2)] a disabled veteran; or

30 (2) [(3)] at least 60 years old and the widow or widower of a person  
31 who was eligible for payment under (1) [OR (2)] of this subsection.

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

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

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

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

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

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

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

19 \* Sec. 6. AS 29.45 is amended by adding new sections to read:

20 Sec. 29.45.052. OPTIONAL EXEMPTION FOR CERTAIN RESIDENCES.

21 (a) The real property owned and occupied as the primary residence and permanent  
22 place of abode by a resident of the state who is (1) 65 years of age or older; or (2) at  
23 least 60 years old and the widow or widower of a person who qualified for an  
24 exemption under former AS 29.45.030(e)(1) before the effective date of this Act or  
25 under (1) of this subsection, is exempt from taxation on the first \$150,000 of assessed  
26 value unless the municipality by ordinance rejects this exemption.

27 (b) If the municipality rejects the exemption under (a) of this section, the  
28 municipality may by ordinance exempt from taxation all or part of the assessed value  
29 of the real property described in (a) of this section. The exemption under this  
30 subsection may be based upon economic hardship as provided in the ordinance.

31 (c) Only one exemption may be granted under (a) or (b) of this section to a

1 qualified resident for one property annually. If two or more persons are eligible for  
2 an exemption for the same property, the parties shall decide between or among  
3 themselves who is to receive the benefit of the exemption. Real property may not be  
4 exempted under this section if the assessor determines, after notice and hearing to the  
5 parties, that the property was conveyed to the applicant primarily for the purpose of  
6 obtaining the exemption. The determination of the assessor may be appealed under  
7 AS 44.62.560 - 44.62.570.

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

10 Sec. 29.45.054. OPTIONAL DEFERRAL FOR CERTAIN RESIDENCES. (a)  
11 Payment of taxes on all or part of the assessed value of real property may be deferred  
12 by ordinance if the property is owned and occupied as the primary residence and  
13 permanent place of abode by a resident of the state who is (1) 65 years of age or  
14 older; or (2) at least 60 years old and the widow or widower of an individual who  
15 qualified for an exemption under former AS 29.45.030(e)(1) before the effective date  
16 of this Act or for a deferral under (1) of this subsection. The deferral may be based  
17 upon economic hardship as provided in the ordinance. The taxes become due when  
18 the property ceases to be owned by the resident who qualified for the deferral or the  
19 spouse if the spouse also qualified for a deferral. A municipality may not charge  
20 interest upon taxes deferred under this section for the deferral period. Only one  
21 deferral may be granted to a qualified resident for one property annually. If two or  
22 more persons are eligible for a deferral for the same property, the parties shall decide  
23 between or among themselves who is to receive the benefit of the deferral. Payment  
24 of taxes may not be deferred under this section if the assessor determines, after notice  
25 and hearing to the parties, that the property was conveyed to the applicant primarily  
26 for the purpose of obtaining the deferral. The determination of the assessor may be  
27 appealed under AS 44.62.560 - 44.62.570.

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

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

8-GH1032N  
Cook  
4/15/93

SENATE CS FOR CS FOR HOUSE BILL NO. 66(FIN)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
EIGHTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:  
Referred:

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

A BILL

FOR AN ACT ENTITLED

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

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

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

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

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

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

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

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

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

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

19                Sec. 29.45.052. OPTIONAL EXEMPTION FOR CERTAIN RESIDENCES.

20                (a) The real property owned and occupied as the primary residence and permanent  
21                place of abode by a resident of the state who is (1) 65 years of age or older; (2) a  
22                disabled veteran; or (3) at least 60 years old and the widow or widower of a person  
23                who qualified for an exemption under former AS 29.45.030(e) or under (1) or (2) of  
24                this subsection, is exempt from taxation on the first \$150,000 of assessed value unless  
25                the municipality by ordinance rejects this exemption.

26                (b) If the municipality rejects the exemption under (a) of this section, the  
27                municipality may by ordinance exempt from taxation all or part of the assessed value  
28                of the real property described in (a) of this section. The exemption under this  
29                subsection may be based upon economic hardship as provided in the ordinance.

30                (c) Only one exemption may be granted under (a) or (b) of this section to a  
31                qualified resident for one property annually. If two or more persons are eligible for

1 an exemption for the same property, the parties shall decide between or among  
2 themselves who is to receive the benefit of the exemption. Real property may not be  
3 exempted under this section if the assessor determines, after notice and hearing to the  
4 parties, that the property was conveyed to the applicant primarily for the purpose of  
5 obtaining the exemption. The determination of the assessor may be appealed under  
6 AS 44.62.560 - 44.62.570.

7 (d) In this section,

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

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

15 Sec. 29.45.054. OPTIONAL DEFERRAL FOR CERTAIN RESIDENCES. (a)  
16 Payment of taxes on all or part of the assessed value of real property may be deferred  
17 by ordinance if the property is owned and occupied as the primary residence and  
18 permanent place of abode by a resident of the state who is (1) 65 years of age or  
19 older; (2) a disabled veteran; or (3) at least 60 years old and the widow or widower  
20 of an individual who qualified for an exemption under former AS 29.45.030(e) or for  
21 a deferral under (1) or (2) of this subsection. The deferral may be based upon  
22 economic hardship as provided in the ordinance. The taxes become due when the  
23 property ceases to be owned by the resident who qualified for the deferral or the  
24 spouse if the spouse also qualified for a deferral. A municipality may not charge  
25 interest upon taxes deferred under this section for the deferral period. Only one  
26 deferral may be granted to a qualified resident for one property annually. If two or  
27 more persons are eligible for a deferral for the same property, the parties shall decide  
28 between or among themselves who is to receive the benefit of the deferral. Payment  
29 of taxes may not be deferred under this section if the assessor determines, after notice  
30 and hearing to the parties, that the property was conveyed to the applicant primarily  
31 for the purpose of obtaining the deferral. The determination of the assessor may be

1 appealed under AS 44.62.560 - 44.62.570.

2 (b) In this section,

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

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

10 \* Sec. 5. AS 29.45.030(a)(6), 29.45.030(e), 29.45.030(f), 29.45.030(g), 29.45.030(i),  
11 29.45.040, and 29.45.050(i) are repealed.

12 \* Sec. 6. This Act takes effect January 1, 1994.

Back-up

# Alaska State Legislature

Senate Majority Leader  
Chair, Judiciary Committee  
Vice Chair, Community &  
Regional Affairs

Member, State Affairs Committee  
Committee on Committees  
Western States Legislative Forestry Task Force  
Legislative Council



State Capitol  
Juneau, Alaska 99801-1182  
(907) 465-3873  
Fax: (907) 465-3922

352 Front Street  
Ketchikan, Alaska 99901  
(907) 225-8008  
Fax: (907) 225-0713

*Senator Robin L. Taylor*

## MEMORANDUM

**TO:** Senator Drue Pearce  
Senator Steve Frank

**FROM:** Senator Robin L. Taylor *R.L.T.*

**DATE:** 4/12/93

**REF:** Draft Committee Substitute - SB 102 *HB 66*

\*\*\*\*\*

Since the possibility exists that SB 102 will become the vehicle for addressing the municipal property tax exemptions, I would hope the Finance Committee will consider adopting the attached substitute.

The CS adds language addressing some of the concerns raised by Ketchikan Gateway Borough Assembly Member Dennis McCarty in the attached letter. The draft CS adds a new Sec. 5, with the new language beginning on line 30, page 3 and concluding on line 6, page 4. The title has also been amended to allow for this additional language.

Mr. McCarty has reviewed the changes and worked with the drafter at my request.

*see revised amendment*

*Amendment #1  
HB 66*

SENATE FINANCE  
COMMITTEE

Amendment Number: ①

Bill Number: HB 66

Sponsor: \_\_\_\_\_ Date: 4/24/93

Logged In By: ARM

AMENDMENT

BY: Sen. Taylor  
TO: CSNB 66 (FIN) am

On Page 4, Line 6, insert new Sec. 5 as follows  
and renumber remaining sections

AS 29.45.050(b) is amended to read:

(b) A municipality may by ordinance

(1) classify boats and vessels for the purposes of taxation and may establish the assessed valuation of boats and vessels on the basis of their registered or certificated net tonnage;

(2) classify and exempt from taxation

(A) the property of an organization not organized for business or profit-making purposes and used exclusively for community purposes if the income derived from rental of that property does not exceed the actual cost to the owner of the use by the renter;

(B) historic sites, buildings, and monuments;

(C) land of a nonprofit organization used for agricultural purposes if rights to subdivide the land are conveyed to the state and the conveyance includes a covenant restricting use of the land to agricultural purposes only; rights conveyed to the state under this subparagraph may be conveyed by the state only in accordance with AS 38.05.069(c);

(3) exempt personal property from taxation;

(4) exempt business inventories from taxation;

(5) classify as to type and exempt or partially exempt any or all types of motor vehicles from taxation;

(6) exempt or partially exempt from taxation mobile home parks and recreational vehicle parks;

(7) exempt or partially exempt from taxation parking lots;

(8) exempt or partially exempt from taxation real property used for greenbelts;

(9) exempt or partially exempt from taxation for a period not to exceed three years that portion of the increase in assessed value of real property attributable to an improvement made to a historical building.

# MEMORANDUM

## State of Alaska

Department of Community  
and Regional Affairs

TO: Senator Drue Pearce  
Co-Chair House Finance

DATE: April 15, 1993

THRU:

FILE NO: HB 66/S(FIN)/4-15

FROM: Bruce R. Geraghty *BRG*  
Deputy Commissioner

TELEPHONE:(907) 465-4700

SUBJECT: CS HB 66(FIN) am  
Hearing Request and  
Backup Information

Please schedule CS HB 66(FIN) am at your earliest convenience.

Attached you will find:

- 1) DCRA Position Paper;
- 2) DCRA Sectional Analysis;
- 3) A Bill History of Legislative Action; and
- 4) Numerous spreadsheets requested by previous House committees.

Considering the diligent pace the Senate has undertaken to complete it's work this session, if there is further manipulation of the data contained in the spreadsheets that you consider helpful in your deliberations, please contact me as soon as possible.

Thank you.

STATE OF ALASKA  
DEPARTMENT OF COMMUNITY  
& REGIONAL AFFAIRS

POSITION PAPER

Bill No.: CS HB 66(FIN) am

DCRA FN: Zero

Sponsor: Governor

Position: Support

**Title:** An Act relating to an exemption from and deferral of municipal property taxes for certain residences, to property tax equivalency payments for certain residents, to the determination of full and true value of taxable property in a municipality; and providing for an effective date.

The legislature created the mandatory senior citizens/disabled veterans property tax exemption program in 1973. However, since 1985 the legislature has failed to fully refund to communities the raising costs of this mandated exemption. This results in higher property taxes being paid by other citizens within municipalities to make up the difference.

The total value exempt assessed value of senior citizens/disabled veterans in Alaska for tax year 1992 is \$883.5 million. The exempted tax amount of this value is \$13.7 million. The legislature provide only 20% of the exempted tax amount, or \$2.8 million for tax year 1992. This means local communities made up the difference of \$10.9 million. In the Municipality of Anchorage the underfunded amount for this program was \$5.6 million and in the Fairbanks North Star Borough it was \$1.3 million. There are also similar effects in the Mat-Su Borough, Juneau, Petersburg, Wrangell, Kenai, and Nome among others. The estimated cost of the property tax exemption program in FY 94 is \$15.4 million.

The renters rebate program which is repealed by this legislation was established in 1976 as a means of providing the same benefit to seniors and disabled veterans that rent their residence. The rebate program in FY 93 was funded at 85% of those eligible. The estimated cost of the renters rebate program in FY 94 is \$1.3 million.

Considering these funding histories and the decline in state revenues, the department has identified these programs for elimination at the state level. Funding for these programs was omitted from the departments FY 94 budget submission. CS HB 66(FIN) am makes these programs local options and adds

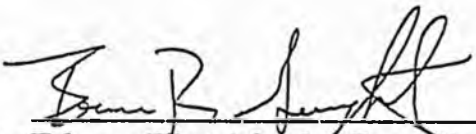
an additional tool, optional property tax deferrals.

The department strongly supports making the senior citizens/disabled veterans property tax exemption available to municipalities as an optional local tax exemption program. Encouraging seniors citizens and disabled veterans to remain in their own residences within the community, is an issue best handled at the local level. Local governments are in the best position to evaluate the needs of their population with regard to local property taxation issues.

The property tax deferral option is a new concept introduced to the bill in the House Health Education and Social Services Committee. The department supports this concept as long as "deferral" is totally optional to municipalities as a taxation tool, with maximum flexibility for municipalities to implement a deferral program by ordinance tailored to their local situation. Both the Alaska Municipal League and the Older Alaskans Commission have testified in support of the deferral option. CS HB 66(FIN) am contains the language appropriate to maximizing flexibility.

In light of the legislative funding history and declining state revenues, the administration prefers continuation of the senior citizen/disabled veterans property tax exemption, implemented and supported at the local level.

We encourage your favorable consideration for passage of CS HB 66 (FIN) am.

  
for Edgar Blatchford Commissioner

4-15-93  
Date

**DIVISION OF LEGAL SERVICES**

**LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA**

(907) 465 3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101

130 Seward Street, Suite 409  
Juneau, Alaska 99801-2105

MEMORANDUM

April 20, 1993

**SUBJECT:** Optional Tax Exemption (SCS CSHB 66(FIN))

**TO:** Senator Steve Frank, Co-chair  
Senate Finance Committee

**FROM:** Tamara Brandt Cook  
Director *TBC*

In the most recent draft of SCS CSHB 66(FIN) Sec. 6 provides for a tax exemption on the first \$150,000 of assessed value of certain residential property which a municipality may reject by ordinance. You have asked whether the municipality may, under this draft, exempt less than \$150,000 of the assessed value of the property or more than that amount.

Under AS 29.45.052(b), if a municipality adopts an ordinance rejecting the tax exemption provided for under subsection (a), the municipality may by ordinance also ". . . exempt from taxation all or part of the assessed value of the real property described in (a) of this section." So, a municipality may, by rejecting the exemption under subsection (a) and adopting an ordinance providing for an exemption under subsection (b), exempt less than \$150,000 of the assessed value of the residential property that is the subject of this section or more than that amount.

TBC:gc  
93-356.glc



**Section 3.** Repeals DCRA's authority to adopt regulations to implement AS 29.45.030(g), the existing mandatory exemption reimbursement provision; this provision is repealed by Section 5 of this Act. In this section, (j) refers to the Department of Public Safety, and its regulatory authority regarding senior citizens motor vehicle registration tax exemption.

**Section 4.** Adds two new sections to AS 29.45.

The first section, AS 29.45.052, **OPTIONAL EXEMPTION FOR CERTAIN PRIMARY RESIDENCES**, gives specific authority for municipalities to grant senior citizens, disabled veterans, or their widows or widowers, an exemption from property taxation by municipal ordinance. This ordinance may be based on economic hardship. There may only be one exemption for the same property. Transfer of a property for the purpose of receiving the exemption is prohibited. The section also includes an appeals process where a dispute results from a possible conveyance of a property for the purpose of obtaining the exemption.

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

Real Property is defined to include mobile homes.

AS 29.45.054. **OPTIONAL DEFERRAL FOR CERTAIN RESIDENCES.** This section allows a municipality to defer taxes on the assessed value on real property owned and occupied as a primary residence and permanent place of abode by a senior citizen, disabled veteran or their widow or widower. The taxes become due when the property ceases to be owned by the resident, or spouse, who qualified for the deferral. A municipality may not charge interest on taxes deferred under this section for the deferral period. The ordinance adopting the deferral may be based on economic hardship. Only one deferral may be granted to a qualified resident for one property annually. Conveyance of a property for the purposes of obtaining the deferral is prohibited. Judicial appeal is provided for, when a dispute results from the local assessors decision not to grant a deferral due to determining that conveyance of the property took place for the purposes of obtaining the deferral.

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

Real property is defined to include mobile homes.

Section 5. Repeals all aspects of the state mandated property tax exemption and renters rebate for senior citizens and disabled veterans.

The specific sections repealed are:

1. Under AS 29.45.030. REQUIRED EXEMPTIONS. (mandated exemptions statute)

AS 29.45.030(a)(6): The real property of senior citizens and disabled veterans as conditioned in (e) [see next summary].

AS 29.45.030(e) : Defines the mandatory senior citizen and disabled veterans property tax exemption on the first \$150,000 of assessed value.

AS.29.45.030(f) : Prescribes for municipalities the application process and the municipal waiver of untimely filed application authority.

AS.29.45.030(g) : Provides the conditions governing the states reimbursement of municipalities for revenues lost due to the mandatory senior citizens and disabled property tax exemption. Explicitly stating that "If appropriations are not sufficient to fully fund reimbursements under this subsection, the amount available shall be distributed pro rata among eligible municipalities."

AS.29.45.030(i) : This subsection contains definitions of disabled veterans and real property.

2. AS.29.45.040 : PROPERTY TAX EQUIVALENCY PAYMENTS,  
This is commonly referred to as the renters rebate program. This program is also pro rata relative to legislative appropriation;

3. Under AS.29.45.050. OPTIONAL EXEMPTIONS AND EXCLUSIONS.

AS.29.45.050(i) :This subsection grants authority for municipalities to, by ordinance approved by the voters, exempt from taxation the assessed value exceeding \$150,000 of senior citizen and disabled veterans.

Section 6. Establishes effect date of January 1, 1994.

STATE OF ALASKA  
DEPARTMENT OF COMMUNITY  
& REGIONAL AFFAIRS

A History of Legislative Action

CS HB 66(FIN) am

Senior Citizens/Disabled Veterans Local Property Tax  
Exemption and Deferral

House Community and Regional Affairs Committee.

Deleted language that Legislative Legal Services and Department of Law, determined to be unnecessary.

House Health, Education and Social Services Committee.

Added local property tax deferral option.

House Finance Committee.

Added definitive language that allows the municipal ordinance adopting property tax exemptions and/or deferrals to include economic hardship as a qualification criteria.

House Floor Amendment.

Language on page 3, line 20 through lines 23, was changed to reflect that municipalities could not charge interest upon taxes deferred. Language was also added here to reflect the intent that the deferral went with the qualified property owner, rather than the property. This allows a qualified property owner to sell a property, pay the deferred taxes on the sold property and still qualify for a deferral on another property.

Passed House on Reconsideration April 2, 1993, Y22, N17, E1

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

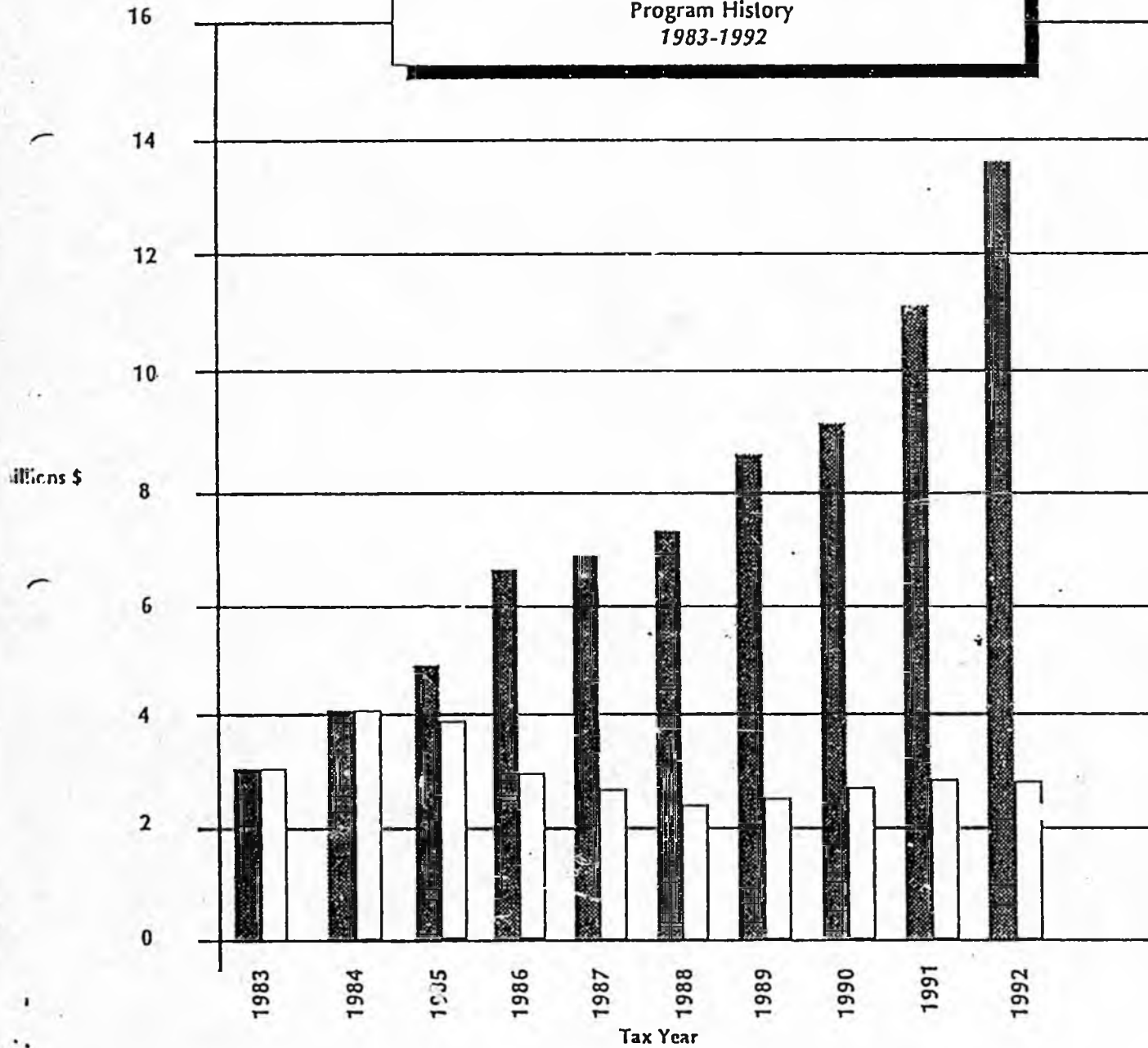
**Property Tax Exemption Program**

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

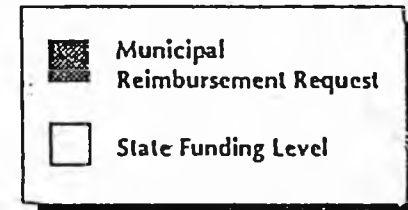
**Senior Citizen/Disabled Veteran Property Tax Equivalency Program**

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

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



Tax Yr.	State Funding Level	Municipal Reimbursement Request
1983	3,146,618	3,146,618
1984	4,005,075	4,005,075
1985	3,985,567	4,577,451
1986	2,770,300	6,325,763
1987	2,622,969	6,753,663
1988	2,519,344	7,464,557
1989	2,542,803	8,627,081
1990	2,557,900	9,585,192
1991	2,838,800	11,293,150
1992	2,838,800	13,669,469



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

BOROUGHS	TY91/FY92 NUMBER OF APPLICANTS APPROVED	TY92/FY93 NUMBER OF APPLICANTS APPROVED	TY91/FY92 TOTAL ASSESSED VALUE EXEMPT	TY92/FY93 TOTAL ASSESSED VALUE EXEMPT	TY91/FY92 TOTAL TAX EXEMPT	TY92/FY93 TOTAL TAX EXEMPT	TY91/FY92 PRORATED PAYMENT	TY92/FY93 PRORATED PAYMENT	TY91/FY92 REIMBURSE- MENT SHORTAGE	TY92/FY93 REIMBURSE- MENT SHORTAGE	TY91/FY92 AVERAGE EXEMPT VALUE PER APP.	TY92/FY93 AVERAGE EXEMPT VALUE PER APP.	TY91/FY92 AVERAGE TAX PER APP.	TY92/FY93 AVERAGE TAX PER APP.	% INCREASE/ DECREASES IN PROGRAM COST
Municipality of Anchorage	4,325	4,751	330,769,989	409,111,032	5,856,157	7,082,897	1,421,809	1,470,937	4,234,348	5,611,960	76,479	86,111	1,308	1,491	0.20
Bristol Bay Borough	14	13	784,857	880,203	3,923	4,401	986	914	2,937	3,487	56,047	67,708	280	339	0.11
Fairbanks North Star Borough	1,306	1,379	82,932,034	88,472,935	1,402,124	1,665,069	352,457	345,792	1,049,667	1,319,276	63,501	62,707	1,074	1,207	0.16
Haines Borough	101	110	7,326,875	8,278,375	58,263	71,402	14,646	14,828	43,617	56,574	72,543	75,258	577	649	0.18
City & Borough of Juneau	698	714	67,004,000	73,804,100	923,516	1,017,742	232,148	211,359	691,369	806,383	95,994	103,357	1,323	1,425	0.09
Kenai Peninsula Borough	1,035	1,108	74,518,204	88,848,599	855,781	1,007,552	215,121	209,243	640,660	798,309	71,998	80,008	827	909	0.15
Ketchikan Gateway	452	436	36,090,974	38,087,600	439,797	509,577	110,553	105,826	329,244	403,751	83,932	87,357	1,023	1,169	0.14
Kodiak Island Borough	206	181	15,591,524	16,464,204	133,778	127,227	33,628	26,422	100,150	100,805	74,601	90,982	640	703	-0.05
Matanuska-Susitna Borough	1,133	1,249	79,829,563	97,234,600	1,320,466	1,633,159	331,930	339,166	988,536	1,293,994	70,459	77,850	1,165	1,308	0.19
North Slope Borough	20	22	1,133,642	1,188,570	20,644	20,946	5,189	4,350	15,455	16,596	56,682	54,026	1,032	952	0.01
City & Borough of Sitka	201	226	20,098,445	23,012,580	120,531	138,025	30,313	28,664	90,278	109,361	99,992	101,826	600	611	0.13
<b>Borough Subtotal</b>	<b>9,472</b>	<b>10,189</b>	<b>716,079,907</b>	<b>843,182,798</b>	<b>10,935,040</b>	<b>13,277,997</b>	<b>2,748,780</b>	<b>2,757,501</b>	<b>8,186,261</b>	<b>10,520,496</b>	<b>75,600</b>	<b>82,754</b>	<b>1,154</b>	<b>1,303</b>	<b>0.18</b>
<b>CITIES</b>															
CORDOVA	40	41	2,947,465	3,121,040	20,909	34,331	5,256	7,130	15,653	27,201	73,687	76,123	523	837	0.39
CRAIG	11	20	782,478	1,382,282	4,741	8,294	1,192	1,722	3,549	6,571	71,134	69,114	431	415	0.43
DILLINGHAM	23	23	2,663,130	2,648,830	9,321	11,920	2,343	2,475	6,978	9,444	115,788	115,167	405	518	0.22
EAGLE	5	6	299,540	317,550	300	318	75	68	224	252	59,908	52,925	60	53	0.06
NENANA	19	21	937,666	918,542	11,533	11,298	2,899	2,346	8,634	8,952	49,351	43,740	607	538	-0.02
NOME	77	76	5,018,169	4,996,402	56,455	46,217	14,191	9,598	42,263	36,619	65,171	65,742	733	608	-0.22
PELICAN	5	5	254,750	254,750	1,401	1,401	352	291	1,049	1,110	50,950	50,950	280	230	0.00
PETERSBURG	133	135	12,619,436	13,216,531	126,194	132,165	31,722	27,447	94,472	104,718	94,883	97,900	949	979	0.05
SKAGWAY	38	38	2,511,267	2,635,253	20,216	18,390	5,082	3,819	15,134	14,571	66,086	69,349	532	484	-0.10
UNALASKA	4	4	285,500	265,940	3,363	3,133	845	651	2,518	2,482	71,375	66,485	841	783	-0.07
VALDEZ	37	38	2,343,968	2,809,747	38,084	55,314	9,573	11,487	28,511	43,826	63,350	73,941	1,029	1,456	0.31
WHITTIER	7	6	137,400	124,400	687	622	173	129	514	493	19,629	20,733	90	104	-0.10
WRANGELL	104	106	6,563,021	6,922,290	56,020	58,935	14,082	12,239	41,938	46,696	63,106	65,305	539	556	0.05
YAKUTAT	11	11	722,400	742,650	8,886	9,135	2,235	1,897	6,652	7,238	65,673	67,514	828	830	0.03
<b>CITIES SUBTOTAL</b>	<b>514</b>	<b>530</b>	<b>38,086,190</b>	<b>40,356,207</b>	<b>358,110</b>	<b>391,472</b>	<b>90,020</b>	<b>81,299</b>	<b>268,089</b>	<b>310,173</b>	<b>74,098</b>	<b>76,144</b>	<b>697</b>	<b>739</b>	<b>0.09</b>
<b>FY 93 STATEWIDE TOTAL</b>	<b>9,986</b>	<b>10,719</b>	<b>754,166,097</b>	<b>883,539,005</b>	<b>11,293,150</b>	<b>13,669,469</b>	<b>2,838,800</b>	<b>2,838,800</b>	<b>8,454,350</b>	<b>10,830,669</b>	<b>75,522</b>	<b>82,427</b>	<b>1,131</b>	<b>1,275</b>	<b>0.21</b>
<b>FISCAL YR. FUNDING LEVELS</b>							<b>2,838,800</b>	<b>2,838,800</b>							
<b>FF SHORTAGE</b>							(FY92 Shortage) <b>-8,454,350</b>	(FY93 Shortage) <b>-10,830,669</b>							
							<b>Prorating %</b> <b>0.25137362</b>	<b>0.207674488</b>							

Effect of HB66 on school foundation funding when providing tax exemption for disabled veterans only

Municipality	1992 Full Value Determination	1992 SC/DV Exempt Value	1992 DV Exempt Value	1992 SC Exempt Value	Total Full Value with DV Exempt Value Excluded	Existing Required Millage		Required Millage		Additional Contribution wo/DV Exempt Value	% Change
						Equivalency Contribution W/SC/DV Exempt Value	Equivalency Contribution	Equivalency Contribution with only DV Exemption	Equivalency Contribution		
Aleutians East Borough	\$86,859,000	0	\$0	\$0	\$86,859,000	\$347,436	\$347,436	\$347,436	\$347,436	\$0	0.00%
Municipality of Anchorage	\$11,256,384,640	\$409,111,032	\$43,808,744	\$365,302,288	\$11,621,686,928	\$45,025,539	\$46,486,748	\$46,486,748	\$46,486,748	\$1,461,209	1.25%
Bristol Bay Borough	\$173,673,500	\$880,203	\$0	\$880,203	\$174,553,703	\$694,694	\$698,215	\$698,215	\$698,215	\$3,521	0.20%
Cordova	\$151,877,040	\$3,121,040	\$0	\$3,121,040	\$154,998,080	\$607,508	\$619,992	\$619,992	\$619,992	\$12,484	0.81%
Craig	\$50,954,200	\$1,382,282	\$91,060	\$1,291,222	\$52,245,422	\$203,817	\$208,982	\$208,982	\$208,982	\$5,165	0.99%
Dillingham	\$121,235,100	\$2,648,830	\$0	\$2,648,830	\$123,883,930	\$484,940	\$495,536	\$495,536	\$495,536	\$10,595	0.86%
Fairbanks North Star Borough	\$3,256,294,590	\$86,472,935	\$1,847,423	\$84,625,512	\$3,340,920,102	\$13,025,178	\$13,363,680	\$13,363,680	\$13,363,680	\$338,502	1.01%
Galena	\$19,865,100	0	\$0	\$0	\$19,865,100	\$79,860	\$79,860	\$79,860	\$79,860	\$0	0.00%
Haines Borough	\$122,749,700	\$8,278,375	\$100,200	\$8,178,175	\$130,927,875	\$490,999	\$523,712	\$523,712	\$523,712	\$32,713	2.49%
Hoonah	\$22,813,100	0	\$0	\$0	\$22,813,100	\$91,252	\$91,252	\$91,252	\$91,252	\$0	0.00%
Hydaburg	\$5,736,300	0	\$0	\$0	\$5,736,300	\$22,945	\$22,945	\$22,945	\$22,945	\$0	0.00%
City & Borough of Juneau	\$1,566,985,160	\$73,804,100	\$3,125,000	\$70,679,100	\$1,637,664,260	\$6,267,941	\$6,550,657	\$6,550,657	\$6,550,657	\$282,716	1.72%
Kake	\$16,851,200	0	\$0	\$0	\$16,851,200	\$67,805	\$67,805	\$67,805	\$67,805	\$0	0.00%
Kanal Peninsula Borough	\$3,465,369,120	\$88,648,599	\$2,388,950	\$86,259,649	\$3,551,628,769	\$13,861,476	\$14,206,515	\$14,206,515	\$14,206,515	\$345,039	0.97%
Ketchikan Gateway Borough	\$933,887,400	\$38,087,600	\$645,400	\$37,442,200	\$971,329,600	\$3,735,550	\$3,885,318	\$3,885,318	\$3,885,318	\$149,769	1.54%
Klawock	\$14,793,800	0	\$0	\$0	\$14,793,800	\$59,175	\$59,175	\$59,175	\$59,175	\$0	0.00%
Kodiak Island Borough	\$829,302,700	\$16,464,204	\$814,525	\$15,649,679	\$844,952,379	\$3,317,211	\$3,379,810	\$3,379,810	\$3,379,810	\$62,599	0.74%
Lake & Peninsula Borough	\$68,423,800	0	\$0	\$0	\$68,423,800	\$273,695	\$273,695	\$273,695	\$273,695	\$0	0.00%
Matanuska-Susitna Borough	\$2,020,623,780	\$97,234,600	\$8,431,100	\$88,603,500	\$2,109,427,280	\$8,082,495	\$8,437,709	\$8,437,709	\$8,437,709	\$355,214	1.67%
Nenana	\$15,112,200	\$918,542	\$26,548	\$891,994	\$16,004,194	\$60,449	\$64,017	\$64,017	\$64,017	\$3,568	2.22%
Nome	\$126,631,300	\$4,986,402	\$112,400	\$4,884,002	\$131,515,302	\$506,525	\$526,061	\$526,061	\$526,061	\$19,536	1.48%
North Slope Borough	\$12,537,472,080	\$1,188,570	\$0	\$1,188,570	\$12,538,660,650	\$5,014,989	\$5,015,464	\$5,015,464	\$5,015,464	\$475	0.00%
Northwest Arctic Borough	\$326,931,100	0	\$0	\$0	\$326,931,100	\$1,307,724	\$1,307,724	\$1,307,724	\$1,307,724	\$0	0.00%
Pelican	\$13,922,600	\$254,750	\$0	\$254,750	\$14,177,350	\$55,690	\$56,709	\$56,709	\$56,709	\$1,019	0.72%
Petersburg	\$186,577,700	\$13,216,531	\$325,-50	\$12,891,081	\$199,468,781	\$746,311	\$797,875	\$797,875	\$797,875	\$51,564	2.58%
City & Borough of Sitka	\$517,476,500	\$23,012,580	\$129,000	\$22,883,580	\$540,360,080	\$2,069,906	\$2,161,440	\$2,161,440	\$2,161,440	\$91,534	1.69%
Skagway	\$76,393,200	\$2,635,253	\$120,400	\$2,514,853	\$78,908,053	\$305,573	\$315,632	\$315,632	\$315,632	\$10,059	1.27%
St. Mary's	\$4,459,300	0	\$0	\$0	\$4,459,300	\$17,837	\$17,837	\$17,837	\$17,837	\$0	0.00%
Tanana	\$11,245,600	0	\$0	\$0	\$11,245,600	\$44,982	\$44,982	\$44,982	\$44,982	\$0	0.00%
Unalaska	\$331,802,860	\$265,940	\$0	\$265,940	\$332,068,800	\$1,327,211	\$1,328,275	\$1,328,275	\$1,328,275	\$1,064	0.03%
Valdez	\$1,146,257,830	\$2,809,747	\$136,950	\$2,672,797	\$1,148,930,627	\$1,375,509	\$1,378,717	\$1,378,717	\$1,378,717	\$3,207	0.03%
Wrangell	\$132,997,300	\$6,922,290	\$0	\$6,922,290	\$139,919,590	\$531,989	\$559,678	\$559,678	\$559,678	\$27,689	1.98%
City & Borough of Yakutat	\$19,957,200	\$72,650	\$0	\$72,650	\$20,699,850	\$79,829	\$82,799	\$82,799	\$82,799	\$2,971	1.44%

SFC File  
HB66

# Municipality of Anchorage



P.O. BOX 196650  
ANCHORAGE, ALASKA 99519-6650

TOM FINK,  
MAYOR

April 20, 1993

Anchorage Delegation  
Alaska State Legislature  
State Capitol Building  
Juneau, Alaska 99801

Re: SCS CS HB 66(FIN) Municipal Property Tax Exemptions

Dear Anchorage Legislator:

The Municipality of Anchorage opposes SCS CS HB 66, Municipal Property Tax Exemptions, in its current form. We support repealing the Senior Citizens and Disabled Veterans Property Tax Exemption as long as the legislature refuses to fully fund the program. Currently, this exemption is a State mandated program, to be funded by the Legislature each fiscal year.

We support making this program local option. However, under SCS CS HB 66, the Legislature would set up a program for municipalities, rather than allowing us to structure our own program. This would require us to repeal the program, versus enacting a program. As you know, enacting a program is much easier than repealing one. We feel that each community has the right to decide: a) if it can afford an exemption program, b) how the program should be structured, and c) who is eligible for such a program.

The approach under SCS CS HB 66, seems to be similar to leaving the current law on the books, but simply not funding the program. The essential difference is that the political onus is shifted to local governments from the State legislature.

We ask that you amend this legislation to repeal the existing state exemption, and allow local government to enact its own program if desired.

Sincerely,

Tom Fink  
Mayor

Post-it <sup>®</sup> brand fax transmittal memo 7571		# of pages > 1
To: DRUE PEARCE	From: ANNE WILLIAMS	
Co.	Co.	
Dept.	Phone: 343-4467	
Fax: 465-2864	Fax #:	

**HB**

**67**

**HFIN**

**FILE**

# HOUSE COMMITTEE REPORT

(11)

Date Referred: March 22, 1993

FURTHER REFERRALS:

Reconsidered

Date of Committee Action: 3/27/93

4/3/93

The FINANCE Committee considered:

HB 67

HOUSE BILL NO. 67

ELIGIBILITY FOR PUBLIC ASSISTANCE

"An Act relating to eligibility for and payments of public assistance; and providing for an effective date."

**RECOMMENDATIONS:**

be replaced with (S HB 67 (FIN))  the same title  a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

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

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

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

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

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

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

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

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
		EP Maclean Maclean		<input checked="" type="checkbox"/>	
		Ronald J. Larson Larson			X
		Mark Hanley Hanley			X
		Terry Martin Martin			X
		Sean P. Farrell Farrell			X
		Ben Grussincourt Grussincourt	X		
		Jim Hoffman Hoffman	X		
		Ray Brown Brown	X		
		John Thermanit Thermanit			X
		Richard Foster Foster		X	
		Mike Marre Marre		<input checked="" type="checkbox"/>	

 EP Maclean  
 CO-CHAIRMAN'S SIGNATURE

Larson

Maclean

Passed

A M E N D M E N T |

OFFERED IN THE HOUSE  
TO: CSHB 67(JUD)

BY REPRESENTATIVE BROWN

Page: 2, after line 11:

Insert a new bill section to read:

"\* Sec. 2. AS 47.25.320(d) is amended to read:

(d) If benefits under 42 U.S.C. 1381 - 1383 [42 U.S.C. 1381 - 1385] (Social Security Act Supplemental Security Income Program) are increased because of an increase in the cost of living, the department shall increase the monetary maximums in (a) of this section by a percentage equal to the percentage increase in benefits under 42 U.S.C. 1381 - 1383, except that the department may not increase the monetary maximums based on an increase in benefits under 42 U.S.C. 1381 - 1383 that

(1) takes effect at any time during the calendar year that begins on January 1, 1994; or

(2) took effect on or before January 1, 1993 [42 U.S.C. 1381 - 1385]."

Renumber the following bill sections accordingly.

Page 2, lines 16 - 30:

Delete all material.

Insert a new bill section to read:

"\* Sec. 4. AS 47.25.430(b) is amended to read:

(b) The department shall determine the amount of assistance with regard to the resources and needs of the person and the conditions existing in each case. Assistance shall be in an amount that will provide the applicant with reasonable subsistence compatible with decency and health in accordance with standards

AMENDMENT 2

OFFERED IN THE HOUSE  
TO: CSHB 67(JUD)

BY REPRESENTATIVE BROWN

Page 1, line 13:

Delete "\$98"

Insert "\$102"

Page 2, line 3:

Delete "\$792"

Insert "\$821"

Page 2, line 6:

Delete "\$98"

Insert "\$102"

Page 2, line 9:

Delete "\$497"

Insert "\$514"

Page 3, line 4:

Delete "1990"

Insert "1992"

Page 3, line 7:

Delete "1990"

Insert "1992"

Passed

A M E N D M E N T

OFFERED IN THE HOUSE  
TO: CSHB 67(JUD)

BY REPRESENTATIVE BROWN

Page 2, after line 11:

Insert a new bill section to read:

"\* Sec. 2. AS 47.25.320(d) is amended to read:

(d) If benefits under 42 U.S.C. 1381 - 1383 [42 U.S.C. 1381 - 1385] (Social Security Act Supplemental Security Income Program) are increased because of an increase in the cost of living, the department shall increase the monetary maximums in (a) of this section by a percentage equal to the percentage increase in benefits under 42 U.S.C. 1381 - 1383, except that the department may not increase the monetary maximums based on an increase in benefits under 42 U.S.C. 1381 - 1383 that

(1) takes effect at any time during the calendar year that begins on January 1, 1994: or

(2) took effect on or before January 1, 1993 [42 U.S.C. 1381 - 1385]."

Renumber the following bill sections accordingly.

Page 2, lines 16 - 30:

Delete all material.

Insert a new bill section to read:

"\* Sec. 4. AS 47.25.430(b) is amended to read:

(b) The department shall determine the amount of assistance with regard to the resources and needs of the person and the conditions existing in each case. Assistance shall be in an amount that will provide the applicant with reasonable subsistence compatible with decency and health in accordance with standards

established by the department and with the standards established under 42 U.S.C. 1381 - 1383 [42 U.S.C. 1381 - 1385] (Title XVI, Social Security Act Supplemental Security Income Program). When benefit amounts under 42 U.S.C. 1381 - 1383 [42 U.S.C. 1381 - 1385] are increased as a result of an increase in the cost of living, the state shall pass along the increase to recipients and shall increase the amount of the state contribution to recipients by a percentage of the state contribution equal to the percentage increase in the benefit amounts under 42 U.S.C. 1381 - 1383, except that the department may not increase the amount of the state contribution based on a percentage increase in benefits under 42 U.S.C. 1381 - 1383 that (1) takes effect at any time during the calendar year that begins on January 1, 1994; or (2) took effect in the calendar years that began on January 1, 1991, January 1, 1992, and January 1, 1993 [42 U.S.C. 1381 - 1385]. Direct payments for medical services and remedial care may not be considered in determining the maximum amount payable."

Page 3, line 7, after "1990":

Insert ", as modified by any increases under (b) of this section resulting from increases in benefit amounts under 42 U.S.C. 1381 - 1383, that take effect after December 31, 1994"

Page 3, line 19:

Delete "47.25.320(d) and"

Delete "are"

Insert "is"

Page 3, line 24:

Delete "1 - 6"

Insert "1 - 7"

Page 3, line 25:

Delete "7"

Insert "8"

AMENDMENT 2

OFFERED IN THE HOUSE  
TO: CSHB 67(JUD)

BY REPRESENTATIVE BROWN

Page 1, line 13:

Delete "\$98"

Insert "\$102"

Page 2, line 3:

Delete "\$792"

Insert "\$821"

Page 2, line 6:

Delete "\$98"

Insert "\$102"

Page 2, line 9:

Delete "\$497"

Insert "\$514"

Page 3, line 4:

Delete "1990"

Insert "1992"

Page 3, line 7:

Delete "1990"

Insert "1992"

# HOUSE COMMITTEE REPORT

(11)

Date Referred: March 22, 1993

FURTHER REFERRALS:

Date of Committee Action: 4/3/93

The FINANCE Committee considered:

HB 67

HOUSE BILL NO. 67

ELIGIBILITY FOR PUBLIC ASSISTANCE

"An Act relating to eligibility for and payments of public assistance; and providing for an effective date."

RECOMMENDATIONS:

be replaced with \_\_\_\_\_

CS HB 67 (FIN)

the same title

a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

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

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

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

9  fiscal impact DASS

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

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

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

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
Eileen P. Maclean	✓	Ronald J. Larson		X	
		Terry Martin		X	
		Mike Navarre		✓	
		Dean Parnell		X	
		Gene Thurnau			X
		Tom Brown		✓	
		Tom Hoff		✓	
Richard E. Foster	X				

*Ronald J. Larson*  
CO-CHAIRMAN'S SIGNATURE

Larson

Maclean

FISCAL NOTE

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

BILL NO. CSHB 67 (FIN)

Revision Date: April 5, 1993 Dept. Affected: Health and Social Services  
 Title: An Act relating to eligibility for and payments of Public Assistance. Section 2 BRU: Assistance Payments BRU  
 Sponsor: House Rules Component: Aid to Families with Dependent Children (AFDC)  
 Requestor: Governor COMPONENT SERIAL NO. 0220

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	(2,107.3)	(4,424.4)	(4,645.7)	(4,878.0)	(5,121.9)	(5,378.0)
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>(2,107.3)</b>	<b>(4,424.4)</b>	<b>(4,645.7)</b>	<b>(4,878.0)</b>	<b>(5,121.9)</b>	<b>(5,378.0)</b>
<b>CAPITAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>REVENUE FUND SOURCE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

FUNDING:

(Thousands of Dollars)

1002 Federal Receipts	(960.9)	(2,017.5)	(2,118.5)	(2,224.4)	(2,335.5)	(2,452.5)
1003 GF Match	(960.9)	(2,017.5)	(2,118.5)	(2,224.4)	(2,335.5)	(2,452.5)
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
1007 I/A Receipts	(185.5)	(389.4)	(408.7)	(429.2)	(450.9)	(473.0)
<b>TOTAL</b>	<b>(2,107.3)</b>	<b>(4,424.4)</b>	<b>(4,645.7)</b>	<b>(4,878.0)</b>	<b>(5,121.9)</b>	<b>(5,378.0)</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

Estimate of current year (FY93) impact: None

ANALYSIS: (Attach a separate page if necessary)

AFDC COLA Changes.

NOTE: The FY94 reduction is included in the FY94 Governor budget. DO NOT DUPLICATE REDUCTION.

The Division of Public Assistance administers two assistance programs which have statutory provisions for annual cost-of-living payment increases: Aid to Families with Dependent Children (AFDC) and Adult Public Assistance (APA). Under existing statutes, benefit levels for both of these entitlement programs are increased by the same percentage as any cost-of-living adjustment (COLA) in the federal Supplemental Security Income program. These benefit adjustments are made in January of each year; we project that the adjustments will be 3.0 percent each January from 1994 to 1999.

Prepared by: Jan L. Hansen, Director  
 Division: Division of Public Assistance  
 Approved by Commissioner: Theodore A. Mafa, MD, MPH  
 Agency: Department of Health & Social Services

Phone: 465-2680  
 Date: 4/5/93  
 Date: 4/6/93

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## ANALYSIS (cont.):

CSHB67 (FIN) provides for automatic COLA increases at the same percentage as the SSI program for any calendar year if the AFDC benefits of a family for a family of two would, without the increase, fall below 75 percent of the federal poverty level for the prior year. CSHB67 (FIN) also provides an option to award the COLA increase at the SSI percentage for any year through the appropriation process.

This fiscal analysis assumes that COLAs are awarded by one of these mechanisms each year from January 1995 onward, and that no COLA is awarded for calendar 1994 because no appropriation is made to support it and the AFDC payment level proposed in CSHB67 (FIN) for a family of two is 83.6 percent of the 1993 federal poverty guideline for a household of two:

$$\frac{\$ 821 \text{ monthly payment}}{\$ 982 \text{ monthly poverty line}} = 83.6\%$$

Suspending the 1994 COLA does not reduce individual benefit amounts. The suspension does reduce the base on which future COLAs will be awarded.

Since July 1, 1980 AFDC need standards and maximum payment levels have been automatically increased annually by the same percentage as Social Security and SSI benefits increase. In addition to the automatic COLA the legislature approved AFDC benefit level increases in 1981 and 1983. These increases have maintained formula program maximum payment levels measured as a percentage of the Federal Poverty Guideline for Alaska at approximately 77% for an AFDC family of three and 86% for a family of two.

## Assumptions used in fiscal note calculation:

1. The federal SSI COLA will be 3.0% per year.
2. AFDC program caseloads increase at an average annual rate of 5%.
3. The January 1, 1994 COLA is not funded and therefore not awarded.

Currently maximum benefit levels are set by AS 47.25.320(a) and 7 AAC 45.520. These benefit levels vary according to size and composition of the assisted family. In accordance with AS 47.25.320(d), AFDC benefits (funded 50% General Fund, 50 percent federal match) are adjusted upward in January of each year by the same percentage as the federal Supplemental Security Income (SSI) program cost-of-living adjustment.

The FY94-FY99 formula impact of the COLA assumes the suspension of the January 1994 increase is not restored retroactively, therefore the maximum AFDC payment base is lower in subsequent fiscal years. FY95 is the first full year of impact of suspension of the January 1994 COLA. The impact in FY94 occurs only during the second six months of the fiscal year.

## ANALYSIS (cont.):

AFDC	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>
AFDC Caseload Average Caseload	13858	14550	15278	16042	16844	17686
* Average Payment reduction for the rateable reduction that is not restored retroactively	\$23.54	\$23.54	\$23.54	\$23.54	\$23.54	\$23.54
TOTAL FY REDUCTION	2107.3	4424.4	4645.7	4878.0	5121.9	5378.0

## Funding Source

Federal	960.9	2017.5	2118.5	2224.4	2335.5	2452.5
GFM	960.9	2017.5	2118.5	2224.4	2335.5	2452.5
I/A	185.5	389.4	408.7	429.2	450.9	473.0

\*The \$23.54 per year represents the minimum savings as the actual savings would be compounded annually by any subsequent COLAS.

The FY94 reduction is included in the FY94 agency budget request. Do not duplicate reduction.

FISCAL NOTE

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

BILL NO. CSHB 67 (FIN)

Revision Date: April 5, 1993 Dept. Affected: Health and Social Services  
 Title: An Act relating to eligibility for and payments of Public Assistance. Section 4 BRU: Assistance Payments BRU  
 Component: Adult Public Assistance (APA)  
 Sponsor: House Rules  
 Requestor: Governor COMPONENT SERIAL NO. 222

**Expenditures/Revenues:** (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	(607.7)	(1,274.2)	(1,338.0)	(1,404.8)	(1,475.1)	(1,548.8)
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>(607.7)</b>	<b>(1,274.2)</b>	<b>(1,338.0)</b>	<b>(1,404.8)</b>	<b>(1,475.1)</b>	<b>(1,548.8)</b>

CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
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REVENUE FUND SOURCE	0	0	0	0	0	0
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**FUNDING:** (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	(572.2)	(1,200.2)	(1,260.4)	(1,323.3)	(1,389.5)	(1,459.0)
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
1007 IA Receipts	(35.5)	(74.0)	(77.6)	(81.5)	(85.6)	(89.8)
<b>TOTAL</b>	<b>(607.7)</b>	<b>(1,274.2)</b>	<b>(1,338.0)</b>	<b>(1,404.8)</b>	<b>(1,475.1)</b>	<b>(1,548.8)</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

Estimate of current year (FY93) impact: None

**ANALYSIS:** (Attach a separate page if necessary)  
Adult Public Assistance COLA Changes.

The FY94 reduction is included in the FY94 Gov Budget. DO NOT DUPLICATE REDUCTION

The Division of Public Assistance administers two assistance programs which have statutory provisions for annual cost-of-living payment increases: Aid to Families with Dependent Children (AFDC) and Adult Public Assistance (APA). Under existing statutes, benefit levels for both of these entitlement programs are increased by the same percentage as any cost-of-living adjustment (COLA) in the federal Supplemental Security Income program. These benefit adjustments are made in January of each year; we project that the COLA adjustments will be 3.0 percent each January from 1994 through 1999.

Prepared by: Jan L. Hansen, Director  
 Division: Division of Public Assistance  
 Approved by Commissioner: Theodore A. Mala, MD, MPH  
 Agency: Department of Health & Social Services

Phone: 465-2680  
 Date: 4/5/93  
 Date: 4/6/93

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## ANALYSIS (cont.):

CSHB67 (FIN) provides for automatic COLA increases at the same percentage as the SSI program for any calendar year if benefits to an independent-living individual APA recipient would, without the increase, fall below 100 percent of the federal poverty level for the prior year. CSHB67 (FIN) also provides an option to award the COLA increase at the SSI percentage in any year through the appropriation process.

This fiscal analysis assumes that COLAs are awarded by one of these mechanisms each year from January 1995 onward, and that no COLA is awarded for calendar 1994 because no appropriation is made to support it and the payment level proposed in CSHB67 (FIN) for an independent-living individual is 108.1 percent of the 1993 federal poverty guideline for a household of one:

$$\frac{\$784 \text{ monthly payment}}{\$725 \text{ monthly poverty guideline}} = 108.1\%$$

Suspending the 1994 COLA does not reduce benefits. The suspension does reduce the base on which COLAs will be awarded after 1994. Increased Food Stamp benefits will partially offset the loss of the COLA in households which receive both APA and food stamps.

The general funds savings by suspending appropriations for the calendar 1994 COLA would be approximately \$572.2 thousand in FY94.

Since July 1, 1980 APA need standards and maximum payment levels have been automatically increased annually by the same percentage as Social Security and SSI benefits increase. In addition to the automatic COLA the legislature approved APA benefit level increases in 1981 and 1983.

These increases have maintained formula program maximum payment levels measured as a percentage of the Federal Poverty Guideline for Alaska at approximately 111% for a single APA client. (125% APA couple)

## Assumptions used in fiscal note calculation:

1. The Federal SSI COLA will be 3.0% per year.
2. APA program caseload increases at an average annual rate of 5%
3. The January 1, 1994 COLA is not funded and therefore not awarded.
4. COLAs are awarded each year from January, 1995 onward.

Adult Public Assistance payment levels are set in regulation at 7 AAC 40.310, as authorized by AS 47.25.430(b). These benefit levels vary according to the composition of the household and the type of living arrangement. Current statute at AS 47.25.430(b) provides for COLA adjustments at the same percentage as the SSI program. APA payments are funded with 100 percent General Fund monies.

The APA program is essentially supplemental to federal Social Security and SSI benefits; APA applicants are required to apply for payments from the Social Security Administration, and nearly all APA recipients receive federal payments which are subtracted from the APA maximum payment standard to determine the amount of their APA payments. Under current state law, both federal benefit levels and APA benefit levels are adjusted concurrently each January.

## ANALYSIS (cont.):

Federal rules require, as a condition of federal Medicaid matching funds, maintenance of APA payment levels at least as high as those in effect for March 1983, or maintenance of total APA program expenditures for a calendar year at a level at least as great as the expenditures for the immediately preceding year (Interim Assistance expenditures are not considered in the calculation.) Alaska's compliance is not threatened by suspension of the 1994 APA COLA.

Under this proposed change in the law and the FY94 Governor's budget, the State will pass along the 1/1/94 COLA increase allowed in the federal SSI program, but will not increase the state supplemental contribution to recipients.

The FY94-FY99 formula impact of the COLA assumes the prior suspension of the January 1994 increase is not restored retroactively, therefore the maximum APA payment base is lower in subsequent fiscal years. FY95 is the first full year of impact of suspension of the January 1994 COLA. The impact in FY94 occurs only during the second six months of the fiscal year.

APA	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>
APA Caseload Average Caseload (less Interim Assistance)	9207	9653	10136	10643	11175	11734
* Average Payment reduction for the 1/1/94 COLA suspension that is not restored retroactively	\$11	\$11	\$11	\$11	\$11	\$11
<b>TOTAL FY REDUCTION</b>	<b>(607.7)</b>	<b>(1274.2)</b>	<b>(1338.0)</b>	<b>(1404.8)</b>	<b>(1475.1)</b>	<b>(1548.8)</b>
GF	(572.2)	(1200.2)	(1260.4)	(1323.3)	(1389.5)	(1459.0)
I/A	(35.5)	(74.0)	(77.6)	(81.5)	(85.6)	(89.8)

\*The \$11 per year represents the minimum savings as the actual savings would be compounded annually by any subsequent COLAS.

The FY94 reduction is included in the FY94 agency budget request. Do not duplicate reduction.

FISCAL NOTE

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

BILL NO. CS HB 67 (FIN)

Revision Date: 03/30/93 Dept. Affected: Health and Social Services  
 Title: An act relating to eligibility for payments BRU: Medical Assistance  
of Public Assistance..... Component: Medicaid Facilities  
 Sponsor: Rules, by request  
 Requestor: \_\_\_\_\_ COMPONENT SERIAL NO. 0230

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	(106.8)	(119.1)	(132.8)	(148.1)	(165.1)	(184.1)
MISCELLANEOUS						
TOTAL OPERATING	(106.8)	(119.1)	(132.8)	(148.1)	(165.1)	(184.1)

CAPITAL						
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REVENUE FUND SOURCE						
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts	(53.4)	(59.6)	(66.4)	(74.1)	(82.6)	(92.1)
1003 GF Match	(53.4)	(59.5)	(66.4)	(74.0)	(82.5)	(92.0)
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	(106.8)	(119.1)	(132.8)	(148.1)	(165.1)	(184.1)

POSITIONS:

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

Estimate of current year (FY93) impact: None

ANALYSIS: (Attach a separate page if necessary)

See Attached Analysis

Prepared by: Randy Super  
 Division: Division of Medical Assistance

Phone: 465-3355  
 Date: 3/30/93

Approved by Commissioner: Theodore A. Mala, MD, MPH  
 Agency: Department of Health & Social Services

Date: 3/30/93

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**ANALYSIS (cont.):**

Division of Public Assistance counts show 56 adults and 71 children would become ineligible for AFDC if this bill were to pass. Medicaid applies a 100% of Federal Poverty Level Qualifying income standard to non-AFDC children under age 9. All of the families who will be disqualified from AFDC have incomes below the poverty level, so only children over 9 will lose eligibility for Medicaid. Of the 71 children affected, 31 are children over 9.

An AFDC adult averages \$250.38 per month in Medicaid benefits. An AFDC child averages \$121.91 per month in benefits. For FY 94, Medicaid savings will be 213.7. (106.9 Federal Funds, 106.8 State General Fund Match)

56 adults x 250.38/mo x 12 mo.	=	168.3
31 children x \$121.91/mo	=	45.4

It is likely that some currently-eligible children over 9 who are members of a Medicaid-only optional eligible group, children under 21 years of age who do not meet all the AFDC requirements, will lose eligibility, since this group uses the AFDC income qualifying standards. Because of the structure of the Eligibility Information System, it is impossible to measure how many of these children will lose benefits. Only a very few of these recipients are likely to have incomes that fall between the current limits and the lower levels proposed by this bill.

Services for these eligibles are split evenly by cost between two components, Medicaid Facility, and Medicaid Non-facility.

FY 94 savings, Medicaid facility	=	106.8 (53.5 Fed, 53.4 SGFM)
Medicaid Non-facility	=	106.9 (53.4 Fed, 53.4 SGFM)

For FY 95 and following, the FY 94 savings are increased annually by 11.5%, the budgeted rate of growth of the Medicaid program proposed in the Governor's FY 94 budget request.

FISCAL NOTE

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

BILL NO. CSHB 67 (FIN)

Revision Date: \_\_\_\_\_ Dept. Affected: Health and Social Services  
 Title: An Act relating to eligibility for and payments of Public Assistance. Section 1,3 BRU: Assistance Payments BRU  
 Sponsor: House Rules Component: Aid to Families with Dependent Children (AFDC)  
 Requestor: Governor COMPONENT SERIAL NO. 0220

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	(3,914.9)	(4,112.3)	(4,315.7)	(4,531.5)	(4,758.0)	(4,995.9)
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>(3,914.9)</b>	<b>(4,112.3)</b>	<b>(4,315.7)</b>	<b>(4,531.5)</b>	<b>(4,758.0)</b>	<b>(4,995.9)</b>

CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
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REVENUE FUND SOURCE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts	(1,785.2)	(1,877.5)	(1,970.0)	(2,068.5)	(2,172.0)	(2,280.5)
1003 GF Match	(1,785.2)	(1,877.5)	(1,970.0)	(2,068.5)	(2,172.0)	(2,280.5)
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
1007 I/A Receipts	(344.5)	(357.3)	(375.7)	(394.5)	(414.0)	(434.9)
<b>TOTAL</b>	<b>(3,914.9)</b>	<b>(4,112.3)</b>	<b>(4,315.7)</b>	<b>(4,531.5)</b>	<b>(4,758.0)</b>	<b>(4,995.9)</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

Estimate of current year (FY93) Impact: NONE

ANALYSIS: (Attach a separate page if necessary)

IMPLEMENT RATABLE REDUCTION

Formula AFDC program savings from a ratable reduction in AFDC payment level to 1992 levels.

An FY94 reduction of 8600.1 was included in the FY94 Governor's budget. DO NOT Duplicate the above Reduction.

	FED	GFM	IA Receipt	TOTAL
CSHB67 (FIN) requires an additional AFDC appropriation:	2136.4	2136.4	412.4	4685.2

Prepared by: Jan L. Hansen, Director  
 Division: Division of Public Assistance  
 Approved by Commissioner: Theodore A. Mala, MD, MPH  
 Agency: Department of Health & Social Services

Phone: 465-2680  
 Date: 3/28/93  
 Date: 3/28/93

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**ANALYSIS (cont.):**Ratable Reduction in AFDC Payment Level**Aid to Families with Dependent Children (AFDC)**

CSHB67 (FIN) provides for a ratable reduction of AFDC benefits to 1992 levels. A provision of the Medicare Catastrophic Illness Act of 1988 requires, as a condition of future approval of Medicaid State Plans, maintenance of AFDC payment levels at or above those in effect for April 1988.

A ratable reduction of monthly maximum payments to their 1992 benefit level would result in an average payment reduction per family of \$124 for each month of FY94.

Ratable reductions are the single most effective method of immediately reducing program costs. They equitably distribute benefit reductions across the caseload, rather than impact specific groups. Food Stamp benefit increases will partially offset the decreases in cash benefits.

The AFDC reduction can be structured to create a "gap" between the need standard and the payment standard which creates an incentive for earned income by allowing for increased income from earnings without termination of AFDC. "GAP" exists when payments are made at a percentage of the need standard. Reductions in AFDC benefits will also make AFDC a slightly less attractive alternative to work.

Of the 39,911 people who will receive AFDC each month, 24,759 are children under the age of 19. Roughly two-thirds of all AFDC households consist of a parent and one or two children, with no other source of cash income but the PFD. The typical AFDC household in Alaska consists of a mother and one child. In FY93, without the reduction, this household would have expected to receive \$845 per month in AFDC cash assistance, assuming no other source of income. In all months that this family receives assistance, the grant amount will be reduced by \$24 due to imposition of a ratable reduction to the 1992 payment level. The AFDC formula reduction from this reduction is \$3.9 million (\$1.8 million GF).

**Assumptions used in fiscal note calculation:**

1. AFDC program caseloads increase at an average annual rate of 5%.
2. The ratable reduction to AFDC maximum payment levels is to 1992 levels. This effectively rolls back the January 1993 COLA increase of 3.0%.
3. The adjustment in payments is effective July 1, 1993.

Maximum benefit levels are set by AS 47.25.320(a) and 7 AAC 45.520. These benefit levels vary according to the size and composition of the assisted family. In accordance with AS 47.25.320(d), AFDC benefits (funded 50 percent General Fund, 50 percent federal match) are adjusted upward in January of each year by the same percentage as the federal Supplemental Security Income (SSI) program cost-of-living adjustment.

**ANALYSIS (cont.):**

A provision of the Medicare Catastrophic Coverage Act of 1988 requires, as a condition of future approval of Medicaid State Plans, maintenance of AFDC payment levels at or above those in effect for April 1988. The proposed reduction does not conflict with this requirement.

The FY94-FY99 formula impact of the ratable reduction assumes the reduction is not restored retroactively, therefore the maximum AFDC payment base is lower in subsequent fiscal years.

AFDC	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>
AFDC Caseload Average Caseload	13858	14558	15278	16042	16844	17686
* Average Payment reduction for the ratable reduction that is not restored retroactively	\$23.54	\$23.54	\$23.54	\$23.54	\$23.54	\$23.54
<b>TOTAL FY REDUCTION</b>	<b>3914.9</b>	<b>4112.3</b>	<b>4315.7</b>	<b>4531.5</b>	<b>4758.0</b>	<b>4995.9</b>
<b>Funding Source</b>						
Federal	1785.2	1877.5	1970.0	2068.5	2172.0	2280.5
GF	1785.2	1877.5	1970.0	2068.5	2172.0	2280.5
I/A	344.5	357.3	375.7	394.5	414.0	434.9

\*The \$23.54 per year represents the minimum savings; as the actual savings would be compounded annually by any subsequent COLAS.

The FY94 reduction is included in the FY94 agency budget request. Do not duplicate reduction.

**Increased need for FY94 AFDC Appropriations**

The Governor's FY94 budget assumes a ratable reduction of AFDC benefits to 1991 levels. CSHB67 (FIN) reduces the amount of savings that would have been realized under the original version of HB67. Additional appropriations will be needed to cover the increased program costs that result from CSHB67 (FIN), as follows:

	<u>FED</u>	<u>GFM</u>	<u>I/A Receipts</u>
CSHB67 (FIN)	58936.8	54736.8	11561.2
FY94 AFDC Gov Budget	<u>56800.4</u>	<u>52600.4</u>	<u>11148.8</u>
<b>Additional Appropriations Needed</b>	<b>2136.4</b>	<b>2136.4</b>	<b>412.4</b>

FISCAL NOTE

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

BILL NO. CSHB 67 (FIN)

Revision Date: \_\_\_\_\_ Dept. Affected: Health and Social Services  
 Title: An Act relating to eligibility for and BRU: Assistance Payments BRU  
payments of Public Assistance. Section 4.5 Component: Adult Public Assistance (APA)  
 Sponsor: House Rules  
 Requestor: Governor COMPONENT SERIAL NO. 0222

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	(973.9)	(1,020.5)	(1,071.6)	(1,125.2)	(1,181.4)	(1,240.5)
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	(973.9)	(1,020.5)	(1,071.6)	(1,125.2)	(1,181.4)	(1,240.5)

CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
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REVENUE FUND SOURCE	0	0	0	0	0	0
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FUNDING:

(Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	(917.1)	(961.0)	(1,009.0)	(1,060.0)	(1,113.0)	(1,169.0)
1005 F/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
1007 I/A Receipts	(56.8)	(59.5)	(62.6)	(65.2)	(68.4)	(71.5)
TOTAL	(973.9)	(1,020.5)	(1,071.6)	(1,125.2)	(1,181.4)	(1,240.5)

POSITIONS:

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

Estimate of current year (FY93) impact: NONE

ANALYSIS: (Attach a separate page if necessary)

IMPLEMENT RATABLE REDUCTION

Formula APA program savings from a ratable reduction in APA payments to 1992 level.

An FY94 reduction of 4051.9 was included in the FY94 Governor's budget. DO NOT Duplicate the above Reduction.

CSHB67 (FIN) requires an additional APA appropriation:	GF	IA Receipts	TOTAL
	2898.5	179.5	3078.0

Prepared by: Jan L. Hansen, Director  
 Division: Division of Public Assistance

Phone: 465-2680  
 Date: 3/27/93

Approved by Commissioner: Theodore A. Mala, MD, MPH  
 Agency: Department of Health & Social Services

Date: 3/25/93

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## ANALYSIS (cont.):

Ratable Reduction in APA Payment Level

## Adult Public Assistance (APA)

Federal rules require, as a condition of federal Medicaid funding, APA payment levels at least as high as those in effect for March 1983 or maintenance of total program expenditures for the immediately preceding year. A reduction to the 1992 APA maximum payment level would result in an average payment reduction per client of approximately \$9 for each month of FY94. Ratable reductions are the single most effective method of immediately reducing program costs. They equitably distribute benefit reductions across the caseload, rather than impact specific groups.

In 1993, the maximum state supplemental payment for an APA individual living independently is \$374. A ratable reduction to the 1992 payment level would reduce the state payment to an individual APA client by \$12 each month. The APA payment is currently 111% of poverty and would be reduced to 109% of poverty. The APA formula reduction from the ratable is 1.5 million GF.

## Assumptions used in fiscal note calculation:

1. APA program caseloads increase at an average annual rate of 5%.
2. The ratable reduction to APA maximum payment levels is to 1992 levels. This rolls back the January 1994 COLA increase of 3.0%.
3. The adjustment in payments is effective July 1, 1993.

Adult Public Assistance payment levels are set in regulation at 7 AAC 40.310, as authorized by AS 47.25.430(b). These benefit levels vary according to the composition of the household and the type of living arrangement. Current statute at AS 47.25.430(b), provides for COLA adjustments at the same percentage as the SSI program. APA payments are funded with 100 percent General Fund monies.

The APA program is essentially supplemental to federal Social Security and SSI benefits; APA applicants are required to apply for payments from the Social Security Administration, and nearly all APA recipients receive federal payments which are subtracted from the APA maximum payment standard to determine the amount of their APA payments. Under current state law, both federal benefit levels and APA benefit levels are adjusted concurrently each January.

Federal rules require, as a condition of federal Medicaid matching funds, maintenance of APA payment levels at least as high as those in effect for March 1983, or maintenance of total APA program expenditures for a calendar year at a level at least as great as the expenditures for the immediately preceding year (Interim Assistance expenditures are not considered in the calculation.) Alaska's compliance is not threatened by this proposed ratable reduction in APA payments.

**ANALYSIS (cont.):**

The FY94-FY99 formula impact of the ratable reduction assumes the reduction is not restored retroactively, therefore the maximum APA payment base is lower in subsequent fiscal years.

APA	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>
APA Caseload Average Caseload(less Interim Assistance)	9207	9653	10136	10643	11175	11734
*Average Payment reduction for the ratable reduction that is not restored retroactively	\$8.81	\$8.81	\$8.81	\$8.81	\$8.81	\$36.67
<b>TOTAL FY REDUCTION</b>	<b>973.9</b>	<b>1020.5</b>	<b>1071.6</b>	<b>1125.2</b>	<b>1181.4</b>	<b>1240.5</b>
GF	917.1	961.0	1009.0	1060.0	1113.0	1169.0
I/A	56.8	59.5	62.6	65.2	68.4	71.5

\*The \$8.81 per year represents the minimum savings as the actual savings would be compounded annually by any subsequent COLAS.

The FY94 reduction is included in the FY94 agency budget request. Do not duplicate reduction.

**Increased need for FY94 APA Appropriations**

The Governor's FY94 budget assumes a reduction of APA benefits to 1990 levels. CSHB67 (FIN) reduces the amount of savings that would have been realized under the original version of HB67. Additional appropriations will be needed to cover the increased program costs that result from CSHB67 (FIN), as follows:

	<u>GF</u>	<u>I/A Receipts</u>
CSHB67 (FIN)	34249.8	2178.0
FY94 APA Gov Budget	<u>31351.3</u>	<u>1998.5</u>
Additional Appropriations Needed	2898.5	179.5

FISCAL NOTE

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

BILL NO. C5HB 67 (FIN)

Revision Date: \_\_\_\_\_ Dept. Affected: Health and Social Services  
 Title: An Act relating to eligibility for and BRU: PFD Hold Harmless  
payments of Public Assistance. Component: PFD Hold Harmless  
 Sponsor: House Rules  
 Requestor: Governor COMPONENT SERIAL NO. 0225

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	414.0	438.0	457.8	481.6	506.1	531.1
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>414.0</b>	<b>438.0</b>	<b>457.8</b>	<b>481.6</b>	<b>506.1</b>	<b>531.1</b>

CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
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REVENUE FUND SOURCE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
1050 PFD Fund	414.0	438.0	457.8	481.6	506.1	531.1
<b>TOTAL</b>	<b>414.0</b>	<b>438.0</b>	<b>457.8</b>	<b>481.6</b>	<b>506.1</b>	<b>531.1</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

Estimate of current year (FY93) impact: NONE

ANALYSIS: (Attach a separate page if necessary)

PFD Hold Harmless payments are made to replace benefits in AFDC, Adult Public Assistance, Food Stamps and Medicaid when receiving dividend causes individual to lose eligibility or to have benefits reduced. CSHB67(FIN) changes the level of the ratable reduction to AFDC and APA recipients.

Prepared by: Jan L. Hansen, Director  
 Division: Division of Public Assistance  
 Approved by Commissioner: Theodore A. Mala, MD, MPH  
 Agency: Department of Health & Social Services

Phone: 465-2680  
 Date: 3/28/93  
 Date: 3/28/93

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## ANALYSIS (cont.):

PFD Hold Harmless benefit payments increase in direct proportion to the benefit levels of the program held harmless. CSHB 67 (FIN) increases the average payment levels in the AFDC and Adult Public Assistance programs, and PFD Hold Harmless benefits to replace these payments increase. Food Stamp program benefits to households receiving AFDC or APA decrease by a factor of about 30 percent as their cash assistance benefits increase; PFD Hold Harmless payments to replace food stamps decrease proportionally.

## PFD Hold Harmless Formula Impact

<u>Program</u>	<u>FY94 Gov</u>	<u>FY94 CSHB67 (FIN)</u>	<u>FY94 DIFF</u>
AFDC	11148.8	11561.2	412.4
APA	1998.5	2178.0	179.5
Food Stamps	3136.0	2958.1	<u>(177.9)</u>
<b>FY94 PFDHH Increase Under CSHB67 (FIN)</b>			<u><b>414.0</b></u>

The following is the FY94-FY99 formula impact of the ratable reduction change on the cost of PFD Hold Harmless:

	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>
AFDC	412.4	438.0	458.4	481.8	506.0	530.7
APA	179.5	187.2	195.6	206.1	217.0	227.9
Food Stamps	<u>(177.9)</u>	<u>(187.2)</u>	<u>(196.2)</u>	<u>(206.3)</u>	<u>(216.9)</u>	<u>(227.5)</u>
<b>FY PFDHH Increase</b>	<b>414.0</b>	<b>438.0</b>	<b>457.8</b>	<b>481.6</b>	<b>506.1</b>	<b>531.1</b>

FISCAL NOTE

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

BILL NO. CSHB 67 (FIN)

Revision Date: \_\_\_\_\_ Dept. Affected: Health and Social Services  
 Title: An Act relating to eligibility for and BRU: Assistance Payments BRU  
payments of Public Assistance, Section 2 Component: Aid to Families with Dependent  
 Sponsor: House Rules Children (AFDC)  
 Requestor: Governor COMPONENT SERIAL NO. 0220

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	(2,107.3)	(4,424.4)	(4,645.7)	(4,878.0)	(5,121.9)	(5,378.0)
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>(2,107.3)</b>	<b>(4,424.4)</b>	<b>(4,645.7)</b>	<b>(4,878.0)</b>	<b>(5,121.9)</b>	<b>(5,378.0)</b>

CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
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REVENUE FUND SOURCE	0	0	0	0	0	0
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FUNDING:

(Thousands of Dollars)

1002 Federal Receipts	(960.9)	(2,017.5)	(2,118.5)	(2,224.4)	(2,335.5)	(2,452.5)
1003 GF Match	(960.9)	(2,017.5)	(2,118.5)	(2,224.4)	(2,335.5)	(2,452.5)
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
1007 1/2A Receipts	(185.5)	(389.4)	(408.7)	(429.2)	(450.9)	(473.0)
<b>TOTAL</b>	<b>(2,107.3)</b>	<b>(4,424.4)</b>	<b>(4,645.7)</b>	<b>(4,878.0)</b>	<b>(5,121.9)</b>	<b>(5,378.0)</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

Estimate of current year (FY93) impact: None

ANALYSIS: (Attach a separate page if necessary)

NOTE: The FY94 reduction is included in the FY94 Governor budget. DO NOT DUPLICATE REDUCTION.

The Division of Public Assistance administers two assistance programs which have statutory provisions for annual cost-of-living payment increases: Aid to Families with Dependent Children (AFDC) and Adult Public Assistance (APA). Under existing statutes, benefit levels for both of these entitlement programs are increased by the same percentage as any cost-of-living adjustment (COLA) in the federal Supplemental Security Income program. These benefit adjustments are made in January of each year; we project that the adjustments will be 3.0 percent each January from 1994 to 1999.

Prepared by: Jan L. Hansen, Director  
 Division: Division of Public Assistance  
 Approved by Commissioner: Theodore A. Mala, MD, MPH  
 Agency: Department of Health & Social Services

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 Date: 3/28/93  
 Date: 3/28/93

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**ANALYSIS (cont.):**

CSHB 67 (FIN) suspends the January 1, 1994 COLA for the AFDC program. The general fund savings by this action would be approximately \$960.9 thousand in FY94.

Suspending the COLA does not reduce individual benefit amounts; it simply does not award an increase in January 1994, leaves statutory authority in place to award COLAs in future years, and reduces the base on which future COLAs will be awarded.

Since July 1, 1980 AFDC need standards and maximum payment levels have been automatically increased annually by the same percentage as Social Security and SSI benefits increase. In addition to the automatic COLA the legislature approved AFDC benefit level increases in 1981 and 1983. These increases have maintained formula program maximum payment levels measured as a percentage of the Federal Poverty Guideline for Alaska at approximately 77% for an AFDC family of three.

Assumptions used in fiscal note calculation:

1. The January 1, 1994 Federal SSI COLA will be 3.0%.
2. AFDC program caseloads increase at an average annual rate of 5%.
3. Proposed legislation provides for suspension of the January 1, 1994 COLA.

Currently maximum benefit levels are set by AS 47.25.320(a) and 7 AAC 45.520. These benefit levels vary according to size and composition of the assisted family. In accordance with AS 47.25.320(d), AFDC benefits (funded 50% General Fund, 50 percent federal match) are adjusted upward in January of each year by the same percentage as the federal Supplemental Security Income (SSI) program cost-of-living adjustment.

The FY94-FY99 formula impact of the COLA assumes the suspension of the January 1994 increase is not restored retroactively, therefore the maximum AFDC payment base is lower in subsequent fiscal years. FY95 is the first full year of impact of suspension of the January 1994 COLA. The impact in FY94 occurs only during the second six months of the fiscal year.

AFDC	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>
AFDC Caseload Average Caseload	13858	14550	15278	16042	16844	17686
* Average Payment reduction for the ratable reduction that is not restored retroactively	\$23.54	\$23.54	\$23.54	\$23.54	\$23.54	\$23.54
<b>TOTAL FY REDUCTION</b>	<b>2107.3</b>	<b>4424.4</b>	<b>4645.7</b>	<b>4878.0</b>	<b>5121.9</b>	<b>5378.0</b>

ANALYSIS (cont.):

Funding Source							
Federal	960.9	2017.5	2118.5	2224.4	2335.5	2452.5	
GFM	960.9	2017.5	2118.5	2224.4	2335.5	2452.5	
I/A	185.5	389.4	408.7	429.2	450.9	473.0	

\*The \$23.54 per year represents the minimum savings as the actual savings would be compounded annually by any subsequent COLAS.

The FY94 reduction is included in the FY94 agency budget request. Do not duplicate reduction.

FISCAL NOTE

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

BILL NO. CSHB 67 (FIN)

Revision Date: \_\_\_\_\_ Dept. Affected: Health and Social Services  
 Title: An Act relating to eligibility for and BRU: Assistance Payments BRU  
payments of Public Assistance. Sect: 04 Component: Adult Public Assistance (APA)  
 Sponsor: House Rules  
 Requestor: Governor COMPONENT SERIAL NO. 222

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	(607.7)	(1,274.2)	(1,338.0)	(1,404.8)	(1,475.1)	(1,548.8)
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>(607.7)</b>	<b>(1,274.2)</b>	<b>(1,338.0)</b>	<b>(1,404.8)</b>	<b>(1,475.1)</b>	<b>(1,548.8)</b>

CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
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REVENUE FUND SOURCE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	(572.2)	(1,200.2)	(1,260.4)	(1,323.3)	(1,389.5)	(1,459.0)
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
1007 IA Receipts	(35.5)	(74.0)	(77.6)	(81.5)	(85.6)	(89.8)
<b>TOTAL</b>	<b>(607.7)</b>	<b>(1,274.2)</b>	<b>(1,338.0)</b>	<b>(1,404.8)</b>	<b>(1,475.1)</b>	<b>(1,548.8)</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

Estimate of current year (FY93) impact: None

ANALYSIS: (Attach a separate page if necessary)

The FY94 reduction is included in the FY94 Gov Budget. DO NOT DUPLICATE REDUCTION

The Division of Public Assistance administers two assistance programs which have statutory provisions for annual cost-of-living payment increases: Aid to Families with Dependent Children (AFDC) and Adult Public Assistance (APA). Under existing statutes, benefit levels for both of these entitlement programs are increased by the same percentage as any cost-of-living adjustment (COLA) in the federal Supplemental Security income program. These benefit adjustments are made in January of each year; we project that the COLA adjustments will be 3.0 percent each January from 1994 through 1999.

Prepared by: Jan L. Hansen, Director  
 Division: Division of Public Assistance  
 Approved by Commissioner: Theodore A. Mala, MD, MPH  
 Agency: Department of Health & Social Services

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**ANALYSIS (cont.):**

CSHB 67 (FIN) suspends the January 1, 1994 COLA for APA benefits. The general funds savings by this action would be approximately \$572.2 thousand in FY94.

Suspending the COLA does not reduce individual benefit amounts; it simply does not award an increase in January, leaves statutory authority in place to award COLA in future years, and reduces the base on which future COLAs will be awarded. Increased Food Stamp benefits will partially offset loss of COLAs in household budgets.

Since July 1, 1980 APA need standards and maximum payment levels have been automatically increased annually by the same percentage as Social Security and SSI benefits increase. In addition to the automatic COLA the legislature approved APA benefit level increases in 1981 and 1983.

These increases have maintained formula program maximum payment levels measured as a percentage of the Federal Poverty Guideline for Alaska at approximately 111% for a single APA client. (125% APA couple)

Assumptions used in fiscal note calculation:

1. The Federal SSI COLA will be 3.0% per year.
2. APA program caseload increases at an average annual rate of 5%
3. Proposed legislation provides for suspension of the January 1, 1994 COLA.

Adult Public Assistance payment levels are set in regulation at 7 AAC 40.310, as authorized by AS 47.25.430(b). These benefit levels vary according to the composition of the household and the type of living arrangement. Current statute at AS 47.25.430(b) provides for COLA adjustments at the same percentage as the SSI program. APA payments are funded with 100 percent General Fund monies.

The APA program is essentially supplemental to federal Social Security and SSI benefits; APA applicants are required to apply for payments from the Social Security Administration, and nearly all APA recipients receive federal payments which are subtracted from the APA maximum payment standard to determine the amount of their APA payments. Under current state law, both federal benefit levels and APA benefit levels are adjusted concurrently each January.

Federal rules require, as a condition of federal Medicaid matching funds, maintenance of APA payment levels at least as high as those in effect for March 1983, or maintenance of total APA program expenditures for a calendar year at a level at least as great as the expenditures for the immediately preceding year (Interim Assistance expenditures are not considered in the calculation.) Alaska's compliance is not threatened by suspension of the 1994 APA COLA.

Under this proposed change in the law, the State will pass along the 1/1/94 COLA increase allowed in the federal SSI program, but will not increase the state supplemental contribution to recipients.

## ANALYSIS (cont.):

The FY94-FY99 formula impact of the COLA assumes the prior suspension of the January 1994 increase is not restored retroactively, therefore the maximum APA payment base is lower in subsequent fiscal years. FY95 is the first full year of impact of suspension of the January 1994 COLA. The impact in FY94 occurs only during the second six months of the fiscal year.

APA	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>
APA Caseload Average Caseload (less Interim Assistance)	9207	9653	10136	10643	11175	11734
*Average Payment reduction for the 1/1/94 COLA suspension that is not restored retroactively	\$11	\$11	\$11	\$11	\$11	\$11
<b>TOTAL FY REDUCTION</b>	<b>(607.7)</b>	<b>(1274.2)</b>	<b>(1338.0)</b>	<b>(1404.8)</b>	<b>(1475.1)</b>	<b>(1548.8)</b>
GF	(572.2)	(1200.2)	(1260.4)	(1323.3)	(1389.5)	(1459.0)
I/A	(35.5)	(74.0)	(77.6)	(81.5)	(85.6)	(89.8)

\*The \$11 per year represents the minimum savings as the actual savings would be compounded annually by any subsequent COLAS.

The FY94 reduction is included in the FY94 agency budget request. Do not duplicate reduction.

**FISCAL NOTE**

**STATE OF ALASKA**  
**1993 LEGISLATIVE SESSION**

**BILL NO. CSHB 67 (FIN)**

Revision Date:		Dept. Affected:	<u>Health and Social Services</u>
Title:	<u>An Act relating to eligibility for and payments of Public Assistance, Section 1,7</u>	BRU:	<u>Assistance Payments BRU</u>
Sponsor:	<u>House Rules</u>	Component:	<u>Aid to Families with Dependent Children (AFDC)</u>
Requestor:	<u>Governor</u>	COMPONENT SERIAL NO.	<u>0220</u>

**Expenditures/Revenues:** (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	(1,944.4)	(2,713.4)	(2,849.0)	(2,992.1)	(3,141.4)	(3,299.0)
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>(1,944.4)</b>	<b>(2,713.4)</b>	<b>(2,849.0)</b>	<b>(2,992.1)</b>	<b>(3,141.4)</b>	<b>(3,299.0)</b>
<b>CAPITAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>REVENUE FUND SOURCE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**FUNDING:** (Thousands of Dollars)

1002 Federal Receipts	(972.2)	(1,356.7)	(1,424.5)	(1,496.1)	(1,570.7)	(1,649.5)
1003 GF Match	(972.2)	(1,356.7)	(1,424.5)	(1,496.0)	(1,570.7)	(1,649.5)
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
1007 I/A Receipts	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>(1,944.4)</b>	<b>(2,713.4)</b>	<b>(2,849.0)</b>	<b>(2,992.1)</b>	<b>(3,141.4)</b>	<b>(3,299.0)</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

Estimate of current year (FY93) impact: NONE

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

AFDC BASIC NEED STANDARDS FOR AFDC-UP AND AFDC INCAP

Formula AFDC program savings by amending pay to AFDC-UP and Incap cases on the same standard used for AFDC-Basic cases.

The FY94 reduction is included in the FY94 Governor's budget. DO NOT Duplicate

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Phone: 465-2680  
 Date: 3/28/93  
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