

**ALASKA LEGISLATURE**

**1363**

**HOUSE and SENATE FINANCE COMMITTEE FILES, 1995-1996**

Revision Date: \_\_\_\_\_ Dept. Affected: Revenue  
 Title: Tax Credit: Gifts to Public Broadcasting BRU: Audit Operations  
 Component: Income and Excise Audit  
 Sponsor: Rep. Ivan, Bunde  
 Requestor: (H) FIN COMPONENT SERIAL NO. 113

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</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>

CAPITAL						
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REVENUE FUND SOURCE: GF	0.0	(3,046.0)	(3,046.0)	(3,046.0)	(3,046.0)	(3,046.0)
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FUNDING:

(Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current (FY95) impact \$ 0.0

ANALYSIS: (Attach a separate page if necessary)

(See Attached Analysis)

Prepared by: Robert N. Bartholomew, Deputy Director Phone: 465-2320  
 Division: Income and Excise Audit Date: 4/28/95  
 Approved by Commissioner: [Signature] Date: 4/28/95  
 Agency: Department of Revenue

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Alaska Department of Revenue

CSHB 269 (FIN)  
9-LS0937M  
April 28, 1995  
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**Bill Analysis**

This bill expands current education credit statutes, adds a tax type against which credits may be claimed, increases the amount of credit, and provides for a sunset date for the increase as follows:

- **Expanded Base:** Taxpayers would be allowed to claim a credit for contributions to an Alaska public radio or television network in addition to a university or college.
- **Increased Credit:** The maximum credit would increase by \$200,000, from the current \$150,000 maximum to \$350,000.
- **Additional Tax Type:** Credits for contributions would apply to the fishery resources landing tax under AS 43.77.
- **Sunset Date:** After December 31, 2000, the amount of credit reverts back to the current \$150,000 maximum.

CSHB 269(FIN) does not necessarily foster an incentive for businesses to make contributions to public radio and television networks because the bill does not segregate requirements for public radio and television network contributions from Alaska education contributions. Rather, public radio and television credit language is incorporated into existing sections for Alaska education credits and therefore, it would be at a taxpayer's discretion to pick and choose between Alaska education or public radio and television contributions. Under this bill, it is possible for a taxpayer to claim the maximum credit from contributions to only an Alaska university or college.

**Section 1.** This section would extend credits against state taxes for contributions made to instate public educational radio and television networks and stations and endowments established to benefit those stations. This section would authorize a credit against fisheries resource landing tax for contributions to instate colleges and universities, and public educational radio and television networks and stations and endowments.

**Section 2.** This section amends insurance tax statutes (AS 21.89) to authorize credits for contributions to public educational television and radio networks or stations and contributions to endowments for those networks and stations. This section increases the current \$150,000 maximum credit to \$350,000, limited to 50% of the insurance tax liability. This section also provides language that would revert the credit back to the current \$150,000 maximum, limited to 50% of the insurance tax liability, after December 31, 2000.

**Section 3** This section would not allow contributions to be claimed as a deduction against a tax imposed by AS 43.

**Section 4.** This section amends corporation net income tax statutes (AS 43.20) to authorize credits for contributions to public educational television and radio networks or stations and contributions to endowments for those networks and stations. This section increases the current \$150,000 maximum credit to \$350,000. This section also provides language that would revert the credit back to the current \$150,000 maximum after December 31, 2000.

*Alaska Department of Revenue*

CSHB 269 (FIN)  
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**Section 5.** This section would not allow contributions to be claimed as a deduction against a tax imposed by AS 43.

**Section 6.** This section amends oil and gas severance tax statutes (AS 43.55) to authorize credits for contributions to public educational television and radio networks or stations and contributions to endowments for those networks and stations. This section increases the current \$150,000 maximum credit to \$350,000. This section also provides language that would revert the credit back to the current \$150,000 maximum after December 31, 2000.

**Section 7.** This section would not allow contributions to be claimed as a deduction against a tax imposed by AS 43.

**Section 8.** This section amends oil and gas property tax statutes (AS 43.56) to authorize credits for contributions to public educational television and radio networks or stations and contributions to endowments for those networks and stations. This section increases the current \$150,000 maximum credit to \$350,000. This section also provides language that would revert the credit back to the current \$150,000 maximum after December 31, 2000.

**Section 9.** This section would not allow contributions to be claimed as a deduction against a tax imposed by AS 43.

**Section 10.** This section amends mining license tax statutes (AS 43.65) to authorize credits for contributions to public educational television and radio networks or stations and contributions to endowments for those networks and stations. This section increases the current \$150,000 maximum credit to \$350,000. This section also provides language that would revert the credit back to the current \$150,000 maximum after December 31, 2000.

**Section 11.** This section would not allow contributions to be claimed as a deduction against a tax imposed by AS 43.

**Section 12.** This section amends fisheries business tax statutes (AS 43.75) to authorize credits for contributions to public educational television and radio networks or stations and contributions to endowments for those networks and stations. This section increases the current \$150,000 maximum credit to \$350,000. This section also provides language that would revert the credit back to the current \$150,000 maximum after December 31, 2000.

**Section 13.** This section would not allow contributions to be claimed as a deduction against a tax imposed by AS 43.

**Section 14.** This section redefines "tax revenue collected" under AS 43.75 so that one-half of the tax credit claimed would be included in amounts to be shared with municipalities rather than including the whole amount as currently provided.

**Section 15.** This section amends fishery resources landing tax statutes (AS 43.77) by adding a new section to authorize credits for contributions to public educational television and radio networks or stations and contributions to endowments for those networks and stations. This section increases the current \$150,000 maximum credit to \$350,000. This section also provides language that would revert the credit back to the current \$150,000 maximum after

*Alaska Department of Revenue*

CSHB 269 (FIN)  
9-LS0937M  
April 28, 1995  
Page 4 of 4

December 31, 2000. This section would not allow contributions to be claimed as a deduction against a tax imposed by AS 43.

**Section 16.** This section redefines "tax revenue collected" under AS 43.75 so that one-half of the tax credit claimed would be included in amounts to be shared with municipalities.

**Section 17.** This section provides that the bill apply to tax years beginning after December 31, 1995.

**Section 18.** This bill would take effect January 1, 1996.

### **Operating Costs**

Department of Revenue does not anticipate any additional costs for administering the tax credit program under this bill. The Department would update its returns to allow for taxpayers to claim a credit for contributions to public radio and television networks.

### **Revenue**

Total education credits claimed during FY 95 to date have been approximately \$1,450,000. Assuming that there would be a direct correlation between credits claimed in FY 95 and the 133% rate of increase in the maximum credit allowed under this bill (from \$150,000 to \$350,000), the state would expect credits to increase by 133% or \$1,928,500. Assuming that \$300,000 of the credits would be subject to 50% credit, the increase in credits would be \$1,778,500 (\$1,928,500 - \$150,000).

According to data compiled from most recent reports submitted to Department of Administration's Public Broadcasting Commission, corporation contributions to public radio and television including the Alaska Public Radio Network (APRN) during the fiscal year ended June 30, 1993 were approximately \$1,690,000. Assuming that individual corporation contributions to public radio and television remain the same as for FY 93 and that \$845,000 in contributions would be subject to 50% credit and \$845,000 of contributions would be subject to 100% credit, total credits would increase by \$1,267,500.

Given the assumptions above, the combined revenue impact of this bill would be a reduction in General Fund revenue of **\$3,046,000** (\$1,778,500 + \$1,267,500).

This bill would apply to tax years beginning after December 31, 1995. Since corporation, fisheries business, and mining license taxpayers file annual returns, the first returns for which a credit could be claimed (calendar year 1996) will not be due until April 1997. Accordingly, any revenue reduction from this bill would not be realized until FY 97.



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

To: Senate Finance Committee  
From: Kevin Ritchie, Executive Director  
Date: May 9, 1995  
Re: CS for House bill No. 269 (FIN)

This bill, as it stands, is a mandate on municipalities that requires the involuntary reduction of municipal revenues to support public radio and television, and educational facilities.

It is appropriate for municipalities to make individual decisions whether or not to support these programs with local funds. It is not appropriate for the state to mandate municipal support of these programs.

The AML does not object to the bill if an amendment is added to remove the mandate on municipalities.

A suggested amendment to remove the municipal mandate is:

1. Delete Section 14
2. In Section 16 delete "one half"

Alaska State House of Representatives  
House District 39



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Alaska State Capital  
Juneau, Alaska 99801-1182  
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Akiak, Alaska 99552  
Phone: (907) 765-7526

**Representative Ivan M. Ivan**

MEMORANDUM

RECEIVED

MAY '95 REC'D

TO: Senator Rick Halford, Co-Chair  
Senator Steve Frank, Co-Chair  
Senate Finance Committee

FROM: Representative Ivan M. Ivan *IMI*

DATE: May 7, 1995

RE: Request for Scheduling of House Bill 269

I respectfully request the scheduling of House Bill 269: Tax Credit: Gifts to Public Broadcasting, before the Senate Finance Committee at your earliest possible convenience.

This bill would provide for a tax credit for contributions made to instate public educational radio and television networks and stations. The credit is limited to \$500,000; 50% of the first \$100,000 in contributions and 100% of contributions over \$100,000, not to exceed a total of \$500,000. The public broadcast portion of the bill sunsets in 5 years.

With cuts to public broadcasting proposed this session, I believe it is imperative we present options to entities such as public broadcasting to make up for any general fund reductions. The tax credit provides one of those options.

Thank you for your consideration of my request. Please contact my aide, Tom Wright, if you require further information or if you have any questions.

IMI/tw

# Alaska State House of Representatives House District 39

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Alaska State Capital  
Juneau, Alaska 99801-1182  
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**Representative Ivan M. Ivan**

## SPONSOR STATEMENT - COMMITTEE SUBSTITUTE for HOUSE BILL 269 (FINANCE)

With reduced funding proposed for public broadcasting, I introduced House Bill 269 to provide an alternative funding source and lessen the general fund demand for this service.

This committee substitute provides a tax credit for contributions made to instate public radio and television stations and networks. The credit to public broadcasting is limited to \$350,000; 50% of the first \$100,000 in contributions and 100% of contributions of the next \$300,000. The new limits also apply to the university system and library and museum acquisitions. The tax credit would be applied against a taxpayer's liability under the following tax types: the insurance premium tax (AS 21.09.210), tax on title insurance premiums (AS 21.66.110), corporation income (AS 43.20), oil and gas production (AS 43.55), oil and gas property (AS 43.56), mining license (AS 43.65), fisheries business (AS 43.75) and the fisheries resource landing tax (AS 43.77). The credit claimed under one of the tax types may not be claimed under another tax type and may not be deducted against a tax imposed under the titles of the tax types previously listed.

A different maximum for the insurance premium tax and the title insurance tax is established. An attached memorandum from Legislative Counsel Jack Chenoweth explains the limitation.

A provision was added in House Finance which sunsets the public broadcast provisions of this legislation after December 31, 2000. The tax credits are reduced to their original amount after this date and would still apply to contributions for a university, library or museum that are in state.

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

**MEMORANDUM**

March 23, 1995

**SUBJECT:** Draft CSHB 269 ( ) (Work Order No. 9-LS0937\F)

**TO:** Representative Ivan Ivan  
ATTN: Tom Wright

**FROM:** Jack Chenoweth  
Legislative Counsel 

This bill draft splits the authority for the contributions, leaving the existing contribution schedules for museums, libraries, and University purposes unaffected, but adding a credit for contributions to public educational radio and television networks and stations and endowments established to support them.

Unlike the original bill, this draft expands the credit to cover contributions that may be claimed as credits against insurance tax-related sources under AS 21.89.070--specifically, the insurance premium tax, AS 21.09.210, and the title insurance premium tax, AS 21.66.110. For the credits against that pair of taxes only, a different maximum is established. That ceiling may be lower than is provided in credits against other taxes. The credit ceiling for contributions claims as credits against the insurance taxes is further limited to "50 percent of the taxpayer's liability under [AS 21]." That limitation was in place for contributions made for libraries, museums, and university purposes and I simply extended it to cover contributions for public educational radio and television networks and stations and endowments established to support them.

My recollection is that the "50 percent of the taxpayer's liability under [AS 21]" language was included when the credit was first authorized under AS 21.89.070(a) to reflect the fact that (1) revenue derived from the insurance taxes were not significant--certainly in no way approximated amounts received from the corporate income tax or the severance tax, for example--and (2) that, without that kind of ceiling, it might be possible for the taxpayer to claim the entire amount of tax liability as a credit, thereby leaving no return of revenue to the state. Those considerations prompted me to bring the ceiling concept forward into this draft committee substitute.

JBC:glc  
95-260.glc

# Alaska State House of Representatives House District 39

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**Representative Ivan M. Ivan**

**SECTIONAL ANALYSIS for CS for HOUSE BILL 269 (Finance)**

**Section 1:** Purpose statement. Describes which state taxes credits may be applied against for contributions to instate public educational radio and television networks and stations and to endowments to benefit public educational radio and television stations and endowments established to benefit public broadcast stations.

**Section 2:** Extends tax credits for public broadcasting from the insurance premium tax and the tax on title insurance premiums. Increases the maximum credits under the insurance premium tax and the tax on title insurance premiums to \$400,000 or 50% of the taxpayer's tax liability. This is a new credit. This section also sunsets the public broadcast provisions on December 31, 2000, and reduces the contribution to \$200,000 after that date to universities, libraries and museums.

**Section 3:** Explains that contributions claimed as a credit under AS 21.89.070 may not exceed \$350,000 through December 31, 2000, may not exceed \$150,000 after that date and may not be claimed as a credit under more than one provision of this title. Also explains that a credit may not be allowed as a deduction against the tax imposed by this title or as a deduction against a tax imposed by AS 43.

**Section 4:** Extends tax credits for public broadcasting from the Alaska Net Income Tax program (AS 43.20). Increases the contributions to \$400,000 for all programs eligible to receive these contributions. This section also sunsets the public broadcast provisions on December 31, 2000, and reduces the contribution to \$200,000 after that date to universities, libraries and museums.

**Section 5:** Explains that contributions claimed as a credit under AS 43.20.014 may not exceed \$350,000, may not be claimed as a deduction against the tax imposed under this chapter and may not be claimed as a credit under more than one provision of this title. The credits through December 31, 2000, may not exceed \$350,000 and after that date, may not exceed \$150,000.

**Section 6:** Extends tax credits for public broadcasting from the Oil and Gas Properties Production Tax program (AS 43.55). Increases the contributions to \$400,000 for all programs eligible to receive these contributions. This section also sunsets the public broadcast provisions on December 31, 2000, and reduces the contribution to \$200,000 after that date to universities, libraries and museums.

**Section 7:** Explains that contributions claimed as a credit under AS 43.55.019 may not exceed \$350,000, may not be allowed as a deduction against the tax imposed by this chapter or as a deduction against another tax imposed by this title and may not be claimed as a credit under more than one provision of this title. The credits through December 31, 2000, may not exceed \$350,000 and after that date, may not exceed \$150,000.

**Section 8:** Extends tax credits for public broadcasting from the Oil and Gas Exploration, Production and Pipeline Transportation Property Tax program (AS 43.56). Increases the contributions to \$400,000 for all programs eligible to receive these contributions. This section also sunsets the public broadcast provisions on December 31, 2000, and reduces the contribution to \$200,000 after that date to universities, libraries and museums.

**Section 9:** Explains that contributions claimed as a credit under AS 43.56.018 may not exceed \$350,000, may not be allowed as a deduction against the tax imposed by this chapter or as a deduction against another tax imposed by this title and may not be claimed as a credit under more than one provision of this title. The credits through December 31, 2000, may not exceed \$350,000 and after that date, may not exceed \$150,000.

**Section 10:** Extends tax credits for public broadcasting from the Mining License Tax program (AS 43.65). Increases the contributions to \$400,000 for all programs eligible to receive these contributions. This section also sunsets the public broadcast provisions on December 31, 2000, and reduces the contribution to \$200,000 after that date to universities, libraries and museums.

**Section 11:** Explains that contributions claimed as a credit under AS 43.65.018 may not exceed \$350,000, may not be allowed as a deduction against the tax imposed by this chapter or as a deduction against another tax imposed by this title and may not be claimed as a credit under more than one provision of this title. The credits through December 31, 2000, may not exceed \$350,000 and after that date, may not exceed \$150,000.

**Section 12:** Extends tax credits for public broadcasting from the Fisheries Taxes program (AS 43.75). Increases the contributions to \$400,000 for all programs eligible to receive these contributions. This section also sunsets the public broadcast provisions on December 31, 2000, and reduces the contribution to \$200,000 after that date to universities, libraries and museums.

**Section 13:** Explains that contributions claimed as a credit under AS 43.75.018 may not exceed \$350,000, may not be allowed as a deduction against the tax imposed by this chapter or as a deduction against another tax imposed by this title and may not be claimed as a credit under more than one provision of this title. The credits through December 31, 2000, may not exceed \$350,000 and after that date, may not exceed \$150,000.

**Section 14:** Explains the tax revenue collected under AS 43.75 includes one-half the amount credited against taxes. The amount of the credit against taxes under AS 43.75.018 will be shared by both the state and the municipalities receiving this tax revenue.

**Section 15:** Allows tax credits for public broadcasting for the Additional Resource Landing Tax program (AS 43.77). Allows for contributions up to \$400,000 for universities, libraries, museums and public broadcasting. This section also sunsets the public broadcast provisions on December 31, 2000, and reduces the contribution to \$200,000 after that date to universities, libraries and museums. Explains that contributions claimed as a credit under AS 43.77.045 may not exceed \$350,000, may not be allowed as a deduction against the tax imposed by this chapter or as a deduction against another tax imposed by this title and may not be claimed as a credit under more than one provision of this title. The credits through December 31, 2000, may not exceed \$350,000 and after that date, may not exceed \$150,000.

**Page Three**  
**Sectional Analysis**  
**CSHB 269 (Finance)**

**Section 16:** Explains the tax revenue collected under AS 43.77 includes one-half the amount credited against taxes. The amount of the credit against taxes under AS 43.77.060 will be shared by both the state and the municipalities receiving this tax revenue.

**Section 17:** Clarifies tax year application.

**Section 18:** Effective date of January 1, 1996.

(11/10)

## KEY POINTS - HB 269

### ESTABLISHES A TAX CREDIT FOR PUBLIC BROADCASTING

A tax credit program is already in place for state universities, libraries and museums. The statute allowing this credit may not exceed \$150,000. Contributions are limited to \$200,000. The credit is broken down this way: 50% of the first \$100,000 and 100% of the next \$100,000.

50% of the first \$100,000=	\$50,000
100% of the next \$100,000=	<u>\$100,000</u>
Total Tax credit	\$150,000

HB 269 would establish a tax credit for public broadcasting and increase the contribution amount from \$200,000 to \$400,000. The credit allowed for corporations paying state taxes is broken down as follows:

50% of the first \$100,000=	\$50,000
100% of the next \$300,000=	<u>\$300,000</u>
Total Tax credit	\$350,000

This bill also closes loopholes in current law which allow for both tax deductions and tax credits. Under HB 269, the credit cannot be used a deduction.

### WHO CAN CONTRIBUTE

Any corporation or entity that pays a state tax for insurance premiums, title insurance premiums, the Alaska Net Income Tax (corporate income tax), oil and gas properties production, oil and gas exploration, production, and pipeline transportation property, mining license, fisheries and the fisheries resource landing.

The fisheries tax and the fisheries landing resource tax are split 50-50 between the state and the participating municipalities. Under HB 269, the tax credit would be deducted against both the state's and municipalities' share of these taxes. According to the Department of Revenue, the current total affect on the fisheries tax is \$500 a year. The fisheries resource landing tax is still being resolved in court and no revenues have been received from this tax as of this date.

A corporation or entity paying state taxes can receive tax credits of up to \$350,000 for a contribution or contributions to one of the eligible participants in the bill or receive a tax credit of up to \$350,000 by contributing to one or all of the eligible participants (university, libraries, museums, public broadcasting). However, the total amount in tax credits is limited to \$350,000.

### **WHY NOT KEEP THE CONTRIBUTION LIMIT AT \$200,000 AS IT CURRENTLY IS**

By keeping the contributions at current level of \$200,000 the addition of public broadcasting would create even more competition for limited dollars. By raising the cap to \$400,000, this creates more leeway for the same interests to contribute dollars to those eligible to receive the contributions. There are only so many corporations or entities paying state taxes.

### **WHO CAN RECEIVE THE CONTRIBUTIONS UNDER HB 269**

Any state university (public or private-such as Sheldon Jackson), libraries, museums, public broadcast television stations or radio stations can receive a contribution. The public broadcast endowment trust is also eligible to receive contributions.

### **WHAT IS THE PUBLIC BROADCASTING ENDOWMENT TRUST?**

It's a non-profit organization set up by APRN initially and now it represents all public broadcast stations. It is designed to raise money for an endowment so the interests from that endowment may eventually replace state funding of public broadcasting. Some of those who make up the trust; Robert Gottstein-Chair, Ed Rasmussen, John Ayers, Roy Huhndorf, Jacob Adams, Dave Rose, Ashley Reed, Will Peterson, Roy Brown. These members are among the largest contributors in the state to public broadcasting.

### **MATCHING FEDERAL FUNDS**

Any contribution made under this proposal would accrue up to 28% in federal matching funds from the corporation for public broadcasting.

### **POLL**

A statewide poll of 3900 Alaskans conducted by Willhight Research Corporation indicated that 65.4% of Alaskans support a corporate tax credit to public radio.

### **SUNSET**

The public broadcasting portion of this bill sunsets in five years. The contribution limit and those eligible to receive contributions reverts to current statute.

### **AFFECT ON THE TREASURY**

There will be a loss in state revenues. However, it will be far less than the operating support the legislature is mandating this year. Hopefully, in the near future, state dollars will not be sought to fund operations of public broadcast stations.

### WHY SHOULD PUBLIC BROADCASTING RECEIVE A CREDIT AND NOT OTHER GROUPS

The state has a special relationship with public broadcasting unlike any other non-profit organizations. In 1966, the state created the Alaska Educational Broadcast Commission to set up a state system of public broadcasting stations. The state applied for the licenses, hired the station managers and assisted in constructing the stations. A representative of the state, by regulation, sits on the board of directors of every station. Since the state created the system, there is a special obligation to assist local communities in maintaining the service. Most of these stations were on the air by 1981, before the huge influx of oil money into the state treasury.

200,000 Alaskans use public broadcasting every week, few if any other non-profits affect or serve this many Alaskans. This service is often the only communication service for the Bush and a major element in the state's emergency response system.

## **HB269 (IVAN, Bunde) PUBLIC BROADCASTING TAX CREDITS**

**HB269 encourages corporate contributions to public broadcasting by providing modest tax credits for such donations. The bill extends to public broadcasting tax credits already authorized for higher education under ch. 58, LA 1987, and ch. 71, SLA 1991, allowing for a 50% tax credit on the first \$100,000 of contributions and 100% tax credit on subsequent contributions. This bill allows tax credits up to a maximum of \$450,000.**

### **Why should public broadcasting receive special consideration for a tax credit?**

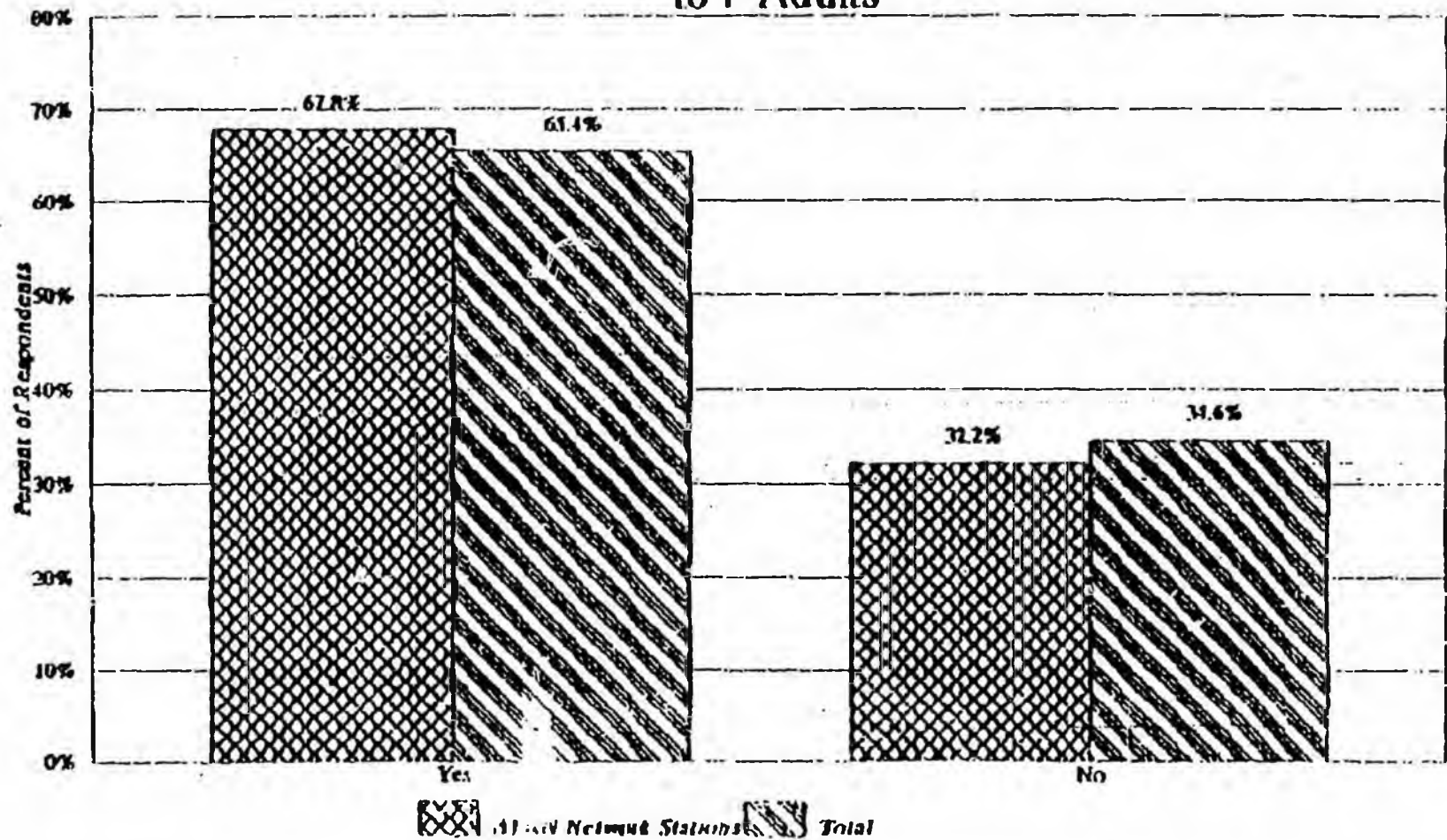
1. Many members of the Legislature have indicated their wish to see public broadcasting less dependent on state funding and more reliant on private sector support. HB269 will "kick start" the move towards increasing private support for public broadcasting.
2. A statewide poll of 3900 Alaskans conducted by Willhight Research Corporation (Seattle) indicates that 65.4% of Alaskans support a corporate tax credit for contributions to public radio.
3. Public broadcasting has a special relationship with the state unlike that with other non-profit corporations. The state initially SET UP most of the stations in the state--applied for the licenses, hired the station managers, and supervised construction. 200,000 Alaskans each week now depend on public broadcasting. Individuals donate over \$2 million each year. Few non-government programs in the state enjoy such widespread use and support.
4. In response to the Legislature's desire for public broadcasting to be more aggressive in seeking private support, the Public Broadcasting Endowment Trust was created in 1993 to raise and invest private funding to support public broadcasting services in future years. The Trust, a bi-partisan private corporation whose members include Ed Rasmuson, Robert Gottstein, John Ayers and Jacob Adams, considers HB269 to be essential to their effort to "seed" the Trust.
5. Federal matching funds of up to 28% on the dollar will be available for all contributions made under this tax credit bill.

Would you support giving corporations who contribute to public radio a credit on their taxes?

\* Survey Area: State of Alaska (NSSA)

Survey Date: January 6 - March 2, 1994

18+ Adults



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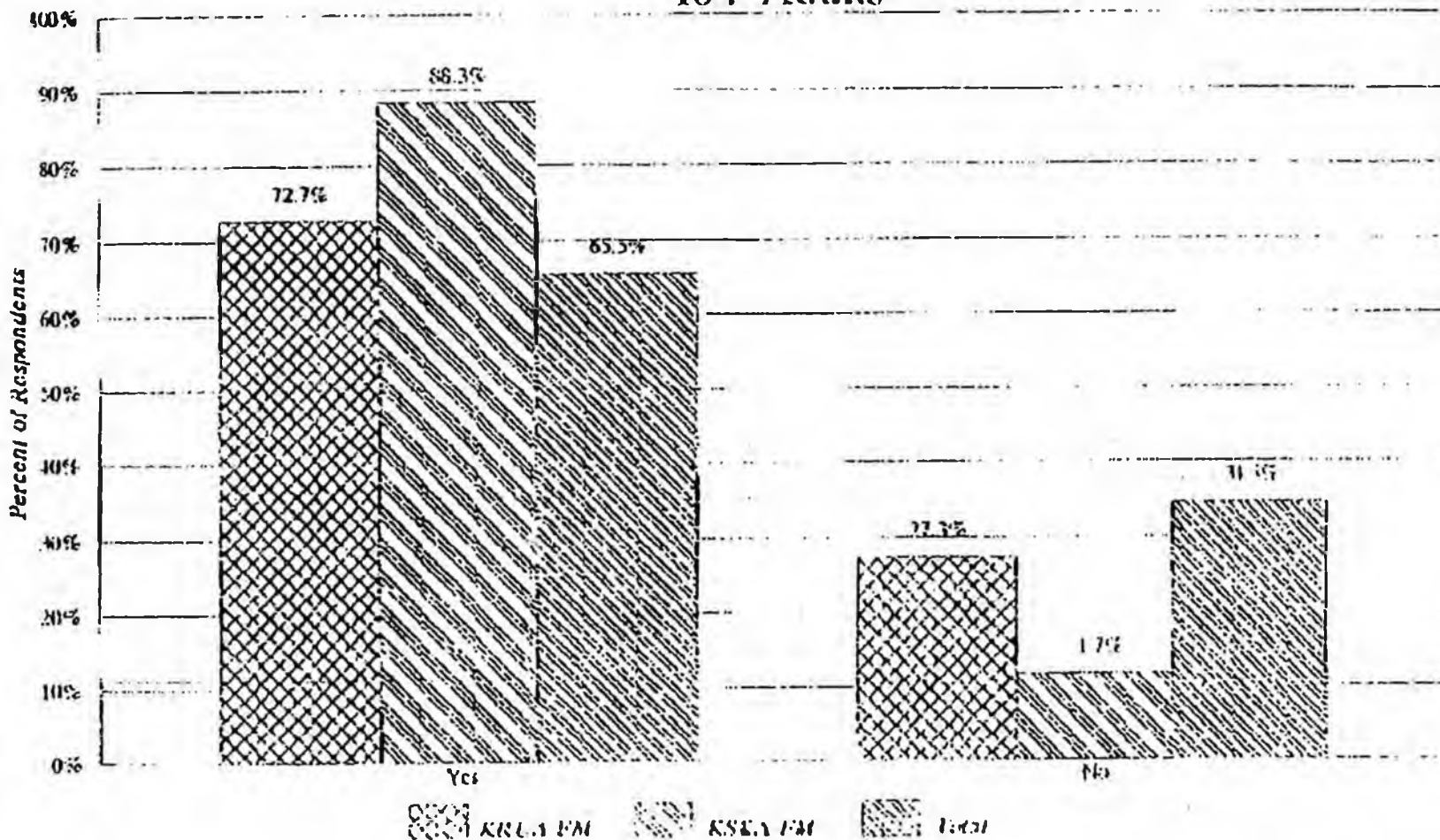
MAY 25 1994 12:33 APRIL 30 1994 11:27 FAX 265-7450

Would you support giving corporations who contribute to public radio a credit on their taxes?

\* Survey Area: Anchorage, AK (SSA)

Survey Date: January 5 - March 2, 1994

18+ Adults



Reporting Requirements: Local Station

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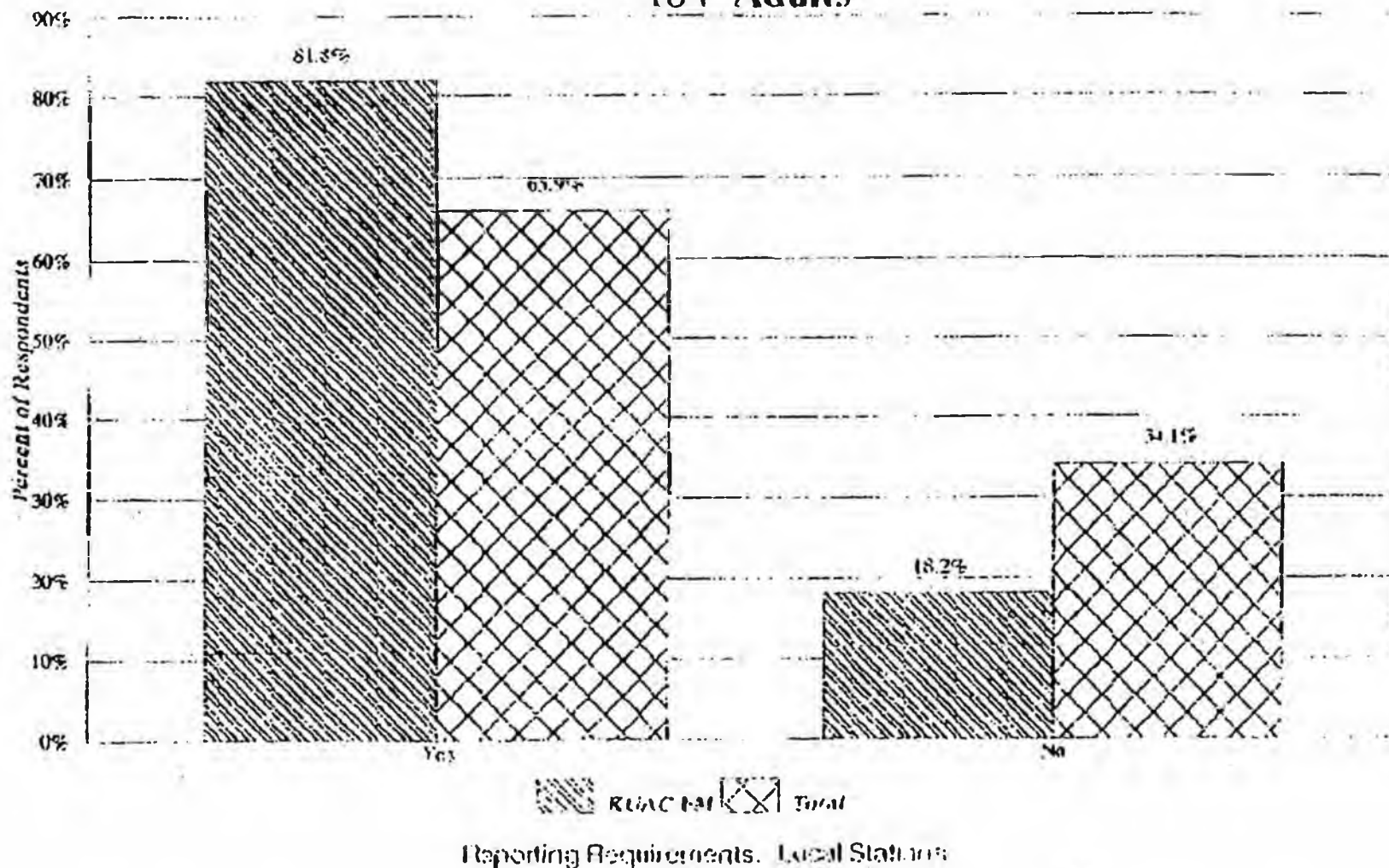
AUDIENCE MEASUREMENT SURVEYS

Would you support giving corporations who contribute to public radio a credit on their taxes?

\* Survey Area: Fairbanks/North Pole & Vicinity, AK (NSSA)

Survey Date: January 6 - March 2, 1994

18+ Adults



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APR 11 1994 14:39  
571 Feb  
306-310602 WILLHIGHT RESEARCH

A FAX from:

# Willhight Research, Inc.

2104 S.W. 152nd, Suite #4

Seattle, WA 98106

Voice: 206-431-8430 Fax: 206-431-0803

To: Diane Kaplan, APRN  
FAX: 907-263-7450  
From: Jim Willhight  
Date: May 02, 1994 3:33 PM  
Pages: 1 Page (including cover page)

Re: **SAMPLE SIZE OF STATE OF ALASKA STUDY**

Please find a table below noting the sample size for the recently completed survey of State of Alaska residents. The sample period was from January 6th through March 2nd 1994.

The sample size was 3,921 (completed in-tabulated interviews) for persons 12+ and 3556 (in-lab) for the sample of persons 16+. We asked for qualitative and attitudinal data from 18+ persons so the sample for those data categories was 18+.

The sample was controlled both geographically (the state wide sample was broken into fifteen geographic sample units) and Demographically (for each age/ sex cell noted below).

The following are the total state samples for each age/sex cell:

	MALE	FEMALE	TOTAL
12-17	196	169	365
18-24	235	214	449
25-34	476	478	954
35-44	542	497	1039
45-49	168	149	317
50-54	145	131	276
55-64	137	122	259
65+	139	123	262
12+	2036	1883	3921
16+	1842	1714	3556
25+	1607	1500	3107
35+	1131	1022	2153
50+	421	376	797
55+	279	245	521
12-24	431	383	814
18-34	711	692	1403
18-49	1421	1338	2759
25-49	1186	1124	2310
25-54	1091	1255	2346

If transmission of this FAX fails please call for retransmission.



# KCHU

Terminal Radio, Inc.

P.O. Box 467 • Valdez, Alaska 99686 • (907) 835-4665 • FAX 835-2847

April 11, 1995

The Honorable Ivan Ivan  
State Capitol  
Juneau, AK

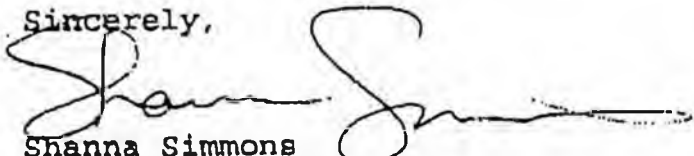
Dear Representative Ivan,

I am writing in support of House Bill 269, also known as the Tax Credit Bill. As the interim general manager at KCHU public radio in Valdez, I look forward to the impacts of HB 269. Public Broadcasters across Alaska are under the gun to find new avenues of funding and become more self-sufficient. House Bill 269 will help us do just that.

On behalf of the Alaskans who depend on KCHU to provide news, information, entertainment, and a forum for public debate, I urge you to take action in support of House Bill 269.

Thank you very much for your time and your efforts.

Sincerely,



Shanna Simmons  
Interim General Manager

# KRBD-FM

Rainbird Community Broadcasting Corporation  
123 Stedman Street  
Ketchikan, Alaska 99901

907-225-9655



Representative Ivan Ivan  
Alaska House of Representatives  
Juneau, Alaska 99501

April 11, 1995


Dear Representative Ivan,

I want to thank you for your introduction and support of the Tax Credit bill. This measure will be a big step in the process of insuring a strong and healthy public broadcasting system in Alaska.

As you well know, public broadcasting is an essential component of Alaska life, particularly in places like the rural areas of your district and here in Southeast where stations like KRBD provide the only radio service to many outlying villages and camps.

If I, or any of my colleagues, can provide additional information about the importance of a sound public broadcasting system, please do not hesitate to call.

Sincerely,



Marty West  
General Manager

LYNN CANAL BROADCASTING, INCORPORATED

**KHNS-FM 102.3**

Post Office Box 1109, Haines, Alaska, 99827

(907)-766-2020 / (907) 766-2022 (Fax)

April 11, 1995

Representitive Ivan M. Ivan

Fax # 907-465-4599 2278

Re: House Bill #269

Dear Rep Ivan:

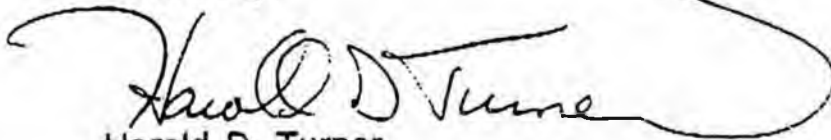
I would like to let you know that the members and directors of KHNS-FM in Haines support the tax credit bill you have submitted in the house.

We think it is very important to set up a private trust for the benefit of public broadcasting in Alaska. As I understand it, the tax credit bill allows the trust to be funded. In a few years public broadcasting will be weaned from its dependence on public funding.

When that day comes we can make better use of our time serving our listeners and not spend so much time each year lobbying for funding.

Thanks for sponsoring HB 269. This is the kind of strategic planning necessary to assure the future of public broadcasting in Alaska.

Sincerely,



Harold D. Turner  
Interim Manager

# **KUAC**

**TV 9 • FM 104.7**

KUAC FM/TV  
University of Alaska Fairbanks  
PO Box 755620  
Fairbanks, Alaska USA 99775-5620  
Phone (907) 474-7491  
FAX (907) 474-5064

DT: 04/11/95

TO: Representative Ivan

FR: Jerry Brigham *JB*  
General Manager

RE: Tax Credit Bill

I simply wanted to stress KUAC's full support for this tax credit bill. This bill has the potential to help public broadcasting in Alaska to achieve a level of independence from state government that will eventually benefit us all. Of course, KUAC is a double winner. Since it is licensed to the UA Board of Regents, the tax credit bill helps us by helping our University as well.

I wanted to testify on this bill last month, however the teleconference was cut short because all of those who had come to testify were so strongly in favor of the bill. I trust this will be the case in the Senate.

Please let me know if KUAC can be of any assistance to you in passing this important piece of legislation.

Thank you for this example of your farsighted approach to funding public broadcasting in our state.

# APRN

## VOICES OF ALASKA

Alaska Public Radio Network ★ 810 East Ninth Avenue ★ Anchorage, Alaska 99501-3826  
Phone (907) 277-2776 ★ Fax (907) 263-7450

April 10, 1995

Representative Ivan Ivan  
State Capitol  
Juneau, Ak 99801

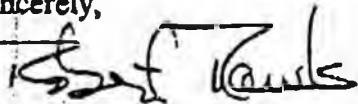
Dear Representative Ivan:

I am writing to thank you for your sponsorship of HB 269, the bill to allow tax credits for donations to public broadcasting organizations. As you know, public broadcasters have faced a steady series of cuts in state support, totaling 40% in the past decade, and now are facing devastating new cuts. HB 269 will give public broadcasters a valuable tool to seek additional private support for the significant service we provide.

The Alaska Public Radio Network has 27 members stations around the state, and is the only source of statewide news for much of rural Alaska. Alaska is the most culturally and geographically diverse state in the nation, with over 250 communities located off the road system. APRN is one of the few organizations that unify this huge state each day, with news and information about government, people and issues. The proposed budget cuts for FY96 would jeopardize this system, the best in the United States, and threaten a news blackout for rural Alaska. We cannot allow this to happen, and appreciate your support in the battle to keep Alaskans informed.

If you have any questions about APRN or public radio, please give me a call.

Sincerely,



Robert Rawls  
President and CEO



# Kachemak Bay Broadcasting, Inc.

3913 Kachemak Way • Homer, AK 99603  
(907) 235-7721 • Fax: (907) 235-2357

Representative Ivan Ivan  
Alaska House of Representatives  
Alaska State Capitol  
Juneau, Alaska 99801-1182

March 30, 1995


Dear Representative Ivan,

I'd like to take the opportunity for sponsoring House Bill 269, relating to tax credits for contributions to public broadcasting entities.

As you well know, public broadcasting funding is under attack by those who have not carefully considered the consequences of their actions. Public broadcasting provides a service that no one else will deliver. That service is delivered to all of Alaska, the urban areas as well as in your district.

HB 269 is not the entire answer to our funding problem, it surely is a big part of the answer. Many of us who support this bill understand clearly that declining state revenues will translate into declining state support for our service. We are working towards replacing those funds to secure the future of public broadcasting. The passage of this bill will get us started in that effort.

Thanks for your help, and thanks for your past and continuing support for public broadcasting.

Sincerely  
  
Will Peterson  
General Manager, KBBI



## ALEUTIAN PENINSULA BROADCASTING, INC.

KSDP AM 830  
P.O. Box 328  
Sand Point, AK 99661  
(907) 383-5737



March 30, 1995

Honorable Ivan Ivan,

KSDP Radio, members and listeners all would like to Thank you very much for introducing the house bill # 269, the tax credit bill.

We need as much support and help that we can get. Especially in rural Alaska where Public Broadcasting is a big part of the life style of the residents.

We appreciate your support.

Sincerely,

Ruth Farrens, General Manager



**RAVEN RADIO**  
**KCAW • 104.7 FM**

2 B Lincoln Street • Sitka, Alaska 99835 • (907) 747-5877

**FAX**

March 27, 1995

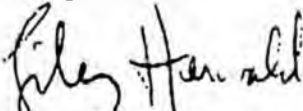
Representative Ivan Ivan  
Alaska State Capital  
Juneau, AK 99811

Dear Representative Ivan;

Thank you for sponsoring legislation which would allow tax credits to Public Broadcasting.

These tax credits will be a crucial factor for stations like KCAW-FM to continue to provide services with lower state support.

Respectfully,

  
Lily Herwald  
Business Manager

Talkeetna Community Radio, Inc.

P.O. Box 300  
Talkeetna, Alaska 99676

Telephone (907)-733-1700  
Fax (907)-733-1700

Honorable Representative Ivan Ivan  
Room 503  
Alaska State Capitol Building  
Juneau, Alaska  
1995

March 27,

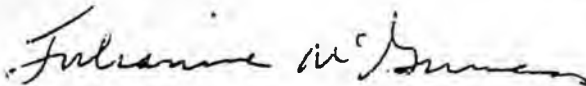
Dear Representative Ivan,

As a Public Broadcaster in a small rural Alaskan community, I strongly urge all Representatives on the House State Affairs and House Finance Committees to support House Bill Number 269 promoting legislation to allow tax credits for contributions to educational radio and television networks, stations, and endowments. In these lean fiscal times, I believe that such tax credit incentives are a logical, innovative and appropriate measure to insure that some vital educational services continue to be provided to the Alaskan public.

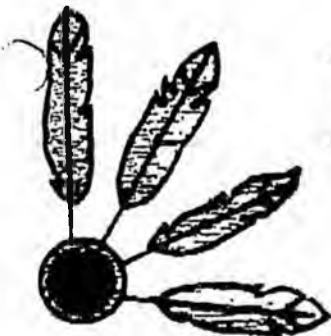
Many rural citizens who listen to educational radio in the Talkeetna, Trapper Creek, and surrounding communities also support such legislation, because their access to these services is increasingly threatened by a lean economic base and decreasing State funding.

Thank you for your support and attention to this issue.

Sincerely,



Julianne McGuinness  
Station Manager  
KTNA-FM



# KYUK

BETHEL BROADCASTING, INC.

Pouch 468 Bethel, Alaska 99550 (907) 543-3131 Fax: 543-3130

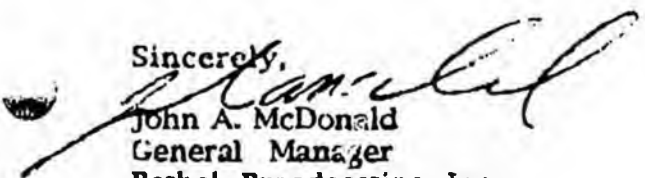
March 23, 1995

Representative Ivan Ivan  
House of Representatives  
State of Alaska  
Juneau, AK 99811  
FAX:465-2278

Dear Representative Ivan:

A quick note to give my support to HB 269, the Tax Credit bill for public broadcasting. The bill will give public broadcasting entities a tool to use to encourage corporate support of the service.  
Thank you.

Sincerely,



John A. McDonald  
General Manager  
Bethel Broadcasting Inc.

Revision Date: \_\_\_\_\_ Dept. Affected: Revenue  
 Title: Tax Credit: Gifts to Public Broadcasting BRU: Audit Operations  
 Component: Income and Excise Audit  
 Sponsor: Rep. Ivan, Bunde  
 Requestor: (H) STA COMPONENT SERIAL NO. 113

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</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>
CAPITAL						
REVENUE FUND SOURCE: GF	0.0	(3,578.0)	(3,578.0)	(3,578.0)	(3,578.0)	(3,578.0)

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME					
PART-TIME					
TEMPORARY					

Estimate of current (FY95) impact \$ 0.0

ANALYSIS: (Attach a separate page if necessary)

(See Attached Analysis)

Prepared by: Robert N. Bartholomew, Deputy Director *Robert N. Bartholomew* Phone: 465-2320  
 Division: Income and Excise Audit Date: 3/24/95  
 Approved by Commissioner: *[Signature]* Date: 3/24/95  
 Agency: Department of Revenue

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### Bill Analysis

This bill would expand Alaska education credit statutes which provide for a tax credit for contributions made to an Alaska university or college as follows:

- *Expanded Base:* Taxpayers would be allowed to claim a credit for contributions to an Alaska public radio or television network in addition to a university or college.
- *Increased Credit:* The maximum credit would increase by \$300,000, from the current \$150,000 to \$450,000.

HB 269, in its current form, does not necessarily foster the bill's intent of providing an incentive for businesses to make contributions to public radio and television networks because the bill does not segregate requirements for public radio and television network contributions from Alaska education contributions. Rather, public radio and television credit language is incorporated into existing sections for Alaska education credits and therefore, it would be at a taxpayer's discretion to pick and choose between Alaska education or public radio and television contributions. Under this bill, it is possible for a taxpayer to claim the maximum credit from contributions to only an Alaska university or college. The department recommends that the bill be amended if this result is contrary to the legislative intent.

A tax credit claimed under this bill could be applied against a taxpayer's tax liability under the following tax types: corporation income (AS 43.20), oil and gas production (AS 43.55), oil and gas property (AS 43.56), mining license (AS 43.65), and fisheries business (AS 43.75). The credit claimed under one of the tax types may not be claimed as a credit under another tax type and when combined, may not exceed \$450,000.

For income tax purposes under AS 43.20, a contribution claimed as a credit may not also be taken as a charitable contribution deduction.

For purposes of production, property, and fisheries business credits, a contribution might qualify for the credit but would not qualify as a deduction because they are not income based. A contribution that qualifies for a credit under those provisions and AS 43.65 may, however, also qualify as a deduction for the same period for income tax purposes.

The mining tax in AS 43.65 is determined by reference to the income from the mining property and the statute is silent whether both a credit and a deduction against the same tax is allowed. The Division has interpreted AS 43.65 as precluding a deduction for charitable contributions. That interpretation has been disputed and is proceeding through the administrative appeal process.

The department recommends that the bill express the legislative intent regarding whether contributions may be claimed as both credits and deductions against the same and other tax types.

This legislation would apply to tax years beginning after December 31, 1995.

### Operating Costs

Department of Revenue does not anticipate any additional costs for administering the tax credit program under this bill. The Department would update its returns to allow for taxpayers to claim a credit for contributions to public radio and television networks.

### Revenue

Total education credits claimed during FY 94 were approximately \$944,000. Assuming that there would be a direct correlation between credits claimed in FY 94 and the 200% rate of increase in the maximum credit allowed under this bill (from \$150,000 to \$450,000), the state would expect credits to increase by 200% or \$1,888,000.

According to data compiled from most recent reports submitted to Department of Administration's Public Broadcasting Commission, corporation contributions to public radio and television including the Alaska Public Radio Network (APRN) during the fiscal year ended June 30, 1993 were approximately \$1,690,000. Assuming that individual corporation contributions to public radio and television remain the same as for FY 93 and that corporations also make Alaska education contributions greater than \$100,000, credits under this bill would increase by \$1,690,000 (100% of \$1,690,000).

Given the assumptions above, the combined revenue impact of this bill would be a reduction in General Fund revenue of \$3,578,000 ( $\$1,888,000 + \$1,690,000$ ).

This bill would apply to tax years beginning after December 31, 1995. Since corporation, fisheries business, and mining license taxpayers file annual returns, the first returns for which a credit could be claimed (calendar year 1996) will not be due until April 1997. Accordingly, any revenue reduction from this bill would not be realized until FY 97.

**HB**

**270**

**HFIN**

**FILE**

HOUSE COMMITTEE REPORT

(11)

Date Referred: May 3, 1995

FURTHER REFERRALS:

Date of Committee Action: \_\_\_\_\_

The FINANCE Committee considered:

HB 270

HOUSE BILL NO. 270

RETIREMENT INCENTIVE PROGRAM

"An Act relating to retirement incentive programs for the public employees' retirement system and the teachers' retirement system; relating to separation incentives for certain state employees; and providing for an effective date."

recommends it be replaced with the following committee substitute \_\_\_\_\_ [ ] the same title [ ] a new title

[ ] additional referral to \_\_\_\_\_ Committee [ ] attached amendment(s)

ADOPTS: \_\_\_\_\_ Letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept) \_\_\_\_\_ APPROVES PREVIOUS: (Dept/Date) \_\_\_\_\_ [ ] fiscal note(s) \_\_\_\_\_ [ ] fiscal note(s) \_\_\_\_\_

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

SIGNING WITH RECOMMENDATIONS	DP	DNI	NR	AM
Died in Committee				

CHAIR'S SIGNATURE \_\_\_\_\_

FISCAL NOTE

Bill Version: 3 HB 270  
 (H) Publish Date: 3/20/95

STATE OF ALASKA  
 1995 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_  
 Title: An Act relating to retirement incentive programs for the public employees' retirement system and the teachers'  
 Sponsor: Rules Committee by Request of the Governor  
 Requestor: \_\_\_\_\_

Department Affected: Administration  
 BRU: Retirement & Benefits  
 Component: Retirement & Benefits  
 COMPONENT SERIAL NO. 64

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	489.1	489.1	289.3	289.3	289.3	289.3
TRAVEL	8.0	8.0	3.0	3.0	3.0	3.0
CONTRACTUAL	27.7	22.7	16.5	16.5	16.5	16.5
SUPPLIES	13.2	3.0	2.1	2.1	2.1	2.1
EQUIPMENT	108.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	646.0	522.8	310.9	310.9	310.9	310.9

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
----------------------	-----	-----	-----	-----	-----	-----

CHANGE IN REVENUES ( )	0.0	0.0	0.0	0.0	0.0	0.0
------------------------	-----	-----	-----	-----	-----	-----

FUND SOURCE: (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	646.0	522.8	310.9	310.9	310.9	310.9
TOTAL	646.0	522.8	310.9	310.9	310.9	310.9

Estimate of any current year (FY 95) cost: zero

FULL-TIME	2	2	2	2	2	2
PART-TIME	0	0	0	0	0	0
TEMPORARY	11	11	5	0	0	0

ANALYSIS: (Attach a separate page if necessary.)

The actuarial costs to participating employers due to this program are to be paid up front and no additional costs to the systems are anticipated. An administrative charge for participating employers will cover the increased costs of administering the retirement incentive program.

Prepared by: Robert F. Stalnaker *R.F. Stalnaker*  
 Division: Retirement & Benefits

Phone: 465-4470  
 Date: \_\_\_\_\_

Approved by Commissioner: Mark Bover *Mark Bover*  
 Agency: Department of Administration

Date: 3/16/95

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FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. RIP Bill

**ANALYSIS:** (continued)

This bill creates a retirement incentive program for the Public Employees' (PERS) and Teachers' (TRS) Retirement Systems. In addition, it allows for separation bonuses for state employees. Authorization of a RIP for State employees could begin as early as July 1, 1995 or as late as June 30, 1998. RIP eligibility periods for state employees would be designated by the Commissioner of Administration. RIP window periods would last from 30-60 days. The University of Alaska may adopt a RIP between June 30, 1995 and December 31, 1995. Participating PERS political subdivision employers may adopt a RIP between December 31, 1995 and June 30, 1996. Participating TRS employers may adopt a RIP between June 30, 1995 and December 31, 1995. Active PERS and TRS members could retire on an accelerated basis with an increased benefit under the following conditions: at age 47, if vested; with 17 years of service as a qualified peace officer, fire fighter or teacher; or with 27 years of credited service in the PERS. Before qualifying for an accelerated benefit, however, the member must pay a lump sum indebtedness payment or take an actuarial reduction from their lifetime benefit for the indebtedness amount.

We estimate that two permanent employees will be needed to manage the operations of the program and increased service demands into the future. Eleven long-term non-permanent employees will also be needed over the next two fiscal years, with five of those to remain for the third fiscal year. Personnel will handle increased counseling, address and beneficiary changes, account maintenance, and other services. Subsequent increases in the number of retirees will necessitate increased permanent employees to handle the increased demand for information and services.

We estimate that we will need to increase our normal number of counseling trips by five trips over the next two fiscal years to assure that members understand the options and requirements of the program.

FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. RIP Bill

The total estimated administrative cost to the division by fiscal year is as follows:

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>
<b>PERSONAL SERVICES</b>			
<u>FY 1996</u>			
2 Retirement & Benefits Specialist I	\$103.0		
5 Retirement & Benefits Tech I/II (NP)	186.0		
1 Accounting Tech II (N/P)	41.1		
3 Accounting Clerk III (NP)	100.8		
2 Admin Clerk I (NP)	<u>58.2</u>		
TOTAL FY 1996 COSTS .....	\$489.1		
<u>FY 1997</u>			
2 Retirement & Benefits Specialist I	\$103.0		
5 Retirement & Benefits Tech I/II (NP)	186.0		
1 Accounting Tech II (N/P)	41.1		
3 Accounting Clerk III (NP)	100.8		
2 Admin Clerk I (NP)	<u>58.2</u>		
TOTAL FY 1997 COSTS .....		\$489.1	
<u>FY 1998</u>			
2 Retirement & Benefits Specialist I	\$103.0		
3 Retirement & Benefits Tech I/II (N/P)	111.6		
1 Accounting Tech II (N/P)	41.1		
1 Accounting Clerk III (N/P)	<u>33.6</u>		
TOTAL FY 1998 COSTS .....			\$289.3
<b>TRAVEL</b>			
Traveling to various locations throughout the state to counsel prospective retirees and give seminars.	8.0	8.0	3.0
<b>CONTRACTUAL</b>			
Communication (Telephone, Postage)	14.0	13.2	9.6
Mainframe Computer Time	9.7	8.8	6.2
Software Maintenance	3.3		
Training/Risk Management	<u>.7</u>	<u>.7</u>	<u>.7</u>
Total Contractual	27.7	22.7	16.5
<b>SUPPLIES</b>			
Office Supplies, Calculators, software	13.2	3.0	2.1

FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. RIP Bill

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>
<b>EQUIPMENT</b>			
Computer Workstations	44.0	0.0	0.0
File Cabinets (2)	.8	0.0	0.0
Office Chairs (3)	6.6	0.0	0.0
Microfiche Viewers (11)	6.6	0.0	0.0
Office Workstations	10.0	0.0	0.0
Computer/Network Printers	12.0	0.0	0.0
Computer Network Upgrades	21.4	0.0	0.0
Telephone Unit (11)	<u>6.6</u>	<u>0.0</u>	<u>0.0</u>
Total Equipment	<u>108.0</u>	<u>0.0</u>	<u>0.0</u>
 TOTAL OPERATIONS COST	 \$646.0	 \$522.8	 \$310.9

The retirement technicians, retirement specialists, accounting technicians, and accounting clerks need constant access to the PERS and TRS computer files. We do not have any excess terminals, microfiche viewers, or calculators. Our equipment request will satisfy our equipment needs for the duration of this program. We propose the purchase of personal computers to be used as terminals because they will be compatible with the division's local area network.

We are also proposing the purchase of two additional computer printers. The previous RIPs put a great demand on our existing printers and we were always in a state of backlog. Our current day-to-day printer needs maximize the capacity of our existing printers. After comparing the cost of leasing printers for two years, coupled with our existing needs, purchasing new printers would be more cost effective.

All administrative costs of the program will be paid in advance by participating employers as required by the bill.

Funding Source Breakdown for FY 1996:

1029	PERS	355.3
1034	TRS	<u>290.7</u>
		\$646.0

Position: 02-02#144 Project: 0 Salary Costs: 36,444.00  
Component: 02-95-05-08-00-00 Region: Benefits Costs: 15,071.30  
Scenario: 2 FY: 96 COLA %= 0.000 Total Costs: 51,515.30

-----  
Actuals not available (Status: UNKNOWN ) | Retirement Code: A  
-----

00/00/00 Step: A for 12.0 months & Step: B for 0.0 months (total: 12.00 )  
0 Merit Date; use merit defaults? N ( 0.0 @ & 0.0 @ )  
Class/Sched Prefix: 2 Schedule: 2A (actual: )  
Bargaining Unit: GG Range: 16 (actual: )  
Location Code: AWA Place: JUNEAU  
Job Class Code: P1442 Title: RETIREMENT BEN SPEC I \_\_\_\_\_  
Seasonal Indic.: F Type: -

-----  
Optional Override Salary Rates:

Monthly Rate: 0.00 for 0.0 months & rate of 0.00 for 0.0 months  
Hourly Rate: 0.00 for 0.0 months Frozen at this rate? (Y/N): N

Press ENTER to update record; enter # or use PF key to go to another screen:  
1=Premium pay info 2=Funding info 4=Code Translations 6=Calculations  
7=MISC NEW POS DATA 8=Detail Report 12=Exit w/o update Selection: 0\_

POSITION INFORMATION HAS BEEN UPDATED AND FUNDING HAS BEEN UPDATED.

03/16/95

Position Information Inquiry/Update

16:25:27

Position: 02-02#149	Project: 0	Salary Costs: 28,356.00
Component: 02-95-05-08-00-00	Region:	Benefits Costs: 8,887.75
Scenario: 2 FY: 96	COLA % = 0.000	Total Costs: 37,243.75

Actuals not available (Status: UNKNOWN ) | Retirement Code: N

00/00/00	Step: A for 6.0 months & Step: B for 6.0 months (total: 12.00 )
0	Merit Date; use merit defaults? N ( 0.0 @ & 0.0 @ )
	Class/Sched Prefix: 2 Schedule: 2A (actual: )
	Bargaining Unit: GG Range: 12 (actual: )
	Location Code: AWA Place: JUNEAU
	Job Class Code: P1444 Title: RETIREMENT BENEFIT TEC II
	Seasonal Indic.: G Type: -

Optional Override Salary Rates:

Monthly Rate: 0.00 for 0.0 months & rate of 0.00 for 0.0 months  
 Hourly Rate: 0.00 for 0.0 months Frozen at this rate? (Y/N): N

Press ENTER to update record; enter # or use PF key to go to another screen:  
 1=Premium pay info 2=Funding info 4=Code Translations 6=Calculations  
 7=MISC NEW POS DATA 8=Detail Report 12=Exit w/o update Selection: 0

POSITION INFORMATION HAS BEEN UPDATED AND FUNDING HAS BEEN UPDATED.  
03/16/95 Position Information Inquiry/late

16:26:04

Position: 02-02#151	Project: 0	Salary Costs: 31,740.00
Component: 02-95-05-08-00-00	Region:	Benefits Costs: 9,328.01
Scenario: 2 FY: 96	COLA %= 0.000	Total Costs: 41,068.01

Actuals not available (Status: UNKNOWN ) | Retirement Code: N

00/00/00	Step: A for 12.0 months & Step: B for 0.0 months (total: 12.00 )
0	Merit Date; use merit defaults? N ( 0.0 @ & 0.0 @ )
	Class/Sched Prefix: 2 Schedule: 2A (actual: )
	Bargaining Unit: GG Range: 14 (actual: )
	Location Code: AWA Place: JUNEAU
	Job Class Code: P1211 Title: ACCOUNTING TECH II
	Seasonal Indic.: G Type: -

Optional Override Salary Rates:

Monthly Rate: 0.00 for 0.0 months & rate of 0.00 for 0.0 months  
 Hourly Rate: 0.00 for 0.0 months Frozen at this rate? (Y/N): N

Press ENTER to update record; enter # or use PF key to go to another screen:  
 1=Premium pay info 2=Funding info 4=Code Translations 6=Calculations  
 7=MISC NEW POS DATA 8=Detail Report 12=Exit w/o update Selection: 0\_

POSITION INFORMATION HAS BEEN UPDATED AND FUNDING HAS BEEN UPDATED.

03/16/95

Position Information Inquiry/Update

16:26:37

Position: 02-02#154	Project: 0	Salary Costs: 25,140.00
Component: 02-95-05-08-00-00	Region:	Benefits Costs: 8,469.35
Scenario: 2 FY: 96	COLA %= 0.000	Total Costs: 33,609.35

Actuals not available (Status: UNKNOWN ) | Retirement Code: N

00/00/00	Step: A for 6.0 months & Step: B for 6.0 months (total: 12.00 )
0	Merit Date; use merit defaults? N ( 0.0 @ & 0.0 @ )
	Class/Sched Prefix: 2 Schedule: 2A (actual: )
	Bargaining Unit: GG Range: 10 (actual: )
	Location Code: AWA Place: JUNEAU
	Job Class Code: P1203 Title: ACCOUNTING CLERK III
	Seasonal Indic.: G Type: -

Optional Override Salary Rates:

Monthly Rate: 0.00 for 0.0 months & rate of 0.00 for 0.0 months  
 Hourly Rate: 0.00 for 0.0 months Frozen at this rate? (Y/N): N

Press ENTER to update record; enter # or use PF key to go to another screen:  
 1=Premium pay info 2=Funding info 4=Code Translations 6=Calculations  
 7=MISC NEW POS DATA 8=Detail Report 12=Exit w/o update Selection: 0

POSITION INFORMATION HAS BEEN UPDATED AND FUNDING HAS BEEN UPDATED.  
03/16/95 Position Information Inquiry/late

HB 270  
16:27:02

Position: 02-02#156 Project: 0 Salary Costs: 21,108.00  
Component: 02-95-05-08-00-00 Region: Benefits Costs: 7,944.79  
Scenario: 2 FY: 96 COLA %= 0.000 Total Costs: 29,052.79

-----  
Actuals not available (Status: UNKNOWN ) | Retirement Code: N  
-----

00/00/00 Step: A for 6.0 months & Step: B for 6.0 months (total: 12.00 )  
0 Merit Date; use merit defaults? N ( 0.0 @ & 0.0 @ )  
Class/Sched Prefix: 2 Schedule: 2A (actual: )  
Bargaining Unit: GG Range: 07 (actual: )  
Location Code: AWA Place: JUNEAU  
Job Class Code: P1133 Title: ADMINISTRATIVE CLERK I  
Seasonal Indic.: G Type: -

-----  
Optional Override Salary Rates:

Monthly Rate: 0.00 for 0.0 months & rate of 0.00 for 0.0 months  
Hourly Rate: 0.00 for 0.0 months Frozen at this rate? (Y/N): N

Press ENTER to update record; enter # or use PF key to go to another screen:  
1=Premium pay info 2=Funding info 4=Code Translations 6=Calculations  
7=MISC NEW POS DATA 8=Detail Report 12=Exit w/o update Selection: 0\_

STATE OF ALASKA  
 1995 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_  
 Title: "An Act relating to retirement incentive...."  
 Sponsor: Rules Committee  
 Requestor: \_\_\_\_\_

Department Affected: Administration  
 BRU: Finance  
 Component: Finance  
 COMPONENT SERIAL NO. 59

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL	20.3	20.3	20.8	10.4	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 &	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	20.3	20.3	20.8	10.4	0.0	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES	0.0	0.0	0.0	0.0	0.0	0.0

FUNDING SOURCE: (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	20.3	20.3	20.8	10.4	0.0	0.0
1005 GF/Program	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	20.3	20.3	20.8	10.4	0.0	0.0

Estimate of any current year (FY 95) cost: \$ 0

POSITIONS:

FULL-TIME						
PART-TIME	1	1	1	1		
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)  
 See attached.

Prepared by: Don Wanie *DW*  
 Division: Finance

Phone: 465-2240  
 Date: \_\_\_\_\_

Approved by Commissioner: Mark Boyer *Mark Boyer*  
 Agency: Department of Administration

Date: 3/16/95

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The Division of Finance is responsible for verification of employment history and processing of termination pay for all state employees. This includes verifying the length of employment, accounting for all leave without pay during the entire employment with the state and determining salaries for the three highest years. Final and terminal leave pay must be processed in accordance with contractual agreements.

With implementation of a Retirement Incentive Program (RIP) the workload for these functions would be significantly increased and additional support will be required by the Division of Finance to meet processing deadlines. It is estimated a half time Accounting Technician I will be needed in FY 96, 97 and 98 and the first half of FY 99 to accommodate the additional workload generated by the

Accounting Technician I,

	FY 96	FY 97	FY 98	FY 99
Range 14 A half time.	20.3	20.3		
Range 14 B half time.			20.8	10.4

# FISCAL NOTE

No. 1  
 Bill Version: HB 270  
 (H) Publish Date: 3/20/95

STATE OF ALASKA  
 1995 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_ Dept. Affected: All Departments  
 Title: An Act relating to retirement incentive programs... BRU: \_\_\_\_\_  
 Component: \_\_\_\_\_  
 Sponsor: Rules Committee by Request of the Governor  
 Requester: \_\_\_\_\_ COMPONENT SERIAL NO. \_\_\_\_\_

**Consolidated Fiscal Note for Executive Branch**

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
Governor	*****	*****	*****	*****	*****	*****
Administration	666.3	543.1	331.7	321.3	310.9	310.9
DCED	*****	*****	*****	*****	*****	*****
DCRA	*****	*****	*****	*****	*****	*****
Corrections	*****	*****	*****	*****	*****	*****
Education	*****	*****	*****	*****	*****	*****
Postsecondary	*****	*****	*****	*****	*****	*****
DEC	*****	*****	*****	*****	*****	*****
ADF&G	*****	*****	*****	*****	*****	*****
CFEC	*****	*****	*****	*****	*****	*****
DH&SS	*****	*****	*****	*****	*****	*****
Labor	*****	*****	*****	*****	*****	*****
Law	*****	*****	*****	*****	*****	*****
DMVA	*****	*****	*****	*****	*****	*****
DNR	*****	*****	*****	*****	*****	*****
Public Safety	*****	*****	*****	*****	*****	*****
DOR	*****	*****	*****	*****	*****	*****
DOT&PF	*****	*****	*****	*****	*****	*****
<b>TOTAL</b>	*****	*****	*****	*****	*****	*****

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

This legislation is expected to result in substantial savings in personal services costs for the state; however, the actual fiscal impact for each department cannot be accurately projected until the program is implemented. See attached analysis for explanation.

Prepared by: Annalee McConnell, Director *Nancy J. Sloge for* Phone: 465-4660  
 Division: Office of Management and Budget Date: 3/17/95  
 Approved by Commissioner: Jim Ayers, Chief of Staff *Paul R. Jensen for* Date: 3/17/95  
 Agency: Office of the Governor

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**COMMITTEE COPY**

FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. \_\_\_\_\_

ANALYSIS: (continued)

This legislation is expected to result in substantial savings in personal service costs for the state; however, the actual fiscal impact for each department cannot be accurately projected for the following reasons:

1. The administration is not planning to implement the legislation in an across-the-board manner, but instead plans to use a more strategic approach tailored to the individual budget and staffing requirements of each department. This approach is similar to that used by many private sector firms, and currently in use by the federal government in its downsizing program.

The participation of each department will therefore depend on the budget and staffing situation of the department at the time the program is implemented. Some departments may not participate in the program if it would not be effective in meeting their requirements. Other departments may offer the program in only certain parts of the department that are being restructured or downsized.

2. The number of employees eligible to participate in both the retirement incentive program and the separation incentive program has not yet been established. The number of employees meeting the basic eligibility criteria will be identified soon; however, the retirement and separation incentive programs may be offered to only a portion of these employees, as described above.
3. Another variable which will affect actual savings is the percentage of employees that will elect to participate in the retirement and separation incentive programs if they are offered to them. The participation rate in the last state RIP in 1989-90 averaged approximately 30 percent. However, this rate varied substantially by department. In addition, the separation incentive program has not been used by the state before, so there is no history of participation rates for this program.

The fiscal impacts shown for the Department of Administration reflect the administrative costs for the Division of Retirement and Benefits and the Division of Finance to perform their responsibilities under the bill. The costs for the Division of Retirement and Benefits would be paid through an administrative charge for participating employers. See the attached fiscal notes from the two divisions for more details.

HB 270

TONY KNOWLES  
GOVERNOR



P.O. Box 110001  
Juneau, Alaska 99811-0001  
(907) 465-3500  
Fax (907) 465-3532

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

March 20, 1995

The Honorable Gail Phillips  
Speaker of the House  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801-1182

Dear Speaker Phillips:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that establishes a temporary retirement incentive program for employees of the state, its subdivisions, and its school districts, and a temporary separation incentive program for employees of the state.

Closing the state's fiscal gap will require major changes in state operations over the next several years. We need to make state government more efficient and eliminate nonessential services. Our challenge is to accomplish these goals without forcing large layoffs of employees, which could ripple through the private sector and endanger the health of Alaska's economy. Retirement and separation incentive plans have been successfully used by the private sector and government to scale back payroll while eliminating or minimizing the need for layoffs.

Properly structured, these plans can be a cost-effective and humane method of downsizing. This legislation will make these restructuring tools available to the State of Alaska, and will extend the retirement incentive program as an option for municipalities and school districts, which are also facing the need to restructure their operations and work forces.

My Administration will use the retirement and separation incentives in a strategic approach, different from prior programs. The last state retirement incentive program applied to all departments regardless of their budget or personnel situation, and had little effect on downsizing or restructuring government.

The Honorable Gail Phillips

March 20, 1995

Page 2

Under our approach, the programs will be tailored to the fiscal and staffing requirements of each department. This approach is similar to private sector and federal programs. The incentives will be used in combination with attrition to permanently reduce the number of positions on the state payroll. Departments will be able to participate in the incentive programs only if the programs contribute to their budget and staffing requirements and are cost effective.

This bill differs from the previous retirement incentive program (RIP) laws, enacted in 1986 and 1989, in that employers are specifically authorized to extend an incentive plan to employees in certain components (e.g., certain state divisions slated for major reductions), in certain job classifications, or certain geographic locations. In addition, with regard to the state, not all state employees will be eligible to apply during a window period. Instead the commissioner of administration is authorized to establish window periods (of 30 to 60 days) for some departments and not others. This will allow targeting of departments where major reductions are contemplated, and will alleviate the "brain drain" problem that arose when previous incentive programs were implemented.

The bill also requires that cost savings be shown for each employee allowed to participate, and that cost savings be calculated over a three-year period rather than a five-year period. This change from previous RIP laws will guarantee that the retirement incentive program produces substantial savings to the state and its local governments and school districts.

There are some similarities between this bill and the prior RIP laws. As with those laws, this bill provides that eligible state, municipal, and school district employees in the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) may obtain three years of retirement credit, to be applied toward reaching normal or early retirement age, reducing the actuarial reduction that early retirees must take, or increasing years of credited service. An employee must pay the appropriate retirement system the employee's normal share for these three years of credit, and the employer must pay the system the difference between what the employee pays and the actuarial cost of allowing the employee to participate. Applications for participation in the program will be allowed only during relatively short "window periods," and the employee must retire within several months after the end of a window period. The bill imposes substantial penalties on an employee retiring under the RIP who accepts employment with another PERS or TRS employer or with a Judicial Retirement System employer, or who is reemployed as a member of the optional university retirement system.

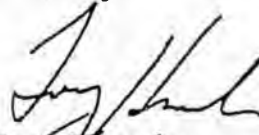
The Honorable Gail Phillips  
March 20, 1995  
Page 3

The bill also proposes, for the state only, another temporary incentive program, the separation incentive program, that has not been used previously by the state, but that has been used successfully by local governments and school districts in Alaska, by the federal government, and by the private sector. Under this program, which may be offered in conjunction with the RIP or separately from that program, long-term state employees separating from state service may be paid a one-time separation incentive payment. That payment would be \$25,000 or six months' salary, whichever is less, unless a state department or the office of management and budget sets a lower payment. As with the RIP, separation incentive payments could be made only if they would result in cost savings to the state over a three-year period; the program would not be open to all state employees, but could be limited to certain departments or job classes; there would be brief "window periods" for application; and there would be substantial penalties for reemployment by the state within three years.

As this bill works its way through the legislative process, representatives of my Administration will be available to answer any questions that members of your body might have.

I urge your prompt consideration and passage of this bill.

Sincerely,



Tony Knowles  
Governor

**HB**

**272**

**HFIN**

**FILE**

# HOUSE COMMITTEE REPORT

(11)

Date Referred: April 19, 1995

FURTHER REFERRALS:

Date of Committee Action: 2/7/96

The FINANCE Committee considered:

HB 272

HOUSE BILL NO. 272

MUNICIPAL MOTOR VEHICLE TAX

"An Act relating to municipal taxation of motor vehicles; and providing for an effective date."

recommends it be replaced  
with the following committee substitute

CS HB 272 (FIN)

the same title  
 a new title

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

attached amendment(s)

ADOPTS: \_\_\_\_\_ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): \_\_\_\_\_ (Dept)

APPROVES PREVIOUS: \_\_\_\_\_ (Dept/Date)

fiscal note(s) DPS

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

zero fiscal note(s) DCRA

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

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Mark Hanley</i>	Hanley	X			
<i>Gordon Mulder</i>	MULDER	X			
<i>Grussendorf</i>	grussendorf	X			
<i>John R. Parnell</i>	Parnell			X	
<i>Navarre</i>	Navarre	X			
<i>Kelly</i>	Kelly	✓			
<i>Therriault</i>	Therriault			X	
<i>Brown</i>	BROWN	✓			
<i>Therriault</i>				X	

Co-CHAIR'S SIGNATURE

*Mark Hanley*

Hanley.

# FISCAL NOTE

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

BILL NO: CSHB 272(CRA)

Revision Date: <u>2/6/96</u>	Dept. Affected: <u>Public Safety</u>
Title: <u>Act relating to municipal taxation of motor vehicles and providing for an effective date.</u>	BRU: <u>Motor Vehicles</u>
Sponsor: <u>Rep. Hanley</u>	Component: <u>Field Services</u>
Requestor: <u>H.Finance</u>	<u>Administration</u>
	COMPONENT SERIAL NO. <u>0501</u>

**EXPENDITURES/REVENUES: (Thousands of Dollars) (inflation not included)**

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES	21.5	82.2	82.2	82.2	82.2	82.2
TRAVEL						
CONTRACTUAL	13.0	22.0	22.0	22.0	22.0	22.0
SUPPLIES						
EQUIPMENT	10.0	10.0				
LAND & STRUCTURES						
GRANTS CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>44.5</b>	<b>115.1</b>	<b>105.1</b>	<b>105.1</b>	<b>105.1</b>	<b>105.1</b>
<b>CAPITAL EXPENDITURES</b>						
<b>CHANGE IN REVENUES ( )</b>	<b>10.5</b>	<b>65.5</b>	<b>120.5</b>	<b>120.5</b>	<b>120.5</b>	<b>120.5</b>
Revenue Code						

**FUNDING: (Thousands of Dollars)**

1002 Federal Receipts						
1003 GE Match						
1004 GE	44.5	115.1	105.1	105.1	105.1	105.1
1005 GE/Program Receipts						
1006 GE/MHTIA						
Other						
<b>TOTAL</b>	<b>44.5</b>	<b>115.1</b>	<b>105.1</b>	<b>105.1</b>	<b>105.1</b>	<b>105.1</b>

Estimate of current year (FY 96) impact: \$ \_\_\_\_\_

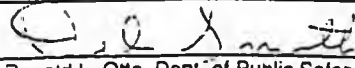
**POSITIONS:**

FULL-TIME	1	2	2	2	2	2
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

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

The Municipal Vehicle Registration Tax (MVRT) program began in 1978. Under this program a municipality can elect to have DMV collect a municipal tax at the same time as the registration fees are collected. This tax would be in lieu of a personal property tax collected by the local government. DMV retains 8% of the tax for collection costs and the remainder is returned to the municipalities. In FY 95 DMV collected approximately \$6.9 million in tax for the 13 local governments in the program. The original program was established with one tax schedule that applied to all vehicles in the state. This bill will eliminate the one tax schedule and allow each local government to set their own rates.

(See attached sheet for continuation)

Prepared By: <u>Juanita M. Hensley</u>	Phone: <u>465-2650</u>
Division: <u>Motor Vehicles</u>	Date: <u>2/5/96</u>
Approved by Commissioner: <u></u>	Date: <u>2/10/96</u>
Agency: <u>Ronald L. Otte, Dept. of Public Safety</u>	

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## FISCAL NOTE

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

BILL NO: CSHB 272(CRA)

Revision Date: 2/5/96 Dept. Affected: Public Safety

ANALYSIS CONTINUED:

It is anticipated that each of the 13 local governments in the program will establish their own tax schedules. Each local government has cited their desire to address their individual tax needs and therefore it stands to reason that each tax schedule will be different. The two main sources of dissatisfaction with the program have been that the tax rates have not kept pace with increases in other taxes and that the rates are difficult to change. These same reasons are cited as reasons for not participating by those governments not currently in the program. This bill will address those problems and with these changes it is likely that other local governments may elect to join the program.

PROGRAM COSTS

The multiple tax schedules will require increased costs for extensive data processing changes and for administrative oversight to ensure correct and timely payments. These are overhead charges that would be incurred even if only a few local governments changed each year rather than the universal changes that are expected. This program will be a significant change from the existing program where all participants are paid according to the same fee schedule. The data processing changes will create and maintain separate tax tables for each taxable location and change the processing logic for both the mail renewal notices and the on-line processing system. Costs will be incurred each time any one of the taxable locations changes fees. DP chargeback fees will increase due to the increased processing time for accessing multiple separate tax tables. The programming will be accomplished by contract programmers as all existing programmers are fully committed to other mandatory projects.

If the bill passes with an effective date of July 1, 1996, any municipality could notify DMV before January 1, 1997, that the tax schedule will change. The soonest date that the new taxes will be collected will be January 1, 1998. An Accounting Technician I position will be used to set up the program, test new computer programs, coordinate year change over to the new schedules, and to develop new payment and auditing services. This position will start on January 1, 1997, to establish the program so only 50% of the personal services costs will be shown in FY97. This position will continue through the life of the program and will be the single position responsible for auditing and payment for 13 local tax collection and payment programs and for establishing new programs for any local government that elects to join the program. The computer changes will also be accomplished in FY 97 in order to be ready for registrations that can be processed early. The costs for computer changes will continue each year as it is anticipated that there will be various changes and new municipalities will join.

The program will also have an impact on the mail renewal unit and will require one Motor Vehicle Rep III position beginning on July 1, 1997. This position will be responsible for work associated with returning mail to owners who have moved to a new location and have sent incorrect fees. Each year there are address changes for approximately 25% of the vehicle owners. Currently this is not a major problem because the majority of the vehicles are in a taxable location and the fees remain the same regardless of location. Under this bill the tax fees would be different if the owner moves to a new city and the renewal could not be processed until correct fees are submitted. Not all of the address changes are to a new city but a significant percentage are. This analysis will assume that half or 12.5% of the address changes will have to be returned for correct fees. Based on the mail renewal usage in 1995 this equates to 31,000 renewals that will have to be returned and reprocessed when returned with correct fees. Additional postage will be required for this work also.

<u>PERSONAL SERVICES</u>	<u>FY97</u>	<u>FY98</u>
1 Accounting Tech I (Range 12B) (50% shown in FY97)	\$21.5	\$43.0
1 MVR III (Range 9B) @ 39.2 (FY 98 and forward)		\$39.2
 <u>CONTRACTUAL</u>		
Computer programming 140 hrs @ \$75.00 (Includes basic program modification for new tables, mailout program and batch reconciliation reports.)	\$10.5	\$10.5
Postage (31,000 letters @ \$0.32) (FY 98 and forward)		\$ 9.9
DP charge back costs	\$2.5	\$2.5
 <u>EQUIPMENT</u>		
Computer workstation and office equip. for new employees @ \$10,000.00 (see schedule below)	\$10.0	\$10.0
TOTAL	\$44.5	\$115.1

## FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO: CSHB 272(CRA)

Revision Date: 2/5/96

Dept. Affected: Public Safety

### ANALYSIS CONTINUED:

#### Workstation Equipment

Computer 486/66	\$3,000.00
Monitor	300.00
Pnnter	3,000.00
IRMA Card	450.00
Surge Protector	55.00
Token Ring Card	400.00
Software for APSIN	600.00
Desk	500.00
Chair	400.00
Adding Machine	130.00
Waste Basket	30.00
DP Terminal Charge 1 Year	840.00
Station Hook Up (Coax)	95.00
Misc Desk Supplies	<u>200.00</u>
Total	\$10,000.00

### \*\*\*REVENUE \*\*\*

\*\*\*  
In FY 95 DMV collected nearly \$6,900,000 in Municipal Tax revenue for local governments. All of this less 8% for collection costs is returned to the local governments. In addition to the 8% collection costs, this bill authorizes DMV to also retain the actual costs for any changes made to the fee schedule. These are the new revenue amounts that are shown in the first two years of the program and these are the new costs associated with the start up of the program. In addition to the start up costs it is assumed that all municipalities that elect to change their rates will increase rather than decrease the tax rates. This will also generate additional revenue as DMV will retain 8% of any increase.

For purposes of this fiscal note it will be assumed that tax collections in future years will increase by 20% and the revenue shown in FY 99-FY02 will reflect this increase of 20% over the \$550,000 that is currently retained for collection costs. Only half this increase will be shown in FY 98 as the new tax rates go into effect on January 1. Actual revenue increases will depend on the tax level adopted by each local government unit.

The major impact of this bill will not be felt until the second year after passage when the new tax rates go into effect. DMV will need to have an increment in the FY98 budget to have the authority to receive and expend the increased Program Receipts to fund the additional costs.

# FISCAL NOTE

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

BILL NO: HB 272

Revision Date: 2/2/96  
Title: An Act relating to municipal taxation of motor vehicles  
Sponsor: Rep. Hanley  
Requestor: House Finance

Dept. Affected: Community & Regional Affairs  
BRU: none  
Component: none  
COMPONENT SERIAL NO. \_\_\_\_\_

**EXPENDITURES/REVENUES: (Thousands of Dollars) (inflation not included)**

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL EXPENDITURES	0	0	0	0	0	0
----------------------	---	---	---	---	---	---

CHANGE IN REVENUES ( ) Revenue Code						
--	--	--	--	--	--	--

**FUNDING: (Thousands of Dollars)**

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

Estimate of current year (FY 95) impact: \$ none

**POSITIONS:**

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

ANALYSIS: (Attach a separate page if necessary.)

This legislation would have no fiscal impact on the department.

Prepared By: Remond Henderson, Director *Remond Henderson* Phone: 465-4808  
Division: Administrative Services Date: 2/2/96  
Approved by Commissioner: Mike Irwin *Mike Irwin* Date: 2/2/96  
Agency: Mike Irwin, Dept. of Community & Reg. Affairs

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

For further distribution information call the Governor's Legislative Office

2/7/96



### KENAI PENINSULA BOROUGH

144 N. BINKLEY SOLDOTNA, ALASKA 99669-7599  
BUSINESS (907) 262-4441 FAX (907) 262-1892

DON GILMAN  
MAYOR

## POSITION STATEMENT - HB 272

### MUNICIPAL MOTOR VEHICLE TAX

The Kenai Peninsula Borough Assembly and administration supports House Bill 272. This bill amends Alaska Statutes by adding a new subsection to AS 28.10.431. If amended, the Statutes would provide municipalities the option of revising the tax schedule as it applies to motor vehicle taxation within their jurisdiction. Revisions could not be made more than once every two years. Payment of a one-time fee to the Department of Public Safety for implementing any changes seems fair and reasonable.

(Public Safety for implementing any changes seems fair & reasonable)

We seek your support in passage of this legislation to allow us and other municipalities the flexibility of setting our own tax rate schedule. We appreciate your consideration of House Bill 272 and are ready to provide you with any assistance or information you may require.

Kenai Peninsula Borough

By: Don Gilman  
Don Gilman, Borough Mayor

2/7/96  
Date

By: Andrew P. Scalzi  
Andrew P. Scalzi/Assembly President

2/7/96  
Date

*adopted*

**CS FOR HOUSE BILL NO. 272(FIN)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**NINETEENTH LEGISLATURE - SECOND SESSION**

**BY THE HOUSE FINANCE COMMITTEE**

Offered:

Referred:

Sponsor(s): REPRESENTATIVE HANLEY

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to municipal taxation of motor vehicles; and providing for an  
2 effective date."

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

4 \* Section 1. AS 28.10.431 is amended by adding a new subsection to read:

5 (i) A municipality that imposes a motor vehicle registration tax as described  
6 under (a) of this section may also increase or decrease the scheduled amount of tax  
7 described under (b) of this section by passage of an appropriate ordinance. A  
8 municipality that chooses to change the tax imposed under (b) of this section shall file  
9 a written notice of the change with the department by January 1 of the year preceding  
10 the year in which the change in tax is to take effect. A municipality may not change  
11 the amount of the tax imposed under this section more than once every two years.  
12 The department may charge a municipality a one-time fee to cover the cost to the  
13 department of implementing a change under this subsection.

14 \* Sec. 2. This Act takes effect July 1, 1996.



# MATANUSKA-SUSITNA BOROUGH

Borough Manager

350 E. Dahlia Avenue, Palmer, Alaska 99645-6488  
Phone (907) 745-9689 • FAX (907) 745-0886

April 3, 1995

The Honorable Lyda Green  
Alaska State Legislature  
Rm. 423, State Capitol  
Juneau, Alaska 99801-1182

Dear Senator Green:

Thank you for the meeting with us recently to discuss legislative issues of interest to the borough. As we discussed at that meeting, I am providing a list of points in support of the draft legislation which would adjust the method of taxation of automobiles.

- This is not a new tax. The State of Alaska currently collects a "fee" on motor vehicles on behalf of local municipalities. Unfortunately, the fee schedule is far too low and does not allow municipalities any flexibility to adjust the schedule to their individual needs.
- The draft legislation would not increase state taxes. This legislation only allows local municipalities to raise or lower their taxes. If local governments are going to be burdened with cuts in revenue, they will need the tools to adjust local taxation programs in a manner that best meets their needs.
- State collection costs would be charged to the program. The point of registration is the most efficient manner to collect fees on motor vehicles. Under this program the state would charge its collection costs to the municipality on whose behalf the tax is collected.
- Many demands for local government services are related to roads and automobiles. The proposed legislation would allow local governments to recover some of the costs and generate revenues to provide services that relate to motor vehicles. Examples are: emergency medical and rescue services, road maintenance, and capital matching money for construction.
- Promote equity in the personal property taxation program. If the current very low vehicle tax were raised, the local municipality could generate sufficient funds to adjust or eliminate the onerous features of personal property taxation.

I hope this information is useful to you. The very restrictive personal property taxation laws in the State of Alaska have been a problem for municipalities, especially the Matanuska-Susitna Borough for a long time now. We greatly appreciate your willingness to finally craft some legislation in this regard that allows us to deal with this issue in a rational way.

Please give me a call if you require further information.

Sincerely,

A handwritten signature in cursive script, appearing to read "Donald L. Moore".

Donald L. Moore  
Borough Manager

er

cc: Jim Colberg, Assembly Member

# Alaska State Legislature



Official Business  
Fax : (907) 465-3472

Speaker of the House of Representatives

State Capitol  
Juneau, Alaska 99801-1182  
(907) 465-3720  
(907) 465-2689

November 27, 1995

Mr. Donald E. Ronda  
PO Box 832  
Homer, AK 99603

Dear Mr. Ronda:

Thank you for your letter regarding House Bill 272, relating to municipal motor vehicle taxes. Your comments regarding this bill are worthy of thorough consideration; therefore, I am passing a copy of your letter along to the bill's sponsor, Rep. Hanley. HB 272 is currently in our House Finance Committee which Rep. Hanley co-chairs, and I am certain he will include it in the bill packets for Finance Committee members to review. In addition, when this bill comes to the House Floor for a vote, I will keep your comments in mind.

Again, I appreciate hearing from you. When I can be of help in the future, please let me know.

Sincerely,

A handwritten signature in cursive script that reads "Gail".

Gail Phillips  
SPEAKER OF THE HOUSE

GP:jmj

cc: Representative Mark Hanley  
Co-Chair, House Finance Committee

RECEIVED NOV 20 1995

*Judi -  
Pls respond -  
didn't we  
already  
pass HB 272?*

P.O. Box 832  
Homer AK 99603  
November 14, 1995

Representative Gail Phillips  
126 W. Pioneer Ave., Suite 3  
Homer AK 99603

*Tim - it's in House  
Journal*

Dear Representative Phillips:

I'm writing in support of HB 272 which essentially is a housekeeping bill to correct omissions in HB 263.

HB 272 permits local government to set and adjust motor vehicle property taxes and so notify the state so that the state may continue the current practice of collecting these taxes at the time of vehicle registration.

In the last session, HB 86, which permits local government to exempt certain types of personal property from ad valorem taxes and enact flat rate taxes in their stead, was passed by both houses. Automobiles, trucks and RVs were included in this act.

Unfortunately, current law does not permit the state to collect flat rate taxes for motor vehicles unless the boro uses the standard decreasing flat rate imposed by the State of Alaska. These are clearly inequitable when compared with the taxes imposed on aircraft and boats. Presently in our borough a \$50,000 aircraft or boat pays approximately \$800 per year in property tax while an RV or automobile of equal value would pay a maximum of \$77 down to a minimum of \$7 depending upon its age.

The aviation and maritime industries and aircraft and vessel owners on the Kenai Peninsula are suffering because of this discrimination. As a comparison, Anchorage and MatSu currently charge a flat tax of \$75/\$125 for single/multi engine aircraft. Kodiak charges less than \$100 property tax on vessels. You can imagine the impression this makes on the owner of a \$100,000 airplane or seiner or crabber. Properties are being moved to neighboring boroughs to avoid these taxes. The service providers are also deserting the Kenai Boro as the properties requiring their services leave the area.

HB 272 is essential to fulfill the intent of HB 86.

HB 272 provides flexibility for local government to adjust taxes to best fit local conditions and needs.

HB 272 would make Kenai Boro taxes competitive with those of neighboring boroughs.

HB 272 permits passing a more equitable flat rate tax on autos instead of the state imposed inequitable declining rates.

HB 272 has widespread support among the more than 6700 airplane and boat owners here on the peninsula.

HB 272 has no fiscal impact on the State of Alaska.

For all these reasons I would appreciate your support in getting this important piece of legislation passed as soon as possible in the coming session. Thanks in advance for your help.

Sincerely,

*Donald E. Ronda*  
Donald E. Ronda

*Texted Judi  
11/22/95  
9:30 AM ①*

HOUSE COMMITTEE REPORT

4/19/95

(7)  
Date Referred: March 22, 1995

FURTHER REFERRALS:

Finance

Date of Committee Action: 4-18-95

The COMMUNITY AND REGIONAL AFFAIRS Committee considered:

HB 272

HOUSE BILL NO. 272

MUNICIPAL MOTOR VEHICLE TAX

"An Act relating to municipal taxation of motor vehicles; and providing for an effective date."

recommends it be replaced with the following committee substitute CS for HB 272 (CRA)  the same title  a new title

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

attached amendment(s)

ADOPTS: \_\_\_\_\_ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal note(s) Public Safety

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

zero fiscal note(s) CRA

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

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
	ELTON			✓	
	AUSTERMAN	✓			
	VEZEY		✓		
	KOTT		✓		
	NICHOLIA			✓	
	IVAN	✓			
		(2)	(2)	(2)	

CO-CHAIR'S SIGNATURE IVAN

AUSTERMAN

Municipal Accounting Report  
 State of Alaska  
 Division of Motor Vehicles  
 January 29, 1996

FISCAL YR : 95

LOCATION	VENDOR#	COLLOCODE	MVRT TOTAL	RETAINED	REFUNDS	REMITTED
BETHEL	CIB84214	64120043	\$40,600.00	\$3,248.00	\$0.00	\$37,352.00
DILLINGHAM	CID84836	64120051	\$27,374.00	\$2,189.92	\$0.00	\$25,184.08
NENANA	CIN84291	64120049	\$8,289.00	\$663.12	\$119.00	\$7,506.88
NOME	CIN84936	64120047	\$30,707.00	\$2,456.56	\$0.00	\$28,250.44
PETERSBURG	CIP84181	64120042	\$39,333.00	\$3,146.64	\$33.00	\$36,153.36
SITKA	CIB84599	64120053	\$49,939.00	\$3,995.12	\$71.00	\$45,872.88
UNALASKA	CIU84215	64120046	\$39,932.00	\$3,194.56	\$0.00	\$36,737.44
WHITTIER	CIW84474	64120048	\$4,053.00	\$324.24	\$0.00	\$3,728.76
KENAI	KPB88172	64120052	\$817,027.00	\$65,362.16	\$443.00	\$751,221.84
KETCHIKAN	KGB84466	64120041	\$229,990.00	\$18,399.20	\$89.00	\$211,501.80
KODIAK	KIB84128	64120045	\$181,177.00	\$14,494.16	\$32.00	\$166,650.84
MAT-SU	MAB84586	64120044	\$885,858.00	\$70,868.64	\$408.00	\$814,581.36
ANCHORAGE	MUA84635	64120040	\$4,523,234.00	\$361,858.72	\$2,531.00	\$4,158,844.28
TOTALS:			\$6,877,513.00	\$550,201.04	\$3,726.00	\$6,323,585.96

mvrvtot

Municipality  
of  
Anchorage



P.O. Box 196650  
Anchorage, Alaska 99519-6650  
Telephone: (907) 343-4431  
Fax: (907) 343-4499

*Rick Mystrom, Mayor*

OFFICE OF THE MAYOR

January 23, 1996

Representative Mark Hanley  
Alaska State Legislature  
State Capitol  
Juneau, Alaska 99801

Re: House Bill 272

Dear Mark:

The Municipality of Anchorage supports your efforts through House Bill 272 to enable municipalities to set the tax rate imposed on motor vehicles within their jurisdiction.

We believe passage of this bill will help Anchorage and other Alaska communities solve one of our nagging problems.

Road and street maintenance is becoming increasingly costly in Alaska. In Anchorage these costs are borne by property taxpayers. If local government was empowered to set vehicle registration fees, some of the road maintenance costs could be borne by the users instead of the property taxpayers.

HB 272 is a positive bill that addresses a major problem facing Alaska's cities. Thank you for leadership on this important issue.

Sincerely,

Rick Mystrom  
Mayor

MUNICIPALITY OF ANCHORAGE  
1995 LEGISLATIVE PROGRAM

LEGISLATIVE ISSUES

**TITLE:      Vehicle Registration Fees Set By Local Government**

The Municipality of Anchorage supports amending existing statutes to allow Municipalities and other local governments to determine appropriate motor vehicle registration fees to meet funding needs for their localities.

Road and street maintenance is becoming increasingly costly in Alaska. In Anchorage, these costs are borne by property taxpayers. One significant example of such costs involves the over \$100,000 of general tax revenues currently applied to cover the annual cost of removing abandoned and junk vehicles. A more equitable distribution of costs would involve empowering the local community to increase vehicle registration fees in order to increase the vehicle owners' share of road and street maintenance costs.

We support legislation that would allow a more equitable taxation on motor vehicles for each community. The current statute should be amended to allow each community participating in the Motor Vehicle Registration Tax program (AS 28.10.431) to establish individual rates for vehicle taxation. These individual community rates could be established within the state computer system. The rates would continue to be based on type and age of vehicle (information which is currently obtained from the state's vehicle registration files).

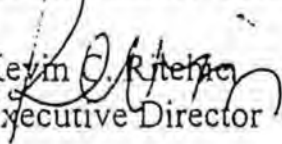
A legislative change in 1993 increased the administrative fee charged by the State Division of Motor Vehicles for administration of the Motor Vehicle Registration Tax program from 5% to 8%. For Anchorage, this fee is currently about \$330,000 annually. The State Division of Motor Vehicles should be able to accommodate any additional costs generated by the proposed local government determination of appropriate motor vehicle registration fees within the 8% fee. Since the amount of the 8% fee revenues to the State could increase significantly if local governments increase the amount of the Motor Vehicle Registration Tax, the Statutes should be amended to limit the State's fee to the actual costs for administration of the program not to exceed eight percent of the amount collected.

(more)



April 6, 1995

TO: Representative Mark Hanley, Chairman  
House Finance Committee

FROM:   
Kevin O. Rieher  
Executive Director

RE: HB 272 - Municipal Motor Vehicle Tax

On behalf of the Alaska Municipal League, I would like to thank you for introducing HB 272, which would allow municipalities who have a motor vehicle registration tax to change their tax rate not more than once every two years.

The League supports putting responsibility for setting the tax rates at the local level to be decided by the community and people who pay the tax and benefit from the proceeds of the tax.

HB272 would take the burden off the Legislature to change the amount of the motor vehicle registration tax, which is money that goes directly to municipalities.

The state provides an efficient collection system for the municipalities. The current state system to track and collect the fees could not be duplicated by any municipality. For its assistance, the state collects an 8 percent administrative fee plus any special up front costs to change rates. This bill represents a good partnership between the state and its municipalities.

There has been concern expressed over a possible public reaction to a substantial increase in the rates. First, it is no less an ordeal to raise tax rates on the local level than it is at the state level. Second, the League supports an effort to place appropriate information on the tax notice

# CORRECTION

THE FOLLOWING DOCUMENT(S)  
HAVE BEEN REFILMED TO  
ASSURE LEGIBILITY OR PAGINATION



rev. 6/98

Central Microfilm Services  
Department of Education  
State of Alaska

MUNICIPALITY OF ANCHORAGE  
1995 LEGISLATIVE PROGRAM

LEGISLATIVE ISSUES

**TITLE: Vehicle Registration Fees Set By Local Government**

The Municipality of Anchorage supports amending existing statutes to allow Municipalities and other local governments to determine appropriate motor vehicle registration fees to meet funding needs for their localities.

Road and street maintenance is becoming increasingly costly in Alaska. In Anchorage, these costs are borne by property taxpayers. One significant example of such costs involves the over \$100,000 of general tax revenues currently applied to cover the annual cost of removing abandoned and junk vehicles. A more equitable distribution of costs would involve empowering the local community to increase vehicle registration fees in order to increase the vehicle owners' share of road and street maintenance costs.

We support legislation that would allow a more equitable taxation on motor vehicles for each community. The current statute should be amended to allow each community participating in the Motor Vehicle Registration Tax program (AS 28.10.431) to establish individual rates for vehicle taxation. These individual community rates could be established within the state computer system. The rates would continue to be based on type and age of vehicle (information which is currently obtained from the state's vehicle registration files).

A legislative change in 1993 increased the administrative fee charged by the State Division of Motor Vehicles for administration of the Motor Vehicle Registration Tax program from 5% to 8%. For Anchorage, this fee is currently about \$330,000 annually. The State Division of Motor Vehicles should be able to accommodate any additional costs generated by the proposed local government determination of appropriate motor vehicle registration fees within the 8% fee. Since the amount of the 8% fee revenues to the State could increase significantly if local governments increase the amount of the Motor Vehicle Registration Tax, the Statutes should be amended to limit the State's fee to the actual costs for administration of the program not to exceed eight percent of the amount collected.

(more)

**Vehicle Registration Fees Set By Local Government  
(Continued)**

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

\* Section 1. INTENT. It is the intent of the legislature that every community participating in the Motor Vehicle Registration Tax program shall set their own rates of taxation; that this program shall continue to be administered and collected by the State of Alaska; that the State of Alaska shall continue to return all amounts so collected, less actual collection costs not to exceed eight percent of the amount collected, to the municipality for which the money was collected.

\* Section 2. AS 28.10.431(b) is amended to read:

Section 28.10.431(b). The tax is levied upon motor vehicles subject to the license fee under AS 28.10.411 and 28.10.421 and is based upon the type and age of vehicles as determined by model year according to the schedule established by each community participating in this program. If the community does not choose to establish their own schedules, the tax will be computed based on the following schedule:

\* Section 3. AS 28.10.431(e) is amended as follows:

Section 28.10.431(e). The department shall refund money collected under this section, less the departments actuals costs of administration not to exceed eight percent of the amount collected [less eight percent as collection costs], to a municipality for which the money was collected . . . .

**Contact:** Gene Dusek, Budget Director  
Office of Management & Budget  
**Phone:** 343-4490



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

April 6, 1995

TO: Representative Mark Hanley, Chairman  
House Finance Committee

FROM:   
Executive Director

RE: HB 272 - Municipal Motor Vehicle Tax

On behalf of the Alaska Municipal League, I would like to thank you for introducing HB 272, which would allow municipalities who have a motor vehicle registration tax to change their tax rate not more than once every two years.

The League supports putting responsibility for setting the tax rates at the local level to be decided by the community and people who pay the tax and benefit from the proceeds of the tax.

HB272 would take the burden off the Legislature to change the amount of the motor vehicle registration tax, which is money that goes directly to municipalities.

The state provides an efficient collection system for the municipalities. The current state system to track and collect the fees could not be duplicated by any municipality. For its assistance, the state collects an 8 percent administrative fee plus any special up front costs to change rates. This bill represents a good partnership between the state and its municipalities.

There has been concern expressed over a possible public reaction to a substantial increase in the rates. First, it is no less an ordeal to raise tax rates on the local level than it is at the state level. Second, the League supports an effort to place appropriate information on the tax notice

identifying it as a municipal tax and which municipal official to call if there are questions or comments.

Again, our thanks for your consideration on this issue and if you have any questions regarding the League's position, please do not hesitate to call me at 586-1325.

a:jk\hb272ltr



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

February 5, 1996

Representative Mark Hanley, Chair  
House Finance Committee  
State Capitol  
Juneau, AK 99811-1182

Re: HB 272

Dear Representative Hanley,

Both the Alaska Municipal League and the Alaska Conference of Mayors jointly approved a list of legislative priorities at the 44th Annual Local Government Conference in Valdez. **HB 272** was specifically approved as a piece of AML/ACoM priority legislation. The AML/ACoM represent all of the major municipalities and most of the smaller ones.

Two weeks ago the AML and ACoM affirmed this commitment to **HB 272** by identifying it as one of four pieces of top priority municipal legislation presented in meetings with the Governor and Legislators.

**HB 272** is a small, but important, step in giving municipalities the needed flexibility to design a system to revenue generation best suited to the needs and desires of the community. It is also a good partnership between the state and municipalities.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kevin Ritchie', written over a horizontal line.

Kevin Ritchie  
Executive Director

C:\kevin.legcomm:296hb272.doc

**TALKING POINTS**  
**HB 272**  
**ALLOWS MUNICIPALITIES TO SET**  
**MUNICIPAL MOTOR VEHICLE TAX RATE**  
**BY ORDINANCE INSTEAD OF STATE STATUTE**

- This is a municipal tax collected by the Department of Public Safety for an 8% collection fee. Currently, the municipal motor vehicle tax rate is set by the statute by the legislature. The legislature has not raised the rate significantly.
- Municipalities need assistance from the Department of Public Safety to collect the tax efficiently because the Department keeps has a mechanism in place to track motor vehicles and enforce the payment of fees through the registration process.
- If a municipality raises its rate to a level acceptable in the community, both the state and the municipality receive more revenue.
- If the rate is set by each municipality, it will reduce the public perception that this is a state tax.

**Alaska Conference of Mayors/ Alaska Municipal League  
Lobbying Information**

1. **Support the "Safe Communities" bill** as approved by AML and ACoM as the first step in simplifying and stabilizing the revenue sharing programs until the long range financial plan is put into effect. Without this bill up to 91 small communities will dissolve and transfer their service costs back to the state over the next several years. Also, taxpayers will recognize that the state has indirectly tripled property taxes in many communities and is continuing to try to balance the state budget on the backs of local taxpayers.
2. **Support making the Senior/Disabled Veteran Property Tax exemption a local option because this is 100% locally paid for.** The state must give municipalities flexibility to meet community needs.
3. **Support HB 272 to allow municipalities to set rates for the Municipal Vehicle Registration Tax.** This municipal tax is currently set by state statute. It is collected by the Department of Public Safety less and 8% collection fee.
4. **Support creating a state municipal task force to revise HB 154, the property "takings" bill.** Although municipalities support private property rights, this bill is so broad that it would essentially eliminate municipal zoning, environmental protection, building regulation, etc. Further, it would set up a economic impact assessment mandate that would stop or delay economic development and community projects.



Approval of legislation to give municipalities the ability to **adjust their Motor Vehicle Registration Tax** by ordinance.



Support of **quality education** for Alaskans through adequate funding for operations, maintenance, school debt reimbursement, and school construction. Support the revision of state statutes controlling the management and administration of local education.



Approval of legislation to allow **local option on the Senior Citizen Property/Disabled Veteran Tax Exemption** unfunded mandate on municipalities.



Support of Senate Joint Resolution 21 which proposes a **long term funding source** (ANWR revenues) for revenue sharing to municipalities and for school funding.



Support of efforts to **improve rural sanitation** through the construction and maintenance of the most cost effective treatment systems.



Support of legislation which proposes **supplemental land entitlements for municipalities**.



Support establishment of a task force to develop **balanced private property "takings"** legislation that does not create liabilities and unfunded mandates for municipalities.



# City and Borough of Sitka

100 LINCOLN STREET • SITKA, ALASKA 99835

February 6, 1996

The Honorable Mark Hanley  
Alaska State House of Representatives  
FAX 465-2418  
Juneau, Alaska

Dear Representative Hanley:

At an Alaska Municipal League teleconference today, I learned HB 272 relating to Municipal Taxation of Motor Vehicles will be discussed in a House Finance Hearing tomorrow. The City and Borough of Sitka supports this bill to provide flexibility to municipalities to impose or change a motor vehicle registration tax to provide local revenues.

This bill will also provide State revenues through the 8 percent collection fee. Municipalities need assistance from the Department of Public Safety to collect the tax efficiently and enforce the payment of fees through the registration process. Although Sitka does not intend at this time to raise municipal motor vehicle tax rates, at some time in the future, this may need to happen. HB 272 will facilitate this process and provide a measure of local control for municipalities to be able to set a rate at a level acceptable in each community.

Thank you for the opportunity to comment.

Sincerely,

Gary L. Paxton  
Administrator

cc: Alaska Municipal League  
Representative Grussendorf  
Senator Taylor



# **Representative Mark Hanley**

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## **Alaska State Legislature**

### **SPONSOR STATEMENT**

**House Bill No. 272**

**"An Act relating to municipal taxation of motor vehicles"**

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HB 272 would allow municipalities that impose a motor vehicle registration tax to increase or decrease the schedule currently set in statute. Currently, there is no provision to change or update the fee schedule. This change would relieve the legislature of the burden of adjusting rates by legislation.

A municipality electing to change its rates would be required to pass an ordinance in support of the change, and provide written notice of the change to the department at least one year before it would take place. The opportunity for change would be available once every two years.

The municipality would pay the one time programming cost for the change incurred by the Department of Public Safety. The department collects 8% of the gross as a collection fee; a rate increase would result in a larger base for collection.

Each municipality should be able to choose reasonable tax rates suited to its needs and situation. HB 272 gives communities another tool to decide on the local level how to handle their fiscal situations, and puts the responsibility for change where it belongs. This will become increasingly important as state funding for municipalities continues to decline. The local ordinance provision and the democratic process will ensure adequate public input on any tax rate changes.