

151

HCRA

HB

259

-

HB

272

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151

A M E N D M E N T

OFFERED IN THE HOUSE:

By: Community & Regional
Affairs Committee

To: Arneri HOUSE BILL No. 259

SENATE BILL No. _____

PAGE: 1

LINE: 12, 13

On page 1, line 12, delete the words "may be required to provide".

House Committee on
COMMUNITY & REGIONAL AFFAIRS

Meeting Minutes
March 14, 1975

Meeting was called to order for discussion of HB 259 and HB 136. Present were:

Rep. Sam Cotten, Chairman Rep. Oral Freeman
Rep. Kathryn Ostrosky Rep. Mike Hershberger
Rep. Glenn Hackney Rep. Al Ose
Rep. Larry Davis
Barbara Englert Thomas, Staff
Andrea Guernsey, Staff
Rep. Jim Duncan, Sponsor, HB 259
Don Berry, Municipal League
Senator Joe Orsini
Pat Poland, Local Government Specialist

- 1175 - Duncan stated that a CPA is often too expensive for small municipalities. The bill would allow them another option.
- 1192 - Cotten asked about the language, was it definitive enough? Duncan said there was no licensing requirement for accountants.
- 1210 - Rep. Ostrosky commented it was just another word for skilled bookkeeper.
- 1216 - Hershberger doesn't think there'd be a problem because it would be obvious in a small community who is qualified to do the work.
- 1222 - Another change Duncan wanted to make was to delete "may be required to provide" on line 12 and 13. Sam agrees. He wonders if they should add the word practising on line 15 in order to qualify the accountants. Duncan thinks it would be too restrictive, doesn't want it.
- 1246 - Hackney wants to know if they're going to hear from the CPA's about this bill.
- 1251 - Chairman Cotten asks Mr. Poland for the Dept. of C&RA's thoughts. He said Rep. Duncan had expressed the same thoughts. He said the bill wouldn't change the existing situation because CPA's are not required as it is right now..
- 1273 - Duncan doesn't think the CPA's would be adverse to it.
- 1296 - Ose gives example of Hines.
- 1307 - Duncan talks about public accountants. NO requirement now for CPA to do audit.
- 1332 - Ose says opening up to anyone with bookkeeping knowledge.
- 1337 - Cotten asked what are the qualifications for public accounting. There is an exam, Duncan says, but it is more stringent to be a CPA.
- 1368 - Freeman makes motion to amend by deleting "may be required to provide" on line 12 and pass the bill out.

Bill was amended and signed by 5 members due pass.

- 1309 - HB 136
- 1400 - Senator Orsini makes further comments.
- 1411 - Chairman Cotten gives a summary of the bill to Mike Hershberger who was absent at yesterday's meeting.

Committee discussion continues to end of side 1.

Meeting adjourned at 10:00 until 11:00.

HB 290, 291

Chairman cotten asked for the consensus of the Committee on these two bills. The members wanted them left in Committee until next year.

HB 377

Freeman doesn't see any reason for the bill. The rest of the Committee concurs. DEAD.

SB 125

This is the same one as HB 172 passed out earlier. Hershberger suggests leaving this one in committee and letting HB 172 go through the stages. Let a representative have this one. Rest of the members concur.

HB 293

The Chairman received a telegram from Kodiak who are opposed to this bill. Freeman said that the Anchorage city and borough are interested. Want to wait for more testimony on this one.

HB 259

Hackney wants to study for the rest of the session. Cotten said the sponsor doesn't want to see it again. Dead for now.

HB 218
SB 209

Cotten said there was a constitutional problme with these bills. Dead for now.

HB 322, 359

Hackney wants rep. Specking to come. Also Chenoweth. These bills will be taken up tomorrow.

ADJOURN

Meeting was adjourned at 10:00.

736 "G" STREET
ANCHORAGE, ALASKA

April 7, 1975

Hon. Samuel R. Cotten, Chairman
Committee on Community and Regional Affairs
Alaska House of Representatives
Pouch V, State Capitol
Juneau, Alaska 99801

Reference: HB 259; SB 238

Dear Sir:

The bills referenced above will, if enacted, have the effect of a dis-service to the second class cities and their populations by allowing their elected officials to appoint as "independent accountants" persons who are not required to achieve the technical and professional status mandatory under existing statutes. The law, regulations and appointed board which combine to administer public accountancy in Alaska have been developed over the years to protect the public from the practice of public accountancy by persons who may hold themselves out to be qualified, but whose potential clients cannot judge such qualifications. One of the greatest services legislators give to their constituents is protection against misrepresentation by pseudo-professionals who have just enough knowledge to be dangerous. You would not consider allowing the practice of medicine, law, engineering, architecture or other professions by persons whose only credentials are self-endowed.

The relatively unsophisticated small communities in the state have enough problems without exposing them to inexperienced auditing and accounting advice. The goal of Alaska should be to find ways to raise and maintain high standards. All of us must help to attain that end. Please call me collect if you feel there are contrary arguments that I am not aware of.

Sincerely,



W. H. Scott

WHS:LDS

975 AMR 26 PM 7 34

20040 NL KENAI ALASKA 54 03-26 410P ADT

PMS REP SAMIAL COTTEN

POUCH V

JUNEAU

HONORABLE SAMUAL COTTEN

I AM OPPOSED TO THE ADOPTION OF HOUSE BILL 259 AND SENATE BILL 238.

I FEEL THAT MUNICIPALITIES SHOULD BE AUDITED BY CERTIFIED PUBLIC ACCOUNTANTS. MUNICIPAL ACCOUNTING REQUIRES EXPERTISE AND EDUCATION IN THE FUNDAMENTALS OF MUNICIPAL ACCOUNTING.

IN ADDITION I FEEL THAT THESE BILL VIOLATE AS 8.04.560.

RICH BALWIN CITY ATTORNEY CITY OF KENAI

TELETYPE
ACE ALASKA COMMUNICATIONS, INC.
PHONE 908-6440
JUNEAU, ALASKA 99801

No Reply

575 MAR 25 PM 6 51

20028 NL KENAI ALASKA 54 03-26 410P ADT

PMS REP SAMUAL COTTEN

POUCH V

JUNEAU

HONORABLE SAMUAL COTTEN:

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IN ADDITION I FEEL THAT THESE BILLS VIOLATE AS 8.04.560.

JOHN F OCONNOR C P A LICENSE 298

TELEPHONE

BOA ALASKA
JUNEAU, ALASKA 99801

HB 259

J. SHELBY STASTNY
730 "I" STREET • ANCHORAGE ALASKA 99501

April 2, 1975

Representative Willard Bowman
Chairman, House Rules Committee
Pouch V
Juneau, Alaska 99801

Re: HB259

Dear Representative Bowman:

It has recently come to my attention that the above bill has cleared the House Community & Regional Affairs Committee and is currently being considered by your committee. In my opinion, this bill should not be referred to the floor of the House for the following reasons:

1. The bill effectively allows people who have not demonstrated ability in the area of financial reporting to "audit" the financial transactions of certain municipalities in the State. Since those who are currently permitted to perform this function are licensed by the Dept. of Commerce, this bill should at least be referred to the Commerce Committee for consideration of licensing problems.
2. The bill permits audits of certain municipalities by "independent accountants". Title 8 of the Alaska Statutes prescribes qualification to be met by public accountants and certified public accountants, but does not designate, or even mention, qualification necessary to be an "independent accountant". Passage of this bill would leave the State without a requirement that those auditing the financial records of these municipalities exhibit any expertise at all in the area which they are auditing. This does not seem to be in the best interests of the people of the State.

J. SHELBY STASTNY
730 "I" STREET • ANCHORAGE ALASKA 99501

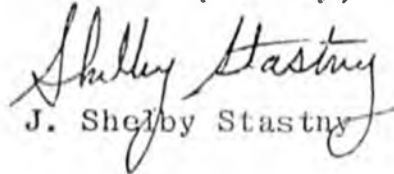
Representative Willard Bowman -2-

April 2, 1975

3. In most cases, the current wording of Section 29-48-220 does not place undue hardship on any municipality in the State and provides the citizens of the municipality with a safeguard that the financial affairs will at least be reviewed on an annual basis by a person who has demonstrated knowledge and abilities in the financial reporting area through the State licensing system. It would be a step backwards to remove that safeguard.

Please feel free to contact me if I can provide further information regarding this bill.

Yours very truly,


J. Shelby Stastny

JSS:sd

cc: All Members of the
Alaska House of Representatives

HB 259

ALASKA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

P. O. BOX 675
ANCHORAGE, ALASKA 99501

March 28, 1975

The Honorable Patrick Rodey, Senator
State of Alaska
Pouch V, State Capitol
Juneau, Alaska 99801

Dear Senator Rodey:

I had hoped to appear before the Senate Committee of Community and Regional Affairs, of which you are chairman and present testimony in opposition to SB 238. As you know the hearings on this bill were scheduled for 3:00 P.M. March 27, 1975 but due to bad weather Alaska Airlines was unable to land in Juneau, therefore I was unable to appear.

I have devoted a large portion of my professional life to the accounting and auditing problems of municipal government. I feel very strongly that the passage of SB 238 or a similar bill such as HB 259 would be contrary to the public interest as any opinion audit work performed by individuals other than public accountants or certified public accountants is unacceptable in support of any bond issue current or future issued by the local government.

Opinion audit work on all Federal program monies is required to be performed by public accountants or certified public accountants.

Quotes from the following authoritative sources will support the above statements:

1. Quote from Governmental Accounting, Auditing, and Financial Reporting, published in 1968 by the National Committee on Governmental Accounting of the Municipal Finance Officers Association; Page 128

"To conform with the longstanding recommendations of this Committee, such post-audits should be performed by certified public accountants or, in the states which have them, by registered municipal accountants."²

When post-audits are made by independent public accountants, several matters of importance arise which must be properly handled if optimum results are to be achieved from the audit. First and foremost is the fact that all auditors should be selected only on the basis of professional competence and experience. This will not only mean that the auditor should be a certified public accountant authorized to practice in the jurisdiction being audited, but that he should have appropriate experience in the audit of governmental units and a demonstrated high level of attainment in such a professional practice."

ALASKA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

P. O. BOX 675
ANCHORAGE, ALAS. 'A 99501

Senator Rodey
March 28, 1975
Page 2

2. Quote from Audit Guide and Standards for Revenue Sharing Recipients, published in 1973 by the Department of Treasury, Office of Revenue Sharing, Appendix B § 51.2(h).
"Independent public accountants" means independent certified public accountants or independent licensed public accountants certified or licensed by a regulatory authority of a State or other political subdivision of the United States."
3. Quote from Standards for Audit of Governmental Organizations, Programs, Activities and Functions; published in 1972 by the Comptroller General of the United States; United States General Accounting Office; Appendix I.

" QUALIFICATIONS OF INDEPENDENT AUDITORS
ENGAGED BY GOVERNMENTAL ORGANIZATIONS

When outside auditors are employed for assignments requiring the expression of an opinion on financial reports of governmental organizations, only fully qualified public accountants should be employed. The type of qualifications, as stated by the Comptroller General, deemed necessary for financial audits of governmental organizations and programs is quoted below:

'Such audits shall be conducted ***by independent certified public accountants or by independent licensed public accountants, licensed on or before December 31, 1970, who are certified or licensed by a regulatory authority of a State or other political subdivision of the United States: Except that independent public accountants licensed to practice by such regulatory authority after December 31, 1970, and persons who although not so certified or licensed, meet, in the opinion of the Secretary, standards of education and experience representative of the highest prescribed by the licensing authorities of the several States which provide for the continuing licensing of public accountants and which are prescribed by the Secretary in appropriate regulations may perform such audits until December 31, 1975; provided, that if the Secretary deems it necessary in the public interest, he may prescribe by regulation higher standards than those required for the practice of public accountancy by the regulatory authorities of the States.'¹

¹Letter (B-148114, Sept. 15, 1970) from the Comptroller General to heads of Federal departments and agencies. The reference to "Secretary" means the head of the department executing the instrument in which the quotation appears."

ALASKA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

P. O. BOX 675
ANCHORAGE, ALASKA 99501

Senator Rodey
March 28, 1975
Page 3

Note that only certified public accountants will qualify to conduct audits under these standards after December 31, 1975.

4. Quote from Requirements for Approved Projects published in 1969 by the Office of Audits U.S. Department of Commerce Economic Development Administration, Exhibit CC.

"C. Audits by Independent Public Accountants

1. The term "Independent Public Accountant" as used herein means an independent certified public accountant or independent licensed public accountant, certified or licensed by a regulatory authority of a State or other political subdivision of the United States. The word "independent" is used in the same sense as prescribed by the American Institute of Certified Public Accountants in Rule 1.01 of Article 1 of the Code of Professional Ethics, as amended March 4, 1965."

I have attached a resume of my personal professional qualifications in order that you may independently evaluate the basis from which I speak.

Again I believe that the passage of either SB 238 or HB 259 would be a great disservice to the municipal governments of Alaska and the citizens which they represent.

Very truly yours,

ALASKA SOCIETY OF C.P.A.'s

Vernon R. Johnson
President-Elect

VERNON R. JOHNSON

Current position: Audit Manager, Peat, Marwick, Mitchell & Co.,
736 G Street, Anchorage, Alaska 99501

Professional background:

I have lived and practiced accounting in Fairbanks for 4½ years and in Anchorage for 5 years. Prior to living in Alaska I practiced accounting in San Francisco, California and conducted Grand Jury audits on San Mateo and Marin Counties. I am a C.P.A. in both Alaska and California.

Municipal audits in Alaska for which I have had full responsibility or acted as expert consultant are as follows:

1. Greater Anchorage Area Borough and Anchorage Borough School District
2. City of Anchorage
3. City of Dillingham and Dillingham School District
4. City of Bethel
5. Nome Public Schools
6. City of Kotzebue
7. City of Fairbanks and Fairbanks Municipal Utility System
8. Fairbanks North Star Borough and School District
9. Kodiak Island Borough and Kodiak Public Schools
10. Greater Sitka Borough
11. City of Wrangell
12. City of Petersburg
13. Ketchikan Gateway Borough

I have taught principles of accounting for three semesters for the University of Alaska and governmental accounting during the spring semester of 1974 for the Senior Division of the University of Alaska, Anchorage.

In addition to this I have recently written a chapter on unique auditing requirements of municipal governments for inclusion in an audit guide which will set audit standards for the 107 U.S. offices of Peat, Marwick, Mitchell & Co. I also reviewed and edited other chapters contained in this manual.

I am a charter member of the Municipal Finance Officers Association of Alaska and the Alaska School Business Officials Association and I have presented various programs to these organizations. I have been active in the Alaska Municipal League since 1966 and have had responsibility for the audit of the League for the past two years.

I am a member of the American Institute of Certified Public Accountants, the California Society of C.P.A.'s and the Alaska Society of C.P.A.'s. I have been a member of the Board of Directors of the Alaska Society of C.P.A.'s for the past three years and am currently President-Elect of that group.

ALASKA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

P. O. BOX 675
ANCHORAGE, ALASKA 99501

TO: MEMBERS OF THE ALASKA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

I have appended copies of HB 259 and its companion bill S 238 introduced in the current legislature and a copy of the statute as it presently reads. Also enclosed is a list of individuals comprising the Community and Regional Affairs committees of the House and Senate. I urge each of you to contact members of the committees and other legislators to prevent passage of this legislation.

It appears the bills accomplish two changes:

1. They would eliminate the requirement that second class cities either provide an audit or statement of annual income and expenditures; and
2. They introduce a new group of accountants designated as independent accountants.

The law, as presently in effect, allows second class cities the option of providing an audit or statement of annual income and expenditures. There is no requirement that the statement of income and expenditures be audited. It recognizes the impracticality of requiring audits of all second class cities and provides the option of a minimal reporting requirement. The proposed legislation appears not to be in the best interest of the public in that it eliminates this minimal required fiscal reporting by second class cities.

The second proposed change to the law expands the reference to public accountants to "either an independent accountant, a public accountant or a certified public accountant". This change is intended to give statutory recognition to a third class of accountants and is objectionable and opposed to the public interest for a number of reasons. Primary among those reasons is the total lack of control over any unqualified individual who may wish to designate himself as an "independent accountant" and give the impression of expertise when in fact no such expertise exists. Further, the proposed change appears to be in violation of Sec. 08.04.560 which states:

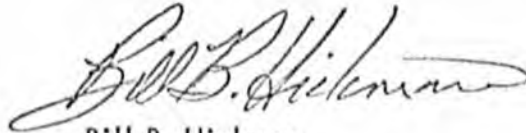
"No person may sign or affix his name or any trade or assumed name used by him to any accounting or financial statement, or opinion or report on any accounting or financial statement with any wording indicating that he is a certified public accountant or public accountant or with any wording indicating that he has expert knowledge in accounting or auditing, unless he holds a live permit and his offices in this state for the practice of public accounting are maintained and registered as required by §§350-380 of this chapter. (§ 15(7) ch 187 SLA 1960)."

Municipal auditing and accounting are rather complex activities governed by local, state, and federal laws and accounting principles peculiar to local governments. The importance of high standards of accountability has increased in recent years as acceptance of state and federal funds carries with it the responsibility to demonstrate compliance with various use restrictions. At a time when most states are moving toward more stringent regulation of individuals representing themselves as accountants to the public, the State of Alaska is ill advised to drop all such regulations as it applies to Municipal auditing.

The Board of Directors has reviewed the proposed legislation and is on record in opposition to it. Your assistance will be appreciated.

Very truly yours,

ALASKA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS



Bill B. Hickman
President

Note - This legislation has cleared the house committee and is expected to reach the floor in 7-10 days. A strong and unified effort will be required to defeat it.



THOMAS, HEAD & GREISEN
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS
717 K STREET, SUITE 202
ANCHORAGE, ALASKA 99501
TELEPHONE 272-1571

March 28, 1975

Ted Smith
Pouch V
State Capitol
Juneau, Alaska 99801

Re: HB259 and SB238

Dear Ted:

I thought you would be interested in the reactions of the CPA's to the above referenced bills. My own reaction in addition to Bill Hickman's is that I would personally prefer that the municipalities in question not be required to have an audit at all unless actually needed to comply with some grant program, etc. I would rather see the State develop an internal audit staff which could assist such people.

Our boat is still in Juneau and looks like we are going to have to come down and get it. If you know of anybody heading north and would like to pull a 21 foot boat up for us, let me know. We would be glad to pay for the service. If you know of anybody drop me a line.

Sincerely,



Pat Head

HPH:sa

SCRA
4/1/75

Thurs SSIB 605

Fr. 123270

UNRA

State (cont'd) of ...

Various ...

1. ...

2. ...

3. ...

4. ...

5. ...

6. ...

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9. ...

10. ...

11. ...

12. ...

13. ...

14. ...

15. ...

16. ...

Hearings

HB259

3/13/75

Rep. Duncan

3/14/75

CRA

Ak Municipal League

<u>Notified</u>	<u>Present</u>	<u>Testified</u>
x	x	x
x	x	x
x	x	

HB - 261

"An Act relating to residential property exemption from real property tax."

COMMITTEE REPORT

3/5/75

HOUSE

JUDICIARY

Mr. Speaker

Date

3-18-75

The Committee on C&RA
~~REVENUE~~ has had HB 261

under consideration. A Majority of the members of the Committee

() recommends it DO PASS

() recommends it DO NOT PASS

() recommends it DO PASS WITH ATTACHED AMENDMENT(S)

() recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

(x) "and" recommends it BE REFERRED TO THE FINANCE

COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

RECOMMENDATION BE REFERRED TO FINANCE

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Chairman

MEMORANDUM

State of Alaska

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

DIVISION OF LOCAL GOVERNMENT ASSISTANCE

TO: JACK CHENOWETH
DIRECTOR

DATE: MARCH 25, 1975

FILE NO:

TELEPHONE NO:

FROM: S. ROBERT DOZIER *SRP*
STATE ASSESSOR

SUBJECT: HOUSE BILL NO. 261-(SB NO. 229) AN
ACT REALTING TO RESIDENTIAL PROPERTY
EXEMPTION FROM REAL PROPERTY TAXATION

House Bill No. 261 amends AS 29.53.025(a) by removing the existing \$10,000 exemption limitation on residential property and allows municipalities, through referendum and subsequent local ordinance, to exempt in part or in full residential property from taxation.

The \$10,000 residential property limitation provision was enacted as an important and necessary part of House Bill No. 1 FSS ch 1, SLA 1973, which is an act administered by the Department of Revenue, providing for taxes on property used in the exploration for, production of or pipeline transportation of gas or unrefined oil.

Residential property may be defined as "land and buildings in part or in whole zoned or used or capable of being used, in connection with human habitation. Examples include; single family residence, duplex, apartment, condominium, farm and multi-purpose buildings."

Residential property as defined above, may in some cases be the major tax base within a municipality. Several boroughs and cities are enjoying grandfather rights relating to exemption of personal property in whole or in part as authorized by AS 29.53.025(c)-(d). In addition, other optional exemptions are being utilized which further narrows the tax base. It is evident that the effective tax rate is governed by the tax base. The broader the base, the lower the levy.

The rate of levy set by council must be extended against all taxable property within the taxing jurisdiction. When the majority of the local tax base is exempt or excluded from taxation by state law or authorized and excercized through local option, municipal revenue required to fund municipal services must be raised by an increased mill rate on the remaining taxable properties. When the remaining property primarily consists of oil and gas property as assessed and taxed by the Department of Revenue, the cost of providing municipal services is shifted from local residents directly to the state in the form of a tax credit.

House Bill No. 261 if enacted, will provide an additional revenue sharing ~~measure~~ for existing and potential municipal taxing jurisdictions which are, or will be, endowed with an extensive industrial development tax base consisting of oil and gas production and pipeline property.

Before taking final action on any proposed legislation relating to ad valorem taxation in Alaska, the direct and indirect effects of all existing and proposed property tax relief and reform measures, including exemptions, exclusions, limitations, use value and deferred taxation measures should be considered and analyzed collectively by the legislature in light of the over all impact upon the State and units of local government.

TAPE #6
side 2
1130-end

HOUSE COMMUNITY & REGIONAL AFFAIRS COMMITTEE

Meeting Minutes
March 26, 1975

Meeting was called to order at 9:00 for discussion of HB 261 and HB 272. Present were:

Rep. Sam Cotten, Chairman	Rep. Larry Davis
Rep. Kathryn Ostrosky	Rep. Mike Hershberger
Rep. Al Ose	Rep. Oral Freeman
Rep. Glenn Hackney	
Barbara Enslert Thomas, Staff	
Mireia Guernsey, Staff	
Bob Dozier, State Assessor	
Rep. Gruening, Sponsor 272	
Danny Plotnick, Office on Aging	
Don Berry, Municipal League	

HB 261

1130-Cotten gives in production.

(1143) Dozier explains the whys of the \$10,000 limit.

Because Rep. Malone, Sponsor, couldn't be here the meeting was postponed until later.

HB 272 was then taken up.

(1212) Rep. Gruening, Sponsor, gave testimony. Home owners have more advantages than renters in deduction of taxes and equity. Rebate for renters needed. HB 272 allows payment on monthly basis, different from SB 218 and HB 168. Dept. of C&RA reimburses. Apportionment is the problem; time element-renter may not be there whole taxable year; how to divided by units. HB 168 proposed by bedrooms; HB 272 leaves it up to C&RA to determine formula.

(1305) Freeman asked for a fiscal note. Gruening had none.

(1414) Freeman asked how many renters. Gruening didn't have figures.

(1471) Dozier explains formula used for determining number. Based on 1970 census-6,950 senior citizens . 4,000 heads of households in 1976. Renter occupied 25% less valuable than owner occupied. (1525) Cotten asked where 25% came from. Dozier just nicked it; could be more or less. \$620,000 using reimbursement formula.

(1600) Dozier-\$33,000 for present owner occupied senior citizen program. Double that for center. 2,000 renters would apply for program.

(1650) Freeman suggests setting up fund which would return set amount, say \$30. Take the burden off municipalities.

(1700) Hershberger says let it be returned along with State income tax. Let one dept. take care of it.

(1757) Plotnick reads statement of the position of Office on Aging and HESS. Said there are presently 7,300 senior citizens in State. (65 or over)

Meeting adjourned at 10:00 (end side 2)

Meeting was reconvened at 11:00 for discussion of HB 261. All those at first meeting were present except for Plotnick, Freeman & Hackney. Rep. Malone, Sponsor was present.

Malone says bill would give municipality more flexibility in taxing by taking \$10,000 limit out.

(59) Comments on Mr. Doziers memo.

(74) Discussion of tax limit.

(276) Discuss implications of exclusion of \$10,000.

End discussion of HB 261 (1030)

HB 272, HB 168 (Rick Urion)

(1030) Cotten gives introduction.

(1114) Urion says the problem is determining how much money person will get.

(1157) Urion-proportioning by bedrooms, pg 2 para 2, would solve the administrative headaches. Would be too hard to determine by square feet or otherwise. IN HB 272 doesn't think municipality should pay, the State should.

(1265) Cotten not happy with fiscal note. Dozier's figures too arbitrary.

(1334) Malone asked for summary of the problems.

Cotten said concept was good. Problems are who should administer rebate payments? Cost? formula for devising amount returned?

(1356) Malone asked for administrative costs.

HB 168, SB 218-\$65,000. Rebates-\$671,000 (high)

(1377) Hershberger likes Freemans idea of fund.

Meeting adjourned at 12:00 for lunch. (1402)

Introduced: 3/5/75
Referred: Community & Regional
Affairs and Judiciary

Finance

1 IN THE HOUSE

BY MALONE

2 HOUSE BILL NO. 261

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to residential property exemption
7 from real property tax."

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

9 * Section 1. AS 29.53.025(a) is amended to read:

10 (a) Municipalities may exclude or exempt or partially exempt
11 residential property from taxation by ordinance ratified by the voters
12 at a regular or special election. [AN EXCLUSION OR EXEMPTION AUTHORIZED
13 BY THIS SECTION MAY NOT EXCEED \$10,000 FOR ANY ONE RESIDENCE.]

14
15 *Municipality should have the option.*
16 *applies to oil property.*

17
18 *Remaining Bus. prop. & pipeline*

19
20
21 *PIPELINE can be TAXED at 20 mills*
22 *7/13*

23
24 *subject to*
25 *other limitations*

26
27 *46.53.*

Hearings

HB261

3/26/75

Ak Municipal League
QA (esp. Dozier)
Rep. Malone

Notified Present Testified

X
X
X

X
X

X

Municipal League
Dozier
(Malone)

X
X
X

Continuing

H/B - 265

COMMITTEE REPORT

3/21/75

HOUSE

FINANCE

Mr. Speaker:

Date 3-28-75

The Committee on C&RA has had HB 265

under consideration. A Majority of the members of the Committee

() recommends it DO PASS

() recommends it DO NOT PASS

() recommends it DO PASS WITH ATTACHED AMENDMENT(S)

() recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

() "and" recommends it BE REFERRED TO THE _____

COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other" *reports it back with individual recommendations*

Members signing the Majority report:

[Handwritten signatures]

Members NOT concurring in the Majority report:

[Handwritten signature] recommends: Do not pass

[Handwritten signature] recommends: Do not pass

_____ recommends:

_____ recommends:

_____ recommends:

[Handwritten signature] Chairman

HOUSE COMMUNITY & REGIONAL AFFAIRS COMMITTEE

Meeting Minutes
March 28, 1975

Meeting was called to order at 9:00 for discussion of HB 265, 266
HB 223 and SB 207 am. Present:

Representative Sam Cotten, Chairman

" Al Ose
" Larry Davis
" Kathryn Ostrosky
" Glenn Hackney
" Oral Freeman

Barbara Englert Thomas, Staff

Andrea Guernsey, Staff

Jean G. Muhou, City Clerk, Anchorage

Mary Coffery, Borough Clerk, GAAB

Judi Slajer, Borough Clerk, Ketchikan Borough

Donald E. Clocksin, Legal Services

HB 265, 266 (community assistance)

(495) First order of business of HB 265. Chairman Cotten read a letter from Commissioner McAnerney saying that only 1st and 2nd class cities were eligible for grants--Home Rule cities are not. This clears up Ose's problem of Anchorage maybe trying to use this program. Rep. Ostrosky moves to report bills out. Reps. Hackney and Freeman object. The Chairman calls for a show of votes to report out. Four voted to move out: Cotten, Davis, Ose and Ostrosky. Bills reported out with individual recommendations.

HB 223, SB 207am

(580) Next on the agenda were election bills. Ms. Slajer said they wanted the language of SB 255 in SB 207am. Hackney objects to taking up bills not in this committee (SB 255). Testimony was restricted to 207 and 223.

(712) Rep. Ostrosky notes technical error in spelling of the word "runoff". Word is hyphenated in SB 207 and not in HB 223.

(725) Ms. Slajer in favor of concept in SB 207 but want to change the wording a little. SB 255 is same but better wording. Rep. Davis asked if it wasn't already in ordinance requiring run off for Mayor. Want to exempt all from run off except Mayor.

(767) Ostrosky asked if they needed a plurality vote? Yes, they do.

(775) Hackney--HB 223 requires exemption be ratified by voters--essential. Different from SB 207. (800) Coffery explains problem with GAAB. Two different sets of standards for same body. Hackney wants people to be able to vote. Coffery wants option by ordinance. Rather than voting on the question the people would vote on the people and if they weren't satisfied the council would hear about it. (885) Ose definitely opposed to ordinance. (898) Freeman wants to know what is wrong with council making ordinances? (925) Ms. Coffery said this position was endorsed by the Alaska Association of Municipal clerks which includes 37 municipalities. (947) Hackney asked what objections they had to the people voting on the question. Jean's response was that the people would voice their displeasure. Coffery explained the GAAB situation. She thinks run off is farce.

HOUSE COMMUNITY & REGIONAL AFFAIRS COMMITTEE

Meeting Minutes
March 25, 1975

Meeting was called to order at 9:00 for discussion of HB 140, 265, 266. Present were:

Rep. Sam Cotten, Chairman	Rep. Mike Hershberger
Rep. Kathryn Ostrosky	Rep. Glenn Hackney
Rep. Al Ose	Rep. Oral Freeman
Rep. Larry Davis	
Barbara Englert Thomas, Staff	
Andrea Guernsey, Staff	
Bob Pavitt, planning consultant	
Don Clocksin, Alaska Legal Services'	
Dave LeBlonde, A.G.'s office	
Mike Harper, Deputy Commissioner, C&RA	

HB 140

(15) Mr. Pavitt gave testimony saying that 42 states now had some sort of official map act. The committee substitute is good, changing shall to may is OK. It's good for the planners and subdividers to be pre-advised of the plans of the municipality. He offered a suggested amendment to be placed after paragraph A.

(291) Cotten asked about the intent of section E. Bob said in essence what they're talking about is a tax rebate. He thinks the bill should clarify the tax status of the land to avoid a rip off.

(373) Why is the amendment necessary, Cotten asked. There should be a statement as to the effect of the map, what it does and what it doesn't do. (442) Rep. Ostrosky, sponsor, thinks the suggestion is good.

(463) end discussion of HB 140.

HB 265, 266

(480) Mr. Clocksin gave a short run down of the background of the bill. It came out of the Bush Justice Conference held in Minto. Addresses the problem of a lot of unincorporated villages who don't have enough sufficient funds to pay for an attorney.

(570) Cotten asked if he expected many first class cities to make requests. Clocksin didn't think so but knew of one request right now (ANgoon).

(586) Mr. Harper made a few comments. His Department endorses the project. ON the question of additional staff he said that the local government specialists weren't prepared to answer questions about legal problems.

(653) Ose wondered how many hours of legal time \$50,000 would buy, and how many villages will request. There won't be a lack of equests Harper said, but there is no way of telling how many projects the money will fund. In order to determine if they need assistance the Dept. will have to set requirements. (760) Clocksin noted that there was no way to set the exact costs right now, it will have to be on an

experimental basis.

(832) Dave LeBlonde gave his opinion as the drafter of the bill. On the question of an attorney being placed in the A.G.'s office he said it might cause a conflict of interest. The same might prove true if the Dept. of C&RA had a lawyer placed on staff for the same purpose. (952) Cotten made the comment that it would probably cost more money to keep a full time attorney on staff, what with travel money and per diem costs.

(941) Mackney pointed out that C&RA would have to decide if these communities needed legal assistance without any of them having legal experience.

(982) Rep. Ostrosky voiced strong support for the bill. Response to an expressed need.

(1010) Ose was worried that it would open up to anybody, even Anchorage. Clocksin said that Anchorage would not be eligible and only those that were otherwise unable to attain legal assistance would be included.

(1041) Freeman sees no connection between this bill and the Bush Justice conference. He is an advocate of a roving city manager in the Dept. of C&RA but he thinks this approach is all wrong.

(1122) Cotten asked how many wanted to report the bill out. There was not a majority.

After no further discussion the meeting was adjourned at 10:00 (1130).

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 Court in need in regard
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although the Dept of
 C&RA's
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 were strongly
 & unable to handle
 all legal cases.

(Tape of this meeting
in Judiciary)

JOINT HOUSE JUDICIARY
and
COMMUNITY & REGIONAL AFFAIRS

Meeting Minutes
March 19, 1975

Meeting was called to order at 9:00 for discussion of HB 265, 266. Present were:

Rep. Sam Cotten, Chairman C&RA	Terry Gardiner, Chairman Judiciary
Rep. Oral Freeman	Rep. Tom Fink
Rep. Kathryn Ostrosky	Rep. Fred Brown
Rep. Al Ose	Rep. Parr
Rep. Glenn Hackney	Paddy Moriarty, Staff
Rep. Mike Hershberger	Tom Turnbull, Staff
Rep. Larry Davis	
Barbara Englert Thomas, Staff	
Andrea Guernsey, Staff	
Don Berry, Municipal League	
Don Clocksin, Deputy Director, Alaska Legal Services	
Michael Harper, Deputy Commissioner, C&RA	
Dave LeBlonde, A.G.'s office	

Don Clocksin started his testimony in favor of the bills by giving their background. This idea came out of the Bush Justice Conference held in Minto in June, 1974. There is increasing pressure on rural Alaska and increasing needs for technical assistance, especially in the legal area. The Department of Community and Regional Affairs has several Local Government Specialists which often serve as quasi lawyers but the need is greater. The grants under this program will go to local governments or villages in unincorporated areas. They will not go to individuals. Mr. Clocksin gave the example of the problem Angoon has. Angoon applied to EDA for funding for a warehouse and dock operation but EDA told them they needed a lawyer. This is one example of when this program would be utilized.

Mr. Clocksin stated that originally they asked for \$100,000 in HB 266. Rep. Brown said he didn't think the money should only be appropriated by the Legislature but that they should use federal monies if they can. Clocksin said this might be possible. Brown also said mention of villages created by the Native Claims Settlement Act only cluttered up the bill. Clocksin said this was so there was no future chance of misinterpretation or who is eligible. Rep. Brown said that \$50,000 was not enough to help anybody. There was no way to know right now, Clocksin said.

Much of the rest of the hour was spent talking about costs of incorporation and the assistance that C&RA offers. Mr. Harper offered basically the same viewpoint as Mr. Clocksin and answered the Committee's questions about his department, and their role in this program.

There was discussion on the best way to utilize a lawyer for the program: a full time person on the staff of C&RA; a lawyer in the A.G.'s office (would cause conflict of interest); roving city manager.

Meeting was adjourned at 10:00.

HB 265

TELEGRAM

SCA ALASKA COMMUNICATIONS, INC.

PHONE: 586-6440

1975 MAR 19 PM 1 47

JUNEAU, ALASKA 99801

02009 ANCHORAGE AK 92 03-19 1040A ADT

PMS HON ~~SAM~~ COTTEN

HOUSE OF REPRESENTATIVES

JUN

ACCEPT THIS AS RURAL ALASKA COMMUNITY ACTION PROGRAM'S
FULL ENDORSEMENT OF HB 265, PROVIDING FOR A LEGAL ASSISTANCE
GRANT FUND. LEGAL ASSISTANCE IS A CRITICAL NEED THROUGHOUT
THE UNORGANIZED BOROUGH, ESPECIALLY IN LIGHT OF MOVEMENT
TOWARD LOCAL CONTROL OF SCHOOLS AND THE DEVELOPMENT OF
LOCAL GOVERNMENTS. HB 266 PROVIDING DLRS 50,000 FOR THE PROGRAM
IS A GOOD STEP; HOWEVER, IF MORE FUNDING IS AVAILABLE IT
WOULD BE NEEDED. GRANT FUND CONCEPT APPROVED BY BUSH JUSTICE
CONFERENCES, WASILLA MEETING, ETC. STRONG SUPPORT FOR THIS
BILL EXISTS STATEWIDE. THANK YOU FOR YOUR HELP.

PHIL SMITH EXECUTIVE DIRECTOR RURAL CAP

HB 265

TELEGRAM

PCA ALASKA COMMUNICATIONS, INC.

PHONE: 586-6440

JUNEAU, ALASKA 99801

1975 MAR 19 PM 3 51

02025 ANCHORAGE AK 44 03-19 1110A ADT

PMS REP SAM R COTTON

JUN 1856

WE STRONGLY ENDORSE HB265 QUOTE CREATING THE COMMUNITY
LEGAL ASSISTANCE GRANT PROGRAM UNQUOTE AND
HB266 ACCOMPANYING APPROPRIATION FOR THIS PROGRAM.
YOUR FAVORABLE REACTION TO THESE BILLS WOULD BE GREATLY
APPRECIATED. THANK YOU FOR YOUR CONSIDERATION OF OUR REQUESTS.

GORDON JACKSON EXECUTIVE VICE PRESIDENT

HUMAN RESOURCES ADMINISTRATION AFW INC

LAW OFFICES OF
ALASKA LEGAL SERVICES CORPORATION
315 FIFTH STREET, SUITE 8
JUNEAU, ALASKA 99801
TELEPHONE 586-~~XXXX~~ 6425

April 11, 1975

MEMORANDUM

TO: Representatives Cotton, Guy, Gardiner, Itta
FROM: Donald E. Clocksin
DATE: April 11, 1975
RE: HB265-66, Community Legal Assistance Grant Program

I have an additional example of where the funds made available under these bills could be used. A Bethel area village, *Akolmiut*, wants to purchase its own boarding home in Bethel for the students from that village when they go to the Bethel Regional school. They need legal assistance to negotiate the purchase of the building, the transfer of title to the building, the acquiring of insurance appropriate for a boarding home, and the completion of foster home licensing applications. Much of the work that needs to be done for this village can only be done by an attorney. The project is beneficial because of the lack of boarding home facilities in Bethel - by purchasing the home the village will assure that its students have adequate living facilities while attending high school.

DEC:mjb

LAW OFFICES OF
ALASKA LEGAL SERVICES CORPORATION
315 FIFTH STREET, SUITE B
JUNEAU, ALASKA 99801
TELEPHONE 586-~~616~~6425

MEMORANDUM

TO : Reprs. ✓ Cotton, Gardiner, Guy and Itta
FROM : Don Clocksin *DCL*
SUBJECT: HB 265-66, Community Legal Assistance Grant
Program - Floor Debate
DATE : April 3, 1975

When these bills come up on the House floor you may want to refer to this material.

1. Background. In June, 1974, a Conference on Justice in the Bush was held at Minto, Alaska. At that Conference residents of rural Alaska met with state officials to determine the needs of bush Alaska. To assure that the needs and desires expressed at Minto were carried out, a Monitoring Committee was established. Out of the work of that committee came the recognition that many small villages and towns were being faced with increased responsibilities. One tool they often needed to help run their own affairs was legal assistance. The Local Government Specialists (LGS's) provided through the Department of Community and Regional Affairs were very helpful in the bush, but the fact they were not lawyers meant that some times there were problems they couldn't solve. A supplement to those LGS's was needed.

2. The bills. HB 265 would create the Community Legal Assistance Grant Fund in the Department of Community and Regional Affairs. Grants could be made to villages or groups of villages that needed legal help not available through the LGS's and which they could otherwise not afford. Grants cannot be made to regional or village corporations created under the Alaska Native Claims Settlement Act, and could only be made for special, one-time projects. Grants may not exceed \$20,000 each, and will, of course, usually be much less.

HB 266 appropriates \$50,000 for the fund. The amount is not enough, but since this is a new idea, it was felt the amount appropriated should be kept to a minimum.

Memorandum

To: Reps. Cotton, Gardiner,
Guy and Itta

-2-

April 3, 1975

The Department of Community and Regional Affairs would adopt regulations to implement these bills. According to testimony, applications would be reviewed carefully to assure other funds were not available and to see that the money is used effectively.

Since only first and second class municipalities and unincorporated villages and groups of villages are eligible, this money could not go to the larger cities or to boroughs, for example, Eagle River, Anchorage, etc. (See attached list of eligible first and second class municipalities).

3. Support. The bill is an Executive Request and is supported by the Department of Community and Regional Affairs, the Attorney General's office, and the Bush Justice Monitoring Committee.

DEC:bg
Enclosure

<u>CLASSIFICATION</u>	<u>POPULATION</u>	<u>INCORP. DATE</u>
<u>Home Rule Cities</u>		
Anchorage	78,929	1920
Cordova	2,114	1909
Fairbanks	32,975	1903
Kenai	4,028	1960
Ketchikan	7,468	1900
Kodiak	3,923	1940
North Pole	265	1953
Palmer	1,409	1951
Petersburg	2,386	1910
Seward	1,823	1912
Valdez	2,271	1901
Wrangell	2,787	1903
<u>First Class Cities</u>		
Barrow	2,307	1959
Craig	467	1922
Dillingham	1,025	
Galena	442	
Girdwood	210	1961
Haines	1,980	1910
Homer	1,243	1964
Hoonah	748	1946
Hydaburg	260	1927
Kake	551	1952
King Cove	338	1947
Klawock	290	1929
Nenana	469	1921
Nome	2,488	1901
Pelican	169	1943
Saint Mary's	384	1967
Selawik	429	1963
Seldovia	612	1945
Skagway	710	1900
Soldotna	1,202	1967
Unalaska	510	1942
Yakutat	227	1948
<u>Second Class Cities</u>		
Akhiok	102	1972
Akiachak	330	1974
Akiak	186	1970
Akolmiut	608	1969
Alakanuk	495	1969
Aleknagik	208	1973
Ambler	217	1971
Anaktuvuk Pass	125	1957

CLASSIFICATIONPOPULATIONDATESecond Class Cities

Anderson	463	1962
Angeon	400	1963
Aniak	273	1972
Anvik	100	1969
Bethel	2,921	1957
Brevig Mission	130	1969
Buckland	125	1969
Chefornak	182	1974
Chevak	447	1967
Clark's Point	62	1971
Deering	78	1970
Delta Junction	703	1960
Diomede	90	1970
Eagle	105	1901
Eek	195	1970
Ekwok	103	1974
Elim	174	1970
Emmonak	502	1964
Fort Yukon	637	1959
Fortuna Ledge	200	1970
Gambell	380	1963
Glen Alps	75	1961
Golovin	118	1971
Goodnews Bay	228	1970
Grayling	167	1969
Holy Cross	212	1968
Hooper Bay	556	1966
Houston	69	1966
Hughes	85	1973
Huslia	199	1969
Kachemak	151	1961
Kaktovik	141	1971
Kaltag	240	1969
Kiana	300	1964
Kivalina	200	1969
Kobuk	61	1973
Kotlik	284	1970
Kotzebue	2,125	1958
Koyuk	122	1970
Koyukuk	124	1973
Larsen Bay	109	1974
Lower Kalskag	195	1969
Manokotak	230	1970
Mekoryuk	254	1969
Mountain Village	491	1967
Napakiak	279	1970
Napaskiak	200	1971
New Stuyahok	229	1972
Newhalen	68	1971

<u>CLASSIFICATION</u>	<u>POPULATION</u>	<u>INCORP. DATE</u>
<u>Second Class Cities</u>		
Nightmute	123	1974
Nikolai	82	1970
Nondalton	216	1971
Noorvik	483	1964
Nulato	311	1963
Old Harbor	327	1966
Ouzinkie	173	1967
Pilot Station	301	1969
Point Hope	404	1966
Port Alexander	36	1974
Port Heiden	66	1972
Port Lions	227	1966
Ruby	148	1973
Russian Mission	132	1970
Saint Michael	222	1969
The Aleut Community of St. Paul Island	488	1971
Sand Point	474	1966
Savoonga	380	1967
Saxman	272	1930
Scammon Bay	221	1967
Shageluk	172	1970
Shaktoolik	160	1969
Sheldon Point	127	1974
Shishmaref	309	1969
Shungnak	165	1967
Stebbins	272	1969
Tanana	406	1961
Teller	213	1963
Tenakee Springs	101	1971
Togiak	383	1969
Toksook Bay	304	1972
Tuluksak	202	1970
Unalakleet	550	1974
Wainwright	357	1962
Wales	111	1964
Wasilla	300	1974
White Mountain	87	1969
Whittier	186	1969
<u>Organized Under Federal Law</u>		
Metlakatla	1,050	1944
<u>Dissolution Recommended</u>		
Long Island	7	1965

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

POUCH B-JUNEAU 99801

JAY S. HAMMOND, Governor

March 27, 1975

The Honorable Sam Cotten
Chairman
House Community and Regional
Affairs Committee
Pouch V
Juneau, Alaska 99811

Dear Mr. Chairman:

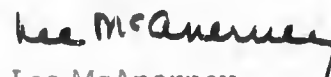
Re: House Bills 265-266
Community Legal Assistance Grant Act

Some concern has been expressed in your committee about where the money in this proposed grant fund would be spent. Objections have been raised to using the fund to finance legal assistance to larger urban areas and municipalities which can obtain the necessary assistance elsewhere.

It is not the intent of this legislation to fund legal assistance in large municipalities which already have that assistance. The bill limits grants to first and second class cities, unincorporated villages and groups of such communities. I have enclosed a list of first and second class cities so you can see which would be eligible for grants from this fund. Of course, the Department of Community and Regional Affairs will carefully review each request from an eligible municipality or village to assure that the money is spent for necessary legal expenses and that all other sources of assistance are investigated before a grant is made.

We are committed to meeting the needs of developing communities which wish to govern themselves and urge prompt consideration of these bills.

Sincerely,


Lee McAnerney
Commissioner

LMCA: mw

Enclosure

cc: The Honorable Al Ose

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Gambell	380	1963
Glen Alps	75	1961
Golovin	118	1971
Goodnews Bay	228	1970
Grayling	167	1969
Holy Cross	212	1968
Hooper Bay	556	1966
Houston	69	1966
Hughes	85	1973
Huslia	199	1969
Kachemak	151	1961
Kaktovik	141	1971
Kaltag	240	1969
Kiana	300	1964
Kivalina	200	1969
Kobuk	61	1973
Kotlik	284	1970
Kotzebue	2,125	1958
Koyuk	122	1970
Koyukuk	124	1973
Larsen Bay	109	1974
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Shungnak	165	1967
Stebbins	272	1969
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Tenakee Springs	101	1971
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Toksook Bay	304	1972
Tuluksak	202	1970
Unalakleet	550	1974
Wainwright	357	1962
Wales	111	1964
Wasilla	300	1974
White Mountain	87	1969
Whittier	186	1969
<u>Organized Under Federal Law</u>		
Metlakatla	1,050	1944
<u>Dissolution Recommended</u>		
Long Island	7	1965

HB 265, 266

NOT.

Pres.

Tes.

~~3/19~~ 3/25

Harper, CAPA

X

x

X

~~3/19~~
~~3/25~~

Don Clockin, ALSC

X

x

x

Bob Pruitt, Planning consultant (9-~~9882~~)

~~XXXXXXXXXX~~

Dave LeBlonde, A-G's

X

x

x

HB-272

"An Act providing for property tax equivalency payments to senior citizensrenters."

COMMITTEE REPORT

4/10/75

HOUSE

FINANCE

Mr. Speaker:

Date 4-11-75

The Committee on CSRA has had SSIB 272

under consideration. A Majority of the members of the Committee

() recommends it DO PASS

() recommends it DO NOT PASS

() recommends it DO PASS WITH ATTACHED AMENDMENT(S)

() recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

() "and" recommends it BE REFERRED TO THE _____

COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

<u>[Signature]</u>	_____	_____
<u>[Signature]</u>	_____	_____
<u>[Signature]</u>	_____	_____
<u>[Signature]</u>	_____	_____

Members NOT concurring in the Majority report:

<u>[Signature]</u>	recommends: <u>No BEC</u>
_____	recommends:
_____	recommends:
_____	recommends:
_____	recommends:

[Signature] Chairman

A M E N D M E N T

OFFERED IN THE HOUSE:

By: House Community
& Regional Affairs

To: Amend HOUSE BILL No. SSHB 272

SENATE BILL No. _____

PAGE: 1

LINE: 15

On page 1, line 15, after the word "department" delete
the words "in cooperation with the municipalities".

TAPE #6
side 2
1130-end

HOUSE COMUNITY & REGIONAL AFFAIRS COMMITTEE

Meeting Minutes
March 26, 1975

Meeting was called to order at 10:00 for discussion of HB 261 and HB 272. Present were:

Rep. Sam Cotten, Chairman	Rep. Larry Davis
Rep. Kathryn Ostrosky	Rep. Mike Hreshberger
Rep. Al Ose	Rep. Oral Freeman
Rep. Glenn Hackney	
Barbara Enslert Thomas, Staff	
Andrea Guernsey, Staff	
Bob Dozier, State Assessor	
Rep. Gruening, Sponsor 272	
Danny Plotnick, Office on Aging	
Don Berry, Municipal League	

HB 261

1130-Cotten gives in trodution.
(1143) Dozier explains the whys of the \$10,000 limit.

Because Rep. Malone, Sponsor, couldn't be here the meeting was postponed until later.

HB 272 was then taken up.

(1212) Rep. Gruening, Sponsor, gave testimony. Home owners have more advantage than renters in deduction of taxes and equity. Rebate for renters needed. HB 272 allows payment on monthly basis, different from SB 218 and HB 168. Dept. of C&RA reimburses. Apportionment is the problem; time element-renter may not be there whole taxable year; how to divided by units. HB 168 proposed by bedrooms; HB 272 leaves it up to C&RA to determine formula.

(1395) Freeman asked for a fiscal note. Gruening had none.

(1414) Freeman asked how many renters. Gruening didn't have figures.

(1471) Dozier explains formula used for determining number. Based on 1970 census- 6,950 senior citizens . 4,000 heads of households in 1976. Renter occupied 25% less valuable than owner occupied. (1525) Cotten asked where 25% came from. Dozier just picked it; could be more or less. \$620,000 using reimbursement formula.

(1600) Dozier-\$33,000 for present owner occupied senior citizen program. Double that for renter. 2,000 renters would apply for program.

(1650) Freeman suggests setting up fund which would return set amount, say \$30. Take the burden off municipalities.

(1700) Hershberger says let it be returned along with State income tax. Let one dept. take care of it.

(1757) Plotnick reads statement of the position of Office on Aging and HESS. Said there are presently 7,800 senior citizens in State. (65 or over)

Meeting adjourned at 10:00 (end side 2)

HOUSE COMMUNITY & REGIONAL AFFAIRS COMMITTEE

Meeting Minutes
March 27, 1975

Meeting was called to order at 9:00 by discussion of HB 272, 168. Present were:

Representative Sam Cotten, Chairman
" Oral Freeman
" Mike Hershberger
" Al Ose

Barbara Erglert Thomas, Staff
Andrea Guernsey, Staff
Bob Dozier, State Assessor
Don Berry, Municipal League

(1403) Cotten gives introduction.

(1417) Freeman wants to know what guarantee municipalities have that they will be reimbursed? Proper to have appropriation bill along with this? What part of State money would it come from? (1435) Cotten assumes from the operating budget.

(1458) Berry said that if all tax rebates are reimbursed you need to look somewhere else for the money--revenue sharing.

(1473) Ose talks about appropriation.

(1500) Freeman explains how Finance committee works with budget and appropriation bills.

(1529) Berry says to send bill out as social services program; why tie it into property tax of local community. (1544) Dozier says HB 168 does not particularly involve municipality. Reimbursement under 168 direct from Dept. to individual. (1557) HB 168 fine with Municipal League, Berry said.

(1575) Dozier suggest formula, not tied down enough in 168. Compare actual tax paid to actual rent paid.

(1637) Ose asks if renter would have to keep receipts and turn in for rebate? Dozier-Landlords don't always go on receipts. There would be a form made out by the landlord and would indicate rent and time lived there.

(1678) Hershberger doesn't understand this kind of legislation. Philosophy of rebate? He is opposed to this.

(1702) Ose asked if this would encourage landlords to raise rent? Dozier-Don't know.

(1720) It's obviously a possibility, Cotten said.

(1728) Hershberger-what is problem with formula? Question of whether Dept. should rebate. Hershberger suggests putting sign by door of rental space. But that would assume value of unit never changes.

(1764) Bill initially conceived to allow renters same break as home owners. Hershberger-says his property tax is penalty for being homeowner which renter doesn't pay. But Home owners build equity, Cotten explained.

(end side 1)

(side 2)

9- Cotten-Bill trying to keep elderly in State. (34) Backlog of bills like this.

Dozier suggests study to determine best land use policy.

(115) Ose notes there is no residency requirement for this bill.

Cotten comments on land use policy. Rep. Freeman makes extensive comments on his views.

(end 494) Meeting adjourned at 10:00.

House Committee on
COMMUNITY & REGIONAL AFFAIRS

Meeting Minutes
April 2, 1975

Meeting was called to order at 9:00 for discussion of HB 272. Present were:

Representative Sam Cotten, Chairman	Barbara Englert Thomas, Staff
" Kathryn Ostrosky	Andrea Guernsey, Staff
" Oral Freeman	Bob Dozier, State Assessor
" Glenn Hackney	Danny Plotnick, Office on Aging
" Al Ose	Rep. Clark Gruening, Sponsor
" Larry Davis	

Rep. Freeman thinks the concept would be cleaner if you just gave a person 65 or older a check each month for X amount of Dollars. (190) Ostrosky agrees with Freeman. It would eliminate a lot of the statistical figuring. An across the board figure would benefit low income people more than high income.

Rep. Ose would like to see a residency requirement in the bill.

(307) Rep. Gruening arrived and gave his presentation. He's decided that the municipalities doing the administration would be unworkable. HB 168 has a better approach by doing it through the Department of C&RA, but the bedroom formula in 168 is unworkable. He wants to use a rental tax certificate instead of rental receipts. He suggests using a formula based on a rental percent for each municipality and the department will figure.

The other way it might be possible to do it would be through the dept. of Revenue using the income tax form. Maybe a %10 figure--this would be too high for one municipality and too low for another.

Gruening would like to see an residency requirement but it is probably unconstitutional.

(448) Ose has 3 questions. 1) people working--the dept will have discretion; 2) TOP limit on rebate is a good idea; 3) longevity bonus concept won't work here.

(492) Freeman would like to see a new bill which would simply subsidize people X dollars a month. Gruening said a direct subsidy won't work because of political reasons.

(604) Freeman said you are giving the most help to people who least need it when it is done on a percentage basis. Clark said his idea would take an average which would benefit the low income person slightly more.

Cotten asked about the renter certificates. Clark said they are not presently in use but other states do use them. It would be a consistent form which the renter could take to the landlord. Clark said he envisions yearly payments in a lump sum right now.

He is going to prepare a sponsor substitute using his rental percentage formula and have it ready early next week. Meeting adjourned at 10:00 (838)

House Committee on
COMMUNITY & REGIONAL AFFAIRS

Meeting Minutes
April 11, 1975

Meeting was called to order at 9:10 to discuss SSHB 272. Present:

Representative Sam Cotten, Chairman

" Al Ose
" Oral Freeman
" Kathryn Ostrosky
" Larry Davis
" Glenn Hackney

Barbara Englert Thomas, Staff

Andrea Guernsey, Staff

Rep. Gruening, Sponsor

Bob Dozier, State Assessor

Don Berry, Municipal League

PAGE L, LINE 15

Rep. Freeman doesn't like the words "in cooperation with the municipality" on page 1, line 15. He wants the municipality to be relieved of any burden. Berry would like to see it removed but can't see any other way to compute without their help. Hackney noted that the dept. had their figures. Freeman didn't want any question who's responsibility it is. Gruening didn't think it was material to bill.

AMENDMENT

Rep. Freeman made a motion to amend line 15-- delete " incooperation with the municipality". Without objection this became amendment #1.

Dozier said the bill didn't specify when the person must be 65. At the time they file? The consensus of the committee was that they would collect from the time they were eligible. Could interpret eligible for whole year.

REPORT OUT

Freeman made a motiom to report the bill out of committee as amended with individual recommendations. Without objection it was so moved.

The committee now continued discussion of HB 246. Continued discussion of Ose's problem with the 2 mile limit. Freeman doesn't like the idea of taking away someones license after already issued. Suggests there should be a resolution to ABC Board asking to recognize the wishes of the people.

Meeting adjourned at 10:00.



Alaska State Legislature

Senate

JUNEAU, ALASKA

Date: March 25, 1976

MESSAGE TO THE HOUSE

MR. SPEAKER:

The Senate has passed COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 272 amended (property tax equivalency payments to senior citizen renters) with the following amendment:

Page 1, line 6: Change title to read:

"An Act relating to property tax equivalency payments and exemptions for senior citizens."

Page 1, between lines 8 and 9: Insert a new section 1 to read:

"Section 1. AS 29.53.020(e) is amended to read:

(e) [AFTER JANUARY 1, 1973] The [THE] real property owned and occupied as a permanent place of abode by a resident 65 years of age or over is exempt from taxation of the assessed value of the real property [.] up to and including an assessed value limit determined no later than January 15 of each year by the commissioner of the Department of Community and Regional Affairs. The assessed value limit is the upper limit of the third quartile class in a frequency distribution of previous year assessed values in the State. Only one exemption may be granted with respect to the same property and, if two or more persons are eligible for an exemption with respect to the same property, the parties shall decide between or among themselves which shall receive the benefit of the exemption. No real property may be exempted under this subsection which the assessor determines, after notice and hearing to

Don McLaughlin
 Senate Secretary

the parties concerned, has been conveyed to the applicant primarily for the purpose of obtaining the exemption. The determination of the assessor is appealable under AS 44.62.560-44.62.570."

Renumber remaining section accordingly.

Page 1, line 18: After "applicant" insert "or \$250, whichever is less,"

and so, COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 272 amended by the Senate (property tax equivalency payments and exemptions for senior citizens) is transmitted herewith for your consideration.

MEMORANDUM

State of Alaska

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

DIVISION OF LOCAL GOVERNMENT ASSISTANCE

TO: Lynn A. Wegener
Administrative Officer

DATE: March 11, 1975

THRU: Jack Chenoweth
Director

FILE NO:

TELEPHONE NO:

FROM: S. Robert Dozier
State Assessor

SRD

SUBJECT: HB. No. 168; an act providing for property tax reimbursement payments to a senior citizen who rents his residence.

It is estimated that state reimbursement, direct to individual senior citizens, under provisions of HB No. 168 in present form, will, during the year 1976, involve approximately 1995 tenant senior citizens, \$625,000 in direct state reimbursement payments, and that the cost of administration will total approximately \$50,000.

The estimate is based on the assumption that the definition of "residence" as implied in Sec. 34.08.010(b) of the bill corresponds to the definition of "permanent place of abode" as adopted for the administration of AS 29.53.020(e) and defined in Alaska Administrative Code Regulations 19 AAC 35.120(4).

"Permanent place of abode" means a dwelling or a dwelling unit in a multiple dwelling including lots and outbuildings, or an appropriate portion thereof, which are necessary to convenient use of the dwelling unit.

This assumption would appear necessary, when considering the confusing statements in HB No. 168, Sec. 34.08.010(a), relating to reimbursement of that portion of the rent on the residence which is attributed to local property tax assessed on the residence as opposed to the formula set out in Sec. 34.08.040(a)(1)-(2) of the bill for estimating the required reimbursement. (1) Under provisions of subsection (a)-(1), the wording implies that reimbursement shall be based on an amount equal to the entire local property tax assessed on the property. No restriction is stated should the single family residence be situated on a large tract of land which, under terms of the lease or rental agreement may be used by the lessee. (2) Under provisions of subsection (a)-(2), the wording implies that reimbursement is contingent on the number of bedrooms in the applicant's residence as compared to the total number of bedrooms in the building. The wording fails to consider the square foot area and floor plan of the residence as it relates to the total property value, which may be a duplex, an apartment or any combination of an apartment-business multipurpose building.

The estimated state reimbursement figure of \$625,000 is based on projected 1970 Census data together with historic and estimated population and cost data compiled and analyzed concerning administration of the Senior Citizen Property Tax Exemption Program AS 29.53.020(e).

TABLE I: Estimated Population Data

The 1970 census reported state population of	302,361
Residents 65 years of age, 2.3%	6,950
Heads of households, 65 years of age, 1.3%	3,930
1975 census estimated by the Department of Labor was	357,200
The annual increase in population, averaged for the past 5 years, is	10,968
The above projections would indicate that the population in 1976 will total	368,168
For purposes of this report the 1976 census is rounded downward to	365,000
The same percentages attributed to senior citizens as indicated in the 1970 census, are used below;	
Residents, 65 years of age, 2.3%	8,395
Heads of households, 65 years of age, 1.3%	4,745

In 1974 the Department received 1958 application forms from boroughs and cities which administered the program. 70 applications were rejected due to late filing and one because the applicant reached his 65th birthday after January 1, 1974, 1887 were approved. As indicated in Table II below, the average amount of tax per application was \$335 for a total state reimbursement of \$631,890.

A total of 2496 application forms were filed on or before January 15, 1975. The 32% increase over 1974 is not likely to continue as the program has been well publicized both by the state and by units of local government and the majority of eligible applicants, no doubt, have filed. Therefore only a 10% increase in the number of applicants is estimated for 1976.

The 11.5% annual increase in property values or average tax per application as indicated for 1975 over 1974 can reasonably be expected to continue its trend for the next few years.

As indicated in Table I the estimated number of heads of households estimated for 1976 is 4745. Using the 1970 census data and actual data compiled for owner occupied senior citizens as a base, owner occupied residences would total 2750 and tenant occupied residences would total 1995.

Residential property owned by senior citizen is, in general, of a higher quality than that which can be afforded by a tenant, primarily because, the owner occupied property has, in whole or in part, been paid off before retirement, while the tenant's rent receipts reflect full amortization of the landlord's investment plus taxes. To reflect this difference, a 25% discount in average tax per application is given for tenant occupied housing.

TABLE II: Estimated Property Tax Revenue
 AS 29.53.020(e) Senior Citizen Property Tax Exemption
Owner Occupied Housing

YEAR	NO. APPLICATION	%increase	AVERAGE TAX	%Income	TOTAL REVENUE
1974	1887	(actual)	335		631,890(actual)
1975	2496	(actual 32%)	373	11.5%	931,429(est.)
1976	2750	(estimated 10%)	415	11.5%	1,141,250(est.)

House Bill No. 168

Tenant Occupied Housing

1976	1995	(estimated)	311	(discounted 25%)	620,445(est.)
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The above table indicates that the 1976 senior citizen owner occupied property tax exemption program AS 29.53.020(e) will require a legislative appropriation of \$1,141,250 and that for HB No. 168 the proposed tenant occupied Senior Citizen Reimbursement Program, the amount of state reimbursement is estimated to be \$620,000, for a total estimated reimbursement cost to the state of \$1,761,250.

Administration of House Bill No. 168 will require the following:

1. The development of detailed Alaska Administrative Code Regulations.
2. Application forms must be developed and made available to the general public at the office of the Borough Assessor or City Clerk.
3. Instructions for assisting applicants should be prepared for the municipal official assigned to assist applicants.
4. As the applications must be filed on or before January 15, 1976, all application forms filed with the municipality may be forwarded to the Department on or about February 1.
5. The Department will screen all applications received for determining eligibility and for separating the forms into five categories; 1. single family residence and subdivisions, 2. condominiums, 3. duplex and apartments, 4. multi-purpose buildings, and 5. forms incomplete with additional information required and marginal eligibility status will require extensive correspondence and field inspection.
6. Assessed values and equivalent amounts of tax will be determined to the extent possible through research of local assessment records. Farm residences, apartments and multipurpose buildings will require an examination of the municipal building cards and actual inspection and field appraisal by the appraiser assigned to the office of the State Assessor. Actual appraisal of all property except residences situated on subdivided lots or tracts will be required to determine the residence value as it applies to the total assessed property value.
7. Rent receipts to be submitted by the applicant to the Office of the State Assessor before December 31 of the year, are required under the bill for determining the number of months of residency and the percentage of equivalent tax for state reimbursement. In many cases, the appraiser will again be required to inspect local assessment records and appraise property when it is indicated by rent receipts that the tenant changed the location of his residence during the year covered by the application.

8. Before March 1, or before the start of the following year's program, a final reimbursement roll shall be prepared by the Office of the State Assessor and payment vouchers requested for all senior citizens qualifying under the program.
9. The bill fails to provide the taxpayer with adequate appeal procedure.

There are seven major areas of responsibility presently allocated to the Office of the State Assessor.

1. Determination of full and true value of taxable real and personal property within all organized boroughs and all cities outside organized boroughs except cities of the second class. (AS 14.17.140)
2. Senior Citizens Property Tax Exemption (AS 29.53.020(e))
3. Farm and Agricultural Land Deferred Tax AS 29.53.035
4. Publications
 - (a) Alaska Taxable and
 - (b) update and revise periodically the Residential Appraisal Cost Manual for Alaska assessors
5. Proposed legislation: Research, analysis and fiscal data
6. General Assistance: Property tax administration, appraisal problems, reappraisal contracts, and interpretation of State law and opinions.
7. Correspondence: Existing programs intra-and-inter-state.

TABLE III Office of the State Assessor

<u>Present staff</u>	<u>Additional staff required HB No. 168</u>
1. State Assessor	1. Assistant State Assessor Appraiser III
2. Research Assistant	2. Clerk Typist II
3. Clerk Typist III	
4. Clerical Aid Full time	

Administration of HB No. 168 will require the addition of 2 positions and the upgrade of one position. 1. Assistant State Assessor Grade 19. 2. Clerk Typist II Grade 7 and upgrading of the Research Assistant range 10 to Research Analyst I to Grade 13.

Duties and responsibilities of:

- A. Assistant State Assessor(new postion)
 1. Compile assessed value data on all applications.
 2. Determine the total assessed value of the property.
 3. Appraise the value of the residence as it applies to the value of the total property.
 4. Determine the service area and rate of tax levied for the area of the borough in which the residence is located.
 5. Assist the State Assessor in other property appraisal and program responsibilities.

B. Local Gov. Specialist/Special Program Research Analyst (upgrade from Research Assistant)

1. Shifting of a portion of existing duties to subordinates.
2. Set up new program procedures.
3. Assist with drafting of Administrative Code Regulations.
4. Responsible for special programs, operation, maintenance, auditing and reimbursement.

C. Clerk Typist(new position)

1. Assumption of existing program duties which are shifted from existing staff requirements.

Table IV, Column 2, illustrates the clerical workload of the State Assessor's Office during 1974 in the three main procedure areas. Column 1 has broken out some program phases for purposes of comparison with the projections carried out in Table V.

It is considered reasonable to equate the various categories of clerical assistance now being rendered to the projected work load required for administration of HB 168. From Table IV and V below, it is projected that it will require about 13.7 months of full-time clerical assistance to fulfill the requirements of HB No. 168 and, in addition, approximately 2.1 months, using about 70% of a full-time clerk's time for three months, to perform the work necessary to get the initial program under way.

Approximately 55% of Research Assistant time, 75% of Clerk-Typist time and 90% of Clerical Aide time is spent carrying transaction data through the market data survey to the full value determination and the publication of "Alaska Taxable," i.e. The Assessment Sales Ratio Study.

The Assessment-Sales Ratio Study has further been broken into categories for the purpose of this projection: (1) deed preparation; (2) questionnaire mailout; (3) posting and filing of market data, assessed values and ratio calculations.

Secretarial support accounts for 15% of Research Assistant time, 25% of Clerk Typist time and 10% clerical aid time.

Nearly 30% of Research Assistant time is invested in the Senior Citizen Program and other special programs and projects.

TABLE IV: Analysis of 1974 personnel expenditures:

ASSESSMENT-SALES RATIO STUDY	Research Assistant	Clerk Typist III	Clerical Aide
Deed Preparation	30%	10%	
Questionnaires	5%	20%	80%
Market Data	20% 55%	45% 75%	10% 90%
SECRETARIAL SUPPORT	15%	25%	10%
SPECIAL PROJECTS			
Senior Citizen	15%		
Other	15% 30%		

Table V demonstrates the estimated amount of clerical time required to perform the various procedures that appear necessary for proper administration of the program outlined in HB 168.

To screen and categorize an estimated 2,000 tenant applications would be comparable, in time spent, to the 1974 senior citizen program audit or 15% of a clerical year, = 1.8 months. About 33% of typist time over a three-month span would be required for clarification correspondence related to the applications, or 1.0 months.

The posting and "paper" assessment of property values was equated to the market data survey which involves approximately 3,000 confirmed sales. This indicates about 50% of a full-time clerk would be required for this phase = 6 months.

Audit and calculation of reimbursement payments would be again comparable to the 1974 senior citizen program with perhaps some added detail, and would require an estimated 20% of a clerical year, or 2.4 months. Reimbursement and mailing would require 70% of a clerk's time for at least one month = .7 months.

Additional file maintenance and secretarial support could require, as an ultraconservative estimate, an added .8 clerical months.

Program Initiation, such as drafting regulations, forms preparation and distribution is estimated to require about 70% over a three month span, of a clerk's time = 2.1 months.

TABLE V: Clerical Assistance Requirements for Administration of HB 168:

	<u>% of Time Required</u>	<u>No. months Duration</u>	<u>Portion of Clerical Year</u>
Screen/categorize	15%	12	1.8
	33%	3	1.0
Posting/assessment	10%	12	1.2
	40%	12	4.8
Audit/accounting/calc.	20%	12	2.4
Reimbursement/mail	70%	1	.7
Files/sec. support	15%	12	1.8
Program Initiation	70%	3	2.1
			<u>13.7</u>
			<u>15.8</u>

TABLE VI: Cost of Administration HB 168:

100 Personal Services

Assistant State Assessor Grade 19	1736 X 12	20,832
Clerk Typist II Grade 7	760 X 12	9,120
Upgrade Research Assistant to Grade 13 (Research Analyst Grade 13 1116)	171 X 12	2,052
(Research Assistant Grade 10 945)		
Total Salary		32,004
Fringe Benefits 17%		5,441
Total Personal Services		<u>37,445</u>

200 Travel & Per Diem

Assistant State Assessor

Travel to the majority of municipalities which levy taxes, two and three visits in some cases, requiring not only inspection of assessment records, but actual field appraisals, may be necessary to complete each year's program.

Air fare	2,000	
Car Rental	1,000	
Per Diem	<u>3,000</u>	
Total Travel & Per Diem		<u>6,000</u>

300 Contractual Services

310 Comm. Serv.	900	
311 Telephone	1,000	
314 Postage	500	
320 Printing & Advertising	1,000	
330 Space rent	900	
340 Repairs	100	
360 Equipment rental	200	
390 Other fees(Legal)	<u>500</u>	
Total contractual		<u>5,100</u>

400 Commodities

Reference materials	300	
Office supply	<u>300</u>	
Total commodities		<u>600</u>

500 Equipment

2 desks @200	400	
2 chairs @50	100	
2 typewriters @600	1,200	
1 calculator @600	600	
1 filing cabinet @125	<u>125</u>	
Total Equipment		<u>2,425</u>

Total FY 76 Budget request		<u>\$51,570</u>
for operation of HB No. 168	Rounded to	\$50,000

The assessor's office of the City and Borough of Juneau has estimated that administrative costs to the borough for the 1974 senior citizen reimbursement program included 446 personnel hours.

Estimating 25%, or 112 hours, of this time as being appraiser time at approximately \$10/hour and 75%, or 335 hours, of clerical time, of which perhaps half was assessment clerk time at an estimated \$6.50/hour and half general clerical time at \$4.50/hour, the wage package, including employee benefits at a rate of 17%, would total \$3,464. Given the 197 valid applications processed by the Juneau borough last year the figure of \$17.50 may be derived per application. Based on the 1,887 applications funded, it may be assumed that local municipalities absorbed approximately \$33,000 in administrative costs for the 1974 statewide program.

TABLE VII: Administrative Cost Per Application

<u>No. of Personnel Hours</u>	<u>Average Wage Rate</u>	<u>Total Cost</u>
112 hours	\$10.00/hour	\$1,120
167 hours	6.50/hour	1,085
167 hours	4.50/hour	751
<u>446 hours</u>		<u>\$2,956</u>
Employee Benefits @ 17%		503
Total Wage Expense		<u>3,459</u>
No. of Applications		<u>197</u>
Total Per Application Cost 1974 program		\$17.50

By considering the relative complications inherent in the respective programs it may be estimated that the per application cost will be from 50% to 100% greater for the program outlined in HB 168. A per application cost of, from \$26 to \$35, on an estimated 2,000 claims will project the total administrative costs of the program to the local municipalities across the state to a total of between \$52,000 and \$70,000.

Recommendations:

1. The tenant occupied senior citizen reimbursement plan can be administered by municipalities in conjunction with the AS 29.53.020(e) the Senior Citizen Property Tax Exemption or administered by the Department of Community and Regional Affairs. Administration of the property tax is a function of the municipality which deals almost entirely with ownership rights in taxable real and personal property and has no direct contact with a tenant which may occupy the owner's property.

There is no doubt that administration of the program at the grass roots can be administered more effectively and efficiently, as the municipality has the legal machinery necessary to carry out the program, by simply adopting an appropriate ordinance.

As indicated above, the cost to all municipalities in the State for administering the Senior Citizen Property Tax Exemption Program(AS 29.53.020(e)) in 1974 amounted to approximately \$33,000. A tenant occupied reimbursement program can be expected to cost at least twice as much for the same number of applications due to the extensive appraisal allocations necessary. As the program progresses however, the costs will be reduced as appraisal allocation data is compiled for apartments and multi-purpose buildings and as appraisal allocation information is added as a programmed part of each year's reassessment project.

Municipalities should be compensated for the administrative costs involved on both reimbursement programs. The amount of compensation should be determined each year by the Department based on a set formula rather than by an amount annually billed to the State without adequate control.

II. HB No. 168 can be administered in total by the Department or in conjunction with the Alaska State Income tax program according to a formula as determined annually by the Department.

Using three Juneau, and two Ketchikan, properties as readily available examples, it becomes apparent that the property tax comprises a higher percentage of the total rent in middle to high income housing and would constitute a lesser value of the total rental in low income housing. It seems reasonable to expect that the great majority of the qualified senior citizens would not be housed in middle and high rental units but rather in lower income housing units.

It may be demonstrated that the percentage of property tax to rent receipts would become progressively greater as the mill rate increases. A formula, as demonstrated below, based on rent receipts would apparently subsidize, to some extent, those in lower class rentals while those in higher bracket rentals would be penalized to some degree. This would seem to be the case, although to a lesser degree, in using a straight assessed value times the mill rate computation.

<u>Property Description</u>	<u>Rent Receipts</u>	<u>Assessed Value</u>	<u>Mill Rate</u>	<u>Dollar Amount Reimbursement</u>	<u>% of Receipts/year</u>
Juneau Condo.	425/mo.	35,000	14.83	\$519	10.2%
	5,100/yr.	@ 1/2% per Mill		377	7.4%
Juneau 4-plex	325/mo.	85,600	17.6	1,505/4=376	9.6%
	3,900/yr.	@ 1/2% per Mill		343	8.8%
Juneau Average Trailer	275/mo.	12,000	16.0	192	5.8%
	3,300/yr.	@ 1/2% per Mill		264	8.0%
Ketchikan Duplex	300/mo.	48,700	16.4	798/2=400	11.1%
	3,600/yr.	@ 1/2% per Mill		288	8.2%
Ketchikan Single Family	310/mo.	24,750	16.4	406	10.9%
	3,720/yr.	@ 1/2% per Mill		305	8.2%

III. House Bill No. 168:

- (a) Fails to limit the reimbursement payment to the head of a household.
- (b) Changes the age eligibility requirement from January 1, of the assessment year to January 15 of the assessment year. The two senior citizen reimbursement programs should have the same "ground rules" or confusion will reign, no matter who or how the program is administered.
- (c) Fails to provide any reduction in reimbursement payments for low-rent subsidized housing.
- (d) Requires reimbursement computations to be based on the number of bedrooms rather than an amount equal to that portion of the property tax the residence bears to the total property value.

The attached Wisconsin State Income Tax Form relate's to state payment or reimbursement of an amount equivalent to the property tax for both tenant and owner occupied residences. The Wisconsin Statutes require a certificate of rent paid, signed and dated by the landlord. Reimbursement credit amounts to 25% of the rent paid but not to exceed \$500. A further limitation is provided, based on total household income for the year.

Attachment
SRD:nc

WISCONSIN HOMESTEAD CREDIT CLAIM

1973

Mail this claim to: WISCONSIN DEPARTMENT OF REVENUE Post Office Box 59 Madison, Wisconsin 53701

1. LAST NAME (please print or type) First name and initial of claimant First name and initial of spouse Social security number of claimant Social security number of spouse 2. HOME ADDRESS (number and street; if rural, route) MAY WE PLEASE HAVE YOUR PHONE NUMBER? 3. CITY OR POST OFFICE STATE ZIP CODE

IMPORTANT: IF YOU OR YOUR SPOUSE ARE REQUIRED TO FILE A WISCONSIN INCOME TAX RETURN, PLEASE ATTACH THIS CLAIM TO THAT RETURN

- 1. a. Enter your age as of December 31, 1973 b. If you are under 62 years of age, please enter the names and address of your parents 5. Were you claimed as a dependent on anyone else's federal return for any of the years 1971, 1972, or 1973? 6. a. Were you a resident of Wisconsin for all of 1973? b. Enter the name of the Wisconsin county in which you lived during 1973 7. At the present time are you receiving general relief or aid to families with dependent children? 8. If you own your homestead, please answer the following questions: a. Do you owe delinquent taxes on your homestead for prior years? b. Have you paid, or will you pay, the taxes on your homestead for 1973?

ENTER YOUR HOUSEHOLD INCOME BELOW

Use either line 9 OR line 10, and line 11.

9 If you or your spouse are required to file a Wisconsin income tax return, enter the income of each from Form 1, page 1, line 5 or Form 1A, line 8

- a. Your Wisconsin total income b. Your spouse's Wisconsin total income c. Dividends d. Other (specify)

HOUSEHOLD INCOME

Table for household income with columns for income types and a dollar sign column.

ENTER YOUR TAXES AND/OR RENT

A COPY OF YOUR TAX BILL AND/OR PROOF OF PAYMENT OF RENT MUST BE ATTACHED TO THE BACK OF THIS CLAIM

- 13. Enter the amount of taxes which you have paid or will pay on your homestead for 1973 14. Enter one-fourth of the amount of rent which you paid for your homestead in 1973 for occupancy only 15. TOTAL OF LINES 13 AND 14

Table for taxes and rent with columns for amounts and a dollar sign column.

IF YOU WANT THE DEPARTMENT TO COMPUTE YOUR HOMESTEAD CREDIT FOR YOU, DO NOT COMPLETE LINES 16 THROUGH 19 BELOW

YOUR HOMESTEAD CREDIT COMPUTATION

- 16 Enter the smaller of a. Amount on line 15, or b. \$500 17 Using the income amount on line 12, enter the appropriate figure from 18 Subtract line 17 from line 16 (if line 17 is greater than line 16, enter zero) 19 AMOUNT OF HOMESTEAD CREDIT (Your homestead credit is determined by using the amount on line 18 and referring to TABLE B)

Table for homestead credit computation with columns for amounts and a dollar sign column.

IF THIS CLAIM IS ATTACHED TO A WISCONSIN INCOME TAX RETURN AND YOU DETERMINED LINE 19 ABOVE, CARRY THAT AMOUNT TO FORM 1, PAGE 1, LINE 14 OR FORM 1A, LINE 16

I declare under penalties of law that I have examined this claim (including accompanying schedules) and to the best of my knowledge and belief it is true, correct and complete. If prepared by a person other than claimant, his declaration is based on all information of which he has any knowledge.

Sign here: Claimant's signature, Date, Signature of preparer other than claimant, Date, Spouse's signature (if married, spouse must also sign), Address

Table with columns: County, Year, Type, Manner, Code

- THIS PACKET CONTAINS**
- Certification of Rent Paid
 - Schedule H (Homestead Credit Claim)
 - Instructions
 - Homestead Credit Computation Tables

Detach at this Line

Form 1-017

ATTACH TO
SCHEDULE H

**CERTIFICATION OF RENT PAID
FOR HOMESTEAD CREDIT**

WISCONSIN
DEPARTMENT
OF REVENUE

PLEASE PRINT	NAME OF CLAIMANT		Social Security Number	Amount of Rent Per Month \$ _____
	Last Name	First Name and Initial	Relationship to Landlord	
NAME OF LANDLORD		LANDLORD'S HOME ADDRESS		
Last Name	First Name and Initial	_____		
_____		_____		
(A) Total Rent Paid For Year	(B) Rental Value Of Furnishings	(C) Value of Utilities Furnished	(D) Value Of Other Furnished Items	(E) Rent Paid For Occupancy Only
\$ _____	\$ _____	\$ _____	\$ _____	\$ _____ <small>(Block A Less B, C and D)</small>

I, the undersigned, do hereby certify that the above information concerning rent paid to me by the above named claimant for and during the year 19____ is true, correct and complete to the best of my knowledge and belief.

(Date)

(Signature of Landlord or Authorized Representative)

Form 1-017

ATTACH TO
SCHEDULE H

**CERTIFICATION OF RENT PAID
FOR HOMESTEAD CREDIT**

WISCONSIN
DEPARTMENT
OF REVENUE

PLEASE PRINT	NAME OF CLAIMANT		Social Security Number	Amount of Rent Per Month \$ _____
	Last Name	First Name and Initial	Relationship to Landlord	
NAME OF LANDLORD		LANDLORD'S HOME ADDRESS		
Last Name	First Name and Initial	_____		
_____		_____		
(A) Total Rent Paid For Year	(B) Rental Value Of Furnishings	(C) Value of Utilities Furnished	(D) Value Of Other Furnished Items	(E) Rent Paid For Occupancy Only
\$ _____	\$ _____	\$ _____	\$ _____	\$ _____ <small>(Block A Less B, C and D)</small>

I, the undersigned, do hereby certify that the above information concerning rent paid to me by the above named claimant for and during the year 19____ is true, correct and complete to the best of my knowledge and belief.

MEMORANDUM

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

State of Alaska

DIVISION OF LOCAL GOVERNMENT ASSISTANCE

TO: JACK CHENOWETH
DIRECTOR

DATE: MARCH 20, 1975

FILE NO:

TELEPHONE NO:

FROM: S. ROBERT DOZIER *S.R.D.*
STATE ASSESSOR

SUBJECT: FISCAL NOTE AND RECOMMENDATIONS
FOR HOUSE BILL NO. 272 "AN ACT
EXTENDING THE BENEFITS OF THE
SENIOR CITIZEN PROPERTY TAX
EXEMPTION TO SENIOR CITIZEN
RENTERS."

ESTIMATED COSTS - HOUSE BILL NO. 272 FISCAL YEAR 1977

<u>COST OF</u>	<u>NUMBER OF APPLICATIONS</u>	<u>AVERAGE COST PER APPLICATION</u>	<u>PROGRAM COST</u>
Reimbursement	1995	\$311	625,000
Municipal Administration	1995	30.50	61,000 (see recommendations)
Optional Monthly/ Quarterly Payments	1000	10.00	20,000
State Administration	1995	4.00	<u>8,000</u>
Total Program Estimate	1995	\$355.50	714,000

It is estimated that the program will require the reimbursement of 1,995 senior citizen applications in 1976 involving an estimated cost to the State of approximately \$625,000. Reimbursement of administrative costs for the optional system of providing monthly or quarterly payments rather than in one lump sum, may reasonably be estimated to involve approximately \$20,000. This would bring the total reimbursement cost of the program, to about \$645,000.

RECOMMENDATIONS:

As outlined in the attached recommended amendment to H.B. No. 272, the following are suggested for consideration:

Line 13; resident has been clarified by adding "of the state".

Lines 12, 14, 15 & 16, page 1 and lines 6 & 12, page 2 have been revised to reflect the terminology used in the existing senior citizen program.

Line 18 expands the eligibility requirements to avoid misinterpretation of the definition of a resident "65 years of age or older". Numbering has been added to increase readability of the bill.

A section (lines 21 & 22) has been added, on subsidized housing to call attention to a possible problem area in the proposed program.

It is suggested that (f) be deleted for the reason that it would apparently further administrative complications and seems to add little to the equity of the program, such a system if initiated, would require additional deadlines throughout the year, as well as, screening, verification and reimbursement procedures being increased to as much as 12 times a year. It should also be noted that administrative costs of this service would be difficult to calculate and reimburse equitably, and that the reimbursement process would be inconsistent statewide.

Lines 24 through 28 of the bill have been adjusted to compensate municipalities for the administrative costs of the program under a reimbursement program outlined by the Department.

It has been demonstrated in Table III that the administrative cost to the local municipalities has worked a measurable penalty in regard to the existing owner occupant portion of the senior citizen program. The narrative following Table III further shows that this cost would be much increased by the program proposed by HB 272.

For these reasons it is suggested that municipalities should be compensated for the administrative costs involved in both reimbursement programs and in the interest of reducing administrative expense and possible inequities, the amount of compensation should be determined each year by the Department, based on a set formula rather than by an amount annually billed to the State without adequate control.

ESTIMATE OF ELIGIBLE APPLICANTS:

The estimated state reimbursement figure of \$625,000 is based on projected 1974 census data together with historic and estimated population and cost data compiled and analyzed concerning administration of the Senior Citizen Property Tax Exemption Program AS 29.53.020(e).

TABLE I: ESTIMATED POPULATION DATA

The 1970 census reported state population of	302,361
Residents 65 years of age, 2.3%	6,950
Heads of households, 65 years of age, 1.3%	3,930
1975 census estimated by the Department of Labor was	357,200
The annual increase in population, averaged for the past 5 years, is	10,968
The above projections would indicate that the population in 1976 will total	368,168
For purposes of this report the 1976 census is rounded downward to	365,000
The same percentages attributed to senior citizens as indicated in the 1970 census, are used below;	
Residents, 65 years of age, 2.3%	8,395
Heads of Households, 65 years of age, 1.3%	4,745

As indicated in Table I the estimated number of heads of households estimated for 1976 is 4745. Using the 1970 census data and actual data compiled for owner occupied senior citizens as a base, owner occupied residences would total 2750 and tenant occupied residences would total 1995.

ESTIMATE OF PROPERTY TAX REIMBURSEMENT TO MUNICIPALITIES:

Residential property owned by senior citizen is in general, of a higher quality than that which can be afforded by a tenant, primarily because the owner occupied property has, in whole or in part, been paid off before retirement, while the tenant's rent receipts reflect full amortization of the landlord's investment plus taxes. To reflect this difference, a 25% discount in average tax per application is given for tenant occupied housing.

The 11.5% annual increase in property values or average tax per application as indicated for 1975 over 1974 can reasonably be expected to continue its trend for the next few years.

In 1974 the Department received 1958 application forms from boroughs and cities which administered the program. A total of 70 applications were rejected due to late filing and 1 because the applicant reached age 65 after January 1, 1974, 1887 were approved. As indicated in Table II below, the average amount of tax per application was \$335 for a total state reimbursement of \$631,890.

A total of 2496 application forms were filed on or before January 15, 1975. The 32% increase over 1974 is not likely to continue as the program has been well publicized both by the state and by units of local government and the majority of eligible applicants, no doubt, have filed. Therefore only a 10% increase in the number of applicants is estimated for 1976.

TABLE II: ESTIMATED PROPERTY TAX REVENUE

AS 29.53.020(e) Senior Citizen Property Tax Exemption

Owner Occupied Housing

<u>YEAR</u>	<u>NO. APPLICATIONS</u> <u>% INCREASE</u>	<u>AVERAGE TAX</u>	<u>% INCOME</u>	<u>TOTAL REVENUE</u>	<u>YEAR FUNDED</u>
1974	1887	335		631,890	FY 74
1975	2496-32%	373	11.5%	931,429 est.	FY 76
1976	2750-10% est.	415	11.5%	1,141,250 est.	FY 77

House Bill No. 272

Tenant Occupied Housing

1976	1995 est.	311 discounted 25%		620,445 est.	FY 77
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Table II indicates that the 1976 senior citizen, owner occupied property tax exemption program AS 29.53.020(e) will require a legislative appropriation of \$1,141,250 and that for HB No. 272 the proposed tenant occupied senior citizen reimbursement program, the amount of state reimbursement is estimated to be \$620,000 for a total estimated reimbursement cost to the state of \$1,761,250.

ESTIMATED MUNICIPAL ADMINISTRATIVE COST:

The assessor's office of the City and Borough of Juneau has estimated that administrative costs to the borough for the 1974 Senior Citizen Property Tax Exemption Program included 446 personnel hours, and a projected cost breakdown has been tabulated below:

TABLE III: ADMINISTRATIVE COSTS PER APPLICATION

<u>No. of Personnel Hours</u>	<u>Average Wage Rate</u>	<u>Total Cost</u>
112 hours	\$10.00/hour	\$1,120
167 hours	6.50/hour	1,085
<u>167 hours</u>	<u>4.50/hour</u>	<u>751</u>
446 hours		\$2,956
Employee Benefits @ 17%		<u>503</u>
Total Wage		3,459
No. of Applications		<u>197</u>
Total Per Application Cost 1974 program		\$17.50

Estimating 25%, or 112 hours, of this time as being appraiser time at approximately \$10/hour and 75%, or 335 hours, of clerical time, of which perhaps half was assessment clerk time at an estimated \$6.50/hour and half general clerical time at \$4.50/hour, the wage package, including employee benefits at a rate of 17%, would total \$3,464. Given the 197 valid applications processed by the Juneau borough last year the figure of \$17.50 may be derived per application. Based on the 1,887 applications funded in FY 75 by the State, it may be assumed that local municipalities absorbed approximately \$33,000 in administrative costs for the 1974 state-wide program.

By considering the relative complications inherent in the respective programs it may be estimated that the per application cost will be from 50% to 100% greater for the program outlined in HB No. 272. A per application cost of, from \$26 to \$35, on an estimated 2,000 claims will project the total administrative cost of the program to the local municipalities to between \$52,000 and \$70,000.

Under provisions of Subsection (j) HB No. 272 the state shall reimburse payments made by municipalities to tenants and in addition the state will reimburse that portion of the total administrative costs attributed to a program of monthly or quarterly payments.

Assuming approximately half of the eligible applicants reside within a municipality exercising this option, and that this service would approximate an additional average per application cost of \$10, it may be estimated that the provision would require about \$20,000 in municipal administrative costs reimbursement.

STATE ADMINISTRATIVE COSTS ESTIMATE:

As noted on the attached Man-hour Distribution Table, the cost of the owner occupant senior citizen program is estimated to be 5,187 for program year 1976. Assuming a near comparable number of applicants and assuming a greater detail of regulations, forms and audit procedure of approximately 50%, the administrative costs to the State Assessor's Office is estimated to require an additional \$8,000 or about \$4,00 per application for the first year of operation with a possible reduction in cost once draft regulations, forms preparation and program adjustments are completed.

MAN-HOUR DISTRIBUTION:

The Man-hour Distribution Table has been constructed for the purpose of illustrating the workload distribution of employee ranges through the seven major program categories in the State Assessor's Office. Therefore, wages were frozen at the FY 75 level and projected back, by time percentages, to FY 73 and forward to FY 76. The FY 76 projection does not allow for any new program areas or expansion of existing programs beyond a reasonable growth factor. No allowance was made for inflationary, budgetary or dollar value considerations nor for the fact that some clerical assistance included was furnished through budgetary contributions by other Division/Sections.

The Full Value Determination AS 14.17, includes the entire program from deed acquisition and questionnaire mail-out through market data/assessed value posting and field appraisal to final tabulation of calculations. Adoption of the Greater Anchorage Area Borough computerized market data survey cut the total volume of questionnaires sent and market data posted from approximately 13,500 in FY 73 to a little over 7,000 in FY 74. The growth in sales volume across the State indicates the office will process a probable 11,000 questionnaires in FY 76.

Senior Citizen Property Tax Exemption, AS 29.53.020, includes program initiation in 1973 through municipal instruction/assistance, forms preparation and distribution, revision of Alaska Administrative Code Regulations, to the final collection, audit and reimbursement.

Farm and Agricultural Land Use Deferred Taxation Program, AS 29.53.035, includes a portion of the new program initiation in FY 75 up to the final stages of implementation; thus, projected figures are not based on a full range of previous experience with the program. Alaska Administrative Code Regulations will be finalized in FY 75, after a conference with affected municipal officials.

Publications reflects the annual preparation for publication of the full value determination, property and sales tax rates, summary of assessment/taxation values and policies, program summaries on population data, bonded debt and related data contained in Alaska Taxable. Also, the 1974 revision of the Property Appraisal Cost Manual for Alaska Assessors has been considered as a factor. This publication is scheduled for update and revision every three years.

Legislation includes research and analysis, recommendations and proposed amendments, and the preparation of projected fiscal data concerning administration of proposed and recommended legislation.

Government Assistance includes assistance rendered in the areas of assessment/taxation to Alaska local governments, backup assistance to local government specialists and other state officials and national interaction with federal and state agencies outside Alaska. No consideration has been given to assessor training, an area of responsibility allocated to the State Assessor's Office, since no funding has been available in this regard for the time span covered in this tabulation.

General Office is a "catch-all" category covering areas of interest and responsibility not readily attributed to special programs, including administration, budget, office procedures, etc.

State Assessor range is apparently \$1100 under the actual expenditure in the FY 74/75 budget but proportionate time and comparisons are still valid as illustrated, though, correlation to existing budget figures may be difficult. It should be noted that the ratio of time spent on the determination, government assistance and administration has been penalized to furnish time rendered to the new senior citizen and farm use programs.

Part Time Clerical Aide and Other has been assigned lump-sum, time-values to the volume of work performed by personnel from other offices, part time clerical aides - after school and NYC positions. Percentages were projected from a basic value of \$8,850 assigned to one, full-time clerical position.

It may be noted that progressively more of the market data survey portion of the determination is being delegated to this category in order to free other category time to special programs, technical areas and secretarial support.

Clerk/Typist III reflects a reduction in routine typing/filing time due to greater use of computerized systems and standardization of methods allowing delegation of some duties to lesser positional time. Time spent in areas of secretarial support, sales analysis, and technical typing is increasing. Experience has shown that in order to retain quality assistance, the routine duties of the survey should be spread upon as broad a base as possible to avoid boredom and loss of interest.

Research Assistant has increasingly absorbed research, tabulation, analysis, special program details and routine correspondence by delegating routine secretarial support and routine sales data procedures to other positions. It should be kept in mind that the standardization and delegation of duties that has been a factor in the office's ability to absorb new programs and growth factors has reached saturation and was not considered in projecting FY 75/76 work loads.

Attachments
SRD:nc

RECOMMENDED AMENDMENTS

Introduced: 3/7/75
Referred: Community & Regional
Affairs

IN THE HOUSE

BY: GRUENING AND DUNCAN

HOUSE BILL NO. 272

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act extending the benefits of the senior citizen property tax exemption to senior citizen TENANTS (RENTERS)."

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

* Section 1. AS 29.73 is amended by adding a new section to read:

Sec. 29.73.060. REBATE OF PROPERTY TAX PAYMENTS TO SENIOR CITIZEN TENANTS (RENTERS). (a) A home rule or general law municipality which levies a REAL (GENERAL) property tax shall make a tax rebate payment to an eligible resident OF THE STATE 65 years of age or older who rents rather than owns HIS PLACE OF ABODE (THE RESIDENCE HE OCCUPIES). The payment shall be in an amount equal to the amount of REAL (GENERAL) property tax paid by the property owner on that PLACE OF ABODE (RESIDENCE) for the period it was occupied by the applicant.

(b) To be eligible for a rebate payment under this section, a person

(1) MUST HAVE REACHED THE AGE OF 65 YEARS ON OR BEFORE JANUARY 1 OF THE YEAR FOR WHICH EXEMPTION IS SOUGHT,

(2) must file an application with the municipal assessor not later than January 15 of the assessment year during which rebate payments are to be claimed, and

(3) must file a separate application for each assessment year for which payments under this section are sought. The application shall be on a form prescribed and provided by the Department of Community and Regional Affairs for use by the municipality.

(c) To obtain rebate payment under this section, the applicant must submit to the assessor rent receipts for the assessment year for which payment is claimed before January 15 of the following assessment year. Payment shall be made to qualified applicants for each assessment year by March 1 of the following year. An applicant is not eligible for rebate payments if the assessor determines, after notice and hearing to the parties concerned, that the landlord-tenant relationship was created primarily for the purpose of obtaining rebate payments. The determination of the assessor is appealable under AS 44.62.560 - 44.62.570.

(d) If an eligible applicant is a TENANT (RENTER) for only part of the assessment year, or if his PLACE OF ABODE (RESIDENCE) is an apartment in a multi-unit building or comprises only a portion of the taxable property, the rebate payment shall be proportionate to the annual assessment on the entire property. The Department of Community and Regional Affairs shall provide guidelines to assist municipalities in computing proportionate payments, in computing payments when an eligible applicant has more than one PLACE OF ABODE (RESIDENCE) during an assessment year, and in computing partial payments under (e) of this section.

(e) If two or more persons occupy a residence as tenants, not all of whom are eligible for rebate payments under this section, the assessor shall determine equitable partial payments to be made to the eligible tenants. However, rebate payments to an eligible applicant may not be reduced because his spouse is less than 65 years of age. If all occupants in a residence are eligible for rebate payments under this section, the occupants shall decide between and among themselves which shall receive payment under this section.

(f) REIMBURSEMENT TO AN OCCUPANT OF A SUBSIDIZED HOUSING UNIT SHALL BE REDUCED IN AN AMOUNT EQUIVALENT TO THE AMOUNT OF THE SUBSIDY.
(A MUNICIPALITY MAY ESTABLISH A SYSTEM OF MONTHLY OR QUARTERLY PAYMENTS DURING THE ASSESSMENT YEAR IN LIEU OF A SINGLE ANNUAL PAYMENT.)

(g) The state shall reimburse the municipality for the tax rebate payments made under this section, (AND, IN THE CASE OF A MUNICIPALITY WHICH PROVIDES MONTHLY OR QUARTERLY PAYMENTS,) for the cost of administering the REIMBURSEMENT (MONTHLY OR QUARTERLY) payments (.), BASED ON AN APPROPRIATE COST FORMULA TO BE ESTABLISHED BY THE DEPARTMENT.

MAN-HOUR DISTRIBUTION TABLE

	<u>DETERMINATION</u> FY	<u>SENIOR</u> <u>CITIZEN</u>	<u>FARM</u> <u>USE</u>	<u>PUBLICATIONS</u>	<u>LEGISLATION</u>	<u>GOVERNMENT</u> <u>ASSISTANCE</u>
Research Assistant 11,300	72/73 6,780 73/74 5,215 74/75 4,520 75/76 2,825	-0- 1,565 1,695 2,825	-0- -0- 565 565	565 565 1,130 1,695	565 565 1,130 1,130	565 565 565 1,695
Clerk Typist III 10,300	72/73 7,725 73/74 7,210 74/75 6,180 75/76 4,635	-0- 515 515 1,030	-0- -0- -0- 515	515 515 1,030 515	515 515 515 515	515 515 515 515
Part Time 5,752@65% Clerical 6,421@72% Aide & 6,638@75% Other 13,275@150%	72/73 5,752 73/74 4,983 74/75 5,045 75/76 9,623	-0- -0- -0- 332	-0- -0- -0- -0-	-0- 575 266 664	-0- 288 -0- 664	-0- -0- 177 664
SubTotal Clerical	27,352 28,021 28,238 34,275	72/73 20,257 (2,849) 73/74 17,408 (1,663) 74/75 15,745 1,338 75/76 17,083 4,187	-0- -0- -0- 1,080	-0- 575 1,655 771 2,426 448 2,874	1,080 288 1,368 277 1,645 664 2,309	1,080 177 1,257 1,617 2,874
State Assessor 27,600	72/73 14,620 73/74 12,420 74/75 12,420 75/76 12,180	-0- 2,760 2,760 1,000	-0- 1,656 1,656 1,656	2,760 2,760 2,760 1,760	3,312 3,312 3,312 3,312	4,128 3,312 3,312 4,312
TOTAL 54,952 55,621 55,838 62,475	72/73 34,877 (5,049) 73/74 29,828 (1,663) 74/75 28,165 3,098 75/76 31,263	-0- 4,840 130 4,970 217 5,187	-0- 1,656 771 2,221 515 2,736	3,840 575 4,415 771 5,186 (552) 4,634	4,392 288 4,680 317 4,957 664 5,621	5,208 (816) 4,392 177 4,569 2,617 7,186

Department of Community & Regional Affairs
 Division of Local Government Assistance
 Office of the State Assessor
 March, 1975

MEMORANDUM

State of Alaska

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

DIVISION OF LOCAL GOVERNMENT ASSISTANCE

TO: Lynn A. Wegener
Administrative Officer

DATE: March 11, 1975

THRU: Jack Chenoweth
Director

FILE NO:

TELEPHONE NO:

FROM: S. Robert Dozier
State Assessor



SUBJECT: HB. No. 168; an act providing for property tax reimbursement payments to a senior citizen who rents his residence.

It is estimated that state reimbursement, direct to individual senior citizens, under provisions of HB No. 168 in present form, will, during the year 1976, involve approximately 1995 tenant senior citizens, \$625,000 in direct state reimbursement payments, and that the cost of administration will total approximately \$50,000.

The estimate is based on the assumption that the definition of "residence" as implied in Sec. 34.08.010(b) of the bill corresponds to the definition of "permanent place of abode" as adopted for the administration of AS 29.53.020(e) and defined in Alaska Administrative Code Regulations 19 AAC 35.120(4).

"Permanent place of abode" means a dwelling or a dwelling unit in a multiple dwelling including lots and outbuildings, or an appropriate portion thereof, which are necessary to convenient use of the dwelling unit.

This assumption would appear necessary, when considering the confusing statements in HB No. 168, Sec. 34.08.010(a), relating to reimbursement of that portion of the rent on the residence which is attributed to local property tax assessed on the residence as opposed to the formula set out in Sec. 34.08.040(a)(1)-(2) of the bill for estimating the required reimbursement. (1) Under provisions of subsection (a)-(1), the wording implies that reimbursement shall be based on an amount equal to the entire local property tax assessed on the property. No restriction is stated should the single family residence be situated on a large tract of land which, under terms of the lease or rental agreement may be used by the lessee. (2) Under provisions of subsection (a)-(2), the wording implies that reimbursement is contingent on the number of bedrooms in the applicant's residence as compared to the total number of bedrooms in the building. The wording fails to consider the square foot area and floor plan of the residence as it relates to the total property value, which may be a duplex, an apartment or any combination of an apartment-business multipurpose building.

The estimated state reimbursement figure of \$625,000 is based on projected 1970 Census data together with historic and estimated population and cost data compiled and analyzed concerning administration of the Senior Citizen Property Tax Exemption Program AS 29.53.020(e).

TABLE I: Estimated Population Data

The 1970 census reported state population of	302,361
Residents 65 years of age, 2.3%	6,950
Heads of households, 65 years of age, 1.3%	3,920
1975 census estimated by the Department of Labor was	357,200
The annual increase in population, averaged for the past 5 years, is	10,968
The above projections would indicate that the population in 1976 will total	368,168
For purposes of this report the 1976 census is rounded downward to	355,000
The same percentages attributed to senior citizens as indicated in the 1970 census, are used below;	
Residents, 65 years of age, 2.3%	8,395
Heads of households, 65 years of age, 1.3%	4,745

In 1974 the Department received 1958 application forms from boroughs and cities which administered the program. 70 applications were rejected due to late filing and one because the applicant reached his 65th birthday after January 1, 1974, 1887 were approved. As indicated in Table II below, the average amount of tax per application was \$335 for a total state reimbursement of \$631,890.

A total of 2496 application forms were filed on or before January 15, 1975. The 32% increase over 1974 is not likely to continue as the program has been well publicized both by the state and by units of local government and the majority of eligible applicants, no doubt, have filed. Therefore only a 10% increase in the number of applicants is estimated for 1976.

The 11.5% annual increase in property values or average tax per application as indicated for 1975 over 1974 can reasonably be expected to continue its trend for the next few years.

As indicated in Table I the estimated number of heads of households estimated for 1976 is 4745. Using the 1970 census data and actual data compiled for owner occupied senior citizens as a base, owner occupied residences would total 2750 and tenant occupied residences would total 1995.

Residential property owned by senior citizen is, in general, of a higher quality than that which can be afforded by a tenant, primarily because, the owner occupied property has, in whole or in part, been paid off before retirement, while the tenant's rent receipts reflect full amortization of the landlord's investment plus taxes. To reflect this difference, a 25% discount in average tax per application is given for tenant occupied housing.

TABLE II: Estimated Property Tax Revenue
AS 29.53.020(e) Senior Citizen Property Tax Exemption
Owner Occupied Housing

YEAR	NO. APPLICATION	%increase	AVERAGE TAX	%Income	TOTAL REVENUE
1974	1887 (actual)		335		631,890(actual)
1975	2496 (actual 32%)		373	11.5%	931,429(est.)
1976	2750 (estimated 10%)		415	11.5%	1,141,250(est.)

House Bill No. 168

Tenant Occupied Housing

1976	1995 (estimated)		311(discounted 25%)		620,445(est.)
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The above table indicates that the 1976 senior citizen owner occupied property tax exemption program AS 29.53.020(e) will require a legislative appropriation of \$1,141,250 and that for HB No. 168 the proposed tenant occupied Senior Citizen Reimbursement Program, the amount of state reimbursement is estimated to be \$620,000, for a total estimated reimbursement cost to the state of \$1,761,250.

Administration of House Bill No. 168 will require the following:

1. The development of detailed Alaska Administrative Code Regulations.
2. Application forms must be developed and made available to the general public at the office of the Borough Assessor or City Clerk.
3. Instructions for assisting applicants should be prepared for the municipal official assigned to assist applicants.
4. As the applications must be filed on or before January 15, 1976, all application forms filed with the municipality may be forwarded to the Department on or about February 1.
5. The Department will screen all applications received for determining eligibility and for separating the forms into five categories; 1. single family residence and subdivisions, 2. condominiums, 3. duplex and apartments, 4. multi-purpose buildings, and 5. forms incomplete with additional information required and marginal eligibility status will require extensive correspondence and field inspection.
6. Assessed values and equivalent amounts of tax will be determined to the extent possible through research of local assessment records. Farm residences, apartments and multipurpose buildings will require an examination of the municipal building cards and actual inspection and field appraisal by the appraiser assigned to the office of the State Assessor. Actual appraisal of all property except residences situated on subdivided lots or tracts will be required to determine the residence value as it applies to the total assessed property value.
7. Rent receipts to be submitted by the applicant to the Office of the State Assessor before December 31 of the year, are required under the bill for determining the number of months of residency and the percentage of equivalent tax for state reimbursement. In many cases, the appraiser will again be required to inspect local assessment records and appraise property when it is indicated by rent receipts that the tenant changed the location of his residence during the year covered by the application.

8. Before March 1, or before the start of the following year's program, a final reimbursement roll shall be prepared by the Office of the State Assessor and payment vouchers requested for all senior citizens qualifying under the program.
9. The bill fails to provide the taxpayer with adequate appeal procedure.

There are seven major areas of responsibility presently allocated to the Office of the State Assessor.

1. Determination of full and true value of taxable real and personal property within all organized boroughs and all cities outside organized boroughs except cities of the second class. (AS 14.17.140)
2. Senior Citizens Property Tax Exemption (AS 29.53.020(e))
3. Farm and Agricultural Land Deferred Tax AS 29.53.035
4. Publications
 - (a) Alaska Taxable and
 - (b) update and revise periodically the Residential Appraisal Cost Manual for Alaska assessors
5. Proposed legislation: Research, analysis and fiscal data
6. General Assistance: Property tax administration, appraisal problems, reappraisal contracts, and interpretation of State law and opinions.
7. Correspondence: Existing programs intra-and-inter-state.

TABLE III Office of the State Assessor

<u>Present staff</u>	<u>Additional staff required HB No. 168</u>
1. State Assessor	1. Assistant State Assessor Appraiser III
2. Research Assistant	2. Clerk Typist II
3. Clerk Typist III	
4. Clerical Aid Full time	

Administration of HB No. 168 will require the addition of 2 positions and the upgrade of one position. 1. Assistant State Assessor Grade 19. 2. Clerk Typist II Grade 7 and upgrading of the Research Assistant range 10 to Research Analyst I to Grade 13.

Duties and responsibilities of:

- A. Assistant State Assessor(new postion)
 1. Compile assessed value data on all applications.
 2. Determine the total assessed value of the property.
 3. Appraise the value of the residence as it applies to the value of the total property.
 4. Determine the service area and rate of tax levied for the area of the borough in which the residence is located.
 5. Assist the State Assessor in other property appraisal and program responsibilities.

B. Local Gov. Specialist/Special Program Research Analyst (upgrade from Research Assistant)

1. Shifting of a portion of existing duties to subordinates.
2. Set up new program procedures.
3. Assist with drafting of Administrative Code Regulations.
4. Responsible for special programs, operation, maintenance, auditing and reimbursement.

C. Clerk Typist(new position)

1. Assumption of existing program duties which are shifted from existing staff requirements.

Table IV, Column 2, illustrates the clerical workload of the State Assessor's Office during 1974 in the three main procedure areas. Column 1 has broken out some program phases for purposes of comparison with the projections carried out in Table V.

It is considered reasonable to equate the various categories of clerical assistance now being rendered to the projected work load required for administration of HB 168. From Table IV and V below, it is projected that it will require about 13.7 months of full-time clerical assistance to fulfill the requirements of HB No. 168 and, in addition, approximately 2.1 months, using about 70% of a full-time clerk's time for three months, to perform the work necessary to get the initial program under way.

Approximately 55% of Research Assistant time, 75% of Clerk-Typist time and 90% of Clerical Aide time is spent carrying transaction data through the market data survey to the full value determination and the publication of "Alaska Taxable," i.e. The Assessment Sales Ratio Study.

The Assessment-Sales Ratio Study has further been broken into categories for the purpose of this projection: (1) deed preparation; (2) questionnaire mailout; (3) posting and filing of market data, assessed values and ratio calculations.

Secretarial support accounts for 15% of Research Assistant time, 25% of Clerk Typist time and 10% clerical aide time.

Nearly 30% of Research Assistant time is invested in the Senior Citizen Program and other special programs and projects.

TABLE IV: Analysis of 1974 personnel expenditures:

ASSESSMENT-SALES RATIO STUDY	Research Assistant	Clerk Typist III	Clerical Aide
Deed Preparation	30%	10%	
Questionnaires	5%	20%	80%
Market Data	20% 55%	45% 75%	10% 90%
SECRETARIAL SUPPORT	15%	25%	10%
SPECIAL PROJECTS			
Senior Citizen	15%		
Other	15% 30%		