

152

HCRA

HB 272

-

HB 291

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	13.7
Program Initiation	70%	3	2.1	15.8

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		37,445

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:

I. 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.	0 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.	0 1/2% per Mill		343	8.8%
Juneau Average Trailer	275/mo.	12,000	16.0	192	5.8%
	3,300/yr.	0 1/2% per Mill		264	8.0%
Ketchikan Duplex	300/mo.	48,700	16.4	798/2=400	11.1%
	3,600/yr.	0 1/2% per Mill		288	8.2%
Ketchikan Single Family	310/mo.	24,750	16.4	406	10.9%
	3,720/yr.	0 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

3-27-75

HB 272

30 miles

No city may levy TAXES which will result in TAX revenues which will exceed

1) 1000 p. yr. for each person

$$\frac{1000 \text{ people} \times \$1000}{\$1,000,000} =$$

(OR) 2) when combined w/ the value of property other wise taxable by the municipality, the product of 225% of avg. per capita assessed value of prop. in the state X # of res. of the municipality.

$$X \frac{225\% \times \text{avg per. cap. value in state}}{\# \text{ of persons in munic.}}$$

$$2.25 \times \$1000 \times \frac{1000 \text{ p.}}{300,000} = \underline{\underline{2,500,000}}$$

$$300,000 \times$$

13,000

2.25

law to Administer - thru state
- thru munic.

appropriation

I. REQUEST

Bill No. HB 168 SB 218

Title: Property tax reimbursement payments to a Senior Citizen who rents

Requested by: House HESS/Senate CERA

Date: February 12, 1975

Return Date Requested:

Agency: Community & Regional Affairs Program: Social Services

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Senior Citizens Property Tax Exemptions

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100 PERSONAL SERVICES		37.7	39.6			
200 TRAVEL		6.0	6.3			
300 CONTRACTUAL		5.0	4.8			
400 COMMODITIES		3	3			
500 EQUIPMENT		2.1				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.			620.4			
TOTAL		51.1	671.4			

B. FUNDING: (Thousands of dollars)

GENERAL FUND	FEDERAL FUNDS	OTHER
51.1	671.4	

C. POSITIONS:

PERMANENT/TEMPORARY	MAN MONTHS (P./T.)
2 /	24 /
2 /	24 /
/	/
/	/
/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

ASSUMPTIONS

- 1.) Statewide population in 1976 will approximate 365,000.
- 2.) The increase in property values or average tax per application of 11% will continue for the next few years.
- 3.) Residential property owned by the Senior Citizen is generally of a higher quality than can be afforded by a tenant. To reflect this difference, a 25% discount in average tax per application is used for tenant occupied housing.

IV. ATTACHMENTS

ANALYSIS

V. DATE: February 19, 1975

PREPARED BY: Robert Dozier

Robert Dozier, State Assessor
Local Government Assistance Division

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

Renter value
25% of owner
occupied value

Administration
costs of owner
occupied ~~20%~~ 5%
That of Renter
occupied / assets

70,000.00
2,000.00
600.00

7,800

The low state
rebate would probably
supplement other aid.

7,800
+ 2,700

5,100

The 1970 census indicated that 1.3% of the State population are Senior Citizen "Heads of Households". By deducting the projected number of Senior Citizen property owner in 1976, leaves a balance of 1,995 Senior Citizens to whom the benefits of this program would be extended under this bill. The projected average reimbursement per participant in 1976, discounted by 25% (assumption #3) equals \$311.

$$1,995 \times \$311 = \$620,445$$

The bill places the responsibility for administering this portion of the Tax Exemption program on the Department which includes verifying applications and determining the tax attributable to exemption for a Senior Citizen living in a multi-purpose building, condominium, duplex or apartment. This will require the services of an appraiser who will also develop regulations, prepare the necessary application forms, and instruction manual. The incumbent will travel to municipalities where Senior Citizens apply for rental exemption for the purposes of examining the tax roles and actual field appraisals. An existing research assistant position would be up-graded to a research analyst to take on the additional responsibilities of the initial screening process of applications, review of rental receipts upon submission and program follow-up through correspondence with landlords and tenant Senior Citizens. A Clerk Typist II position would provide clerical support.

The administrative costs are estimated at \$51,106 and are detailed as follows:

Personal Services

Appraiser III (Range 19)	\$20,136	
Clerk Typist II (Range 7)	9,192	
Up-grade Research Assistant to Research Analyst (Range 10 to 13)	2,652	
Benefits @ 18%	<u>5,756</u>	\$37,736

Travel

Review of assessment roles and field inspection of multi-purpose and multi-resident buildings		\$ 6,000
---	--	----------

Contractual

Telephone and long distance	\$ 1,600	
Postage	500	
Printing and advertising - hearing notices, application forms and manual	1,500	
Office Rent - 150 sq.ft. @ .50/sq./ft.	900	
Machine Rental and Xerox	<u>500</u>	\$ 5,000

Commodities

Reference materials and office supplies		\$ 300
---	--	--------

Equipment

Executive desk	\$ 270	
Secretarial desk	300	
Two chairs	190	
Typewriter	570	
Calculator	600	
Filing Cabinet	<u>140</u>	
Total Administrative		<u>\$ 2,070</u>
		<u>\$51,106</u>

The State Assessor is available to provide any additional information or discuss alternative proposals.

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

POUCH B - JUNEAU 99811

April 2, 1976

The Honorable Clark Gruening
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Mr. Gruening:

Enclosed is a copy of a fiscal note for section one of CS SS HB No. 272am S and a fiscal note for section two which indicated an FY 77 BRU Grant of \$386,000 with a \$250 maximum payment per applicant.

The fiscal note provides two alternate limitation amounts which may be considered.

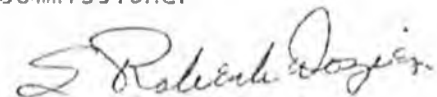
Based on the same set of assumptions the \$375 limitation would require a grant of \$512,329 and the \$500 limitation would require a grant of \$596,148.

The formula as presented, $\frac{1}{2}\%$ per mill times the annual rent is in itself a limitation formula adjusted to the rate of tax as levied.

Please refer to Table I, @ .5% per mill, (Underlined in red) As illustrated $\frac{1}{2}\%$ per mill is on the low side. 6/10% per mill is about average, (underlined in green) and 7/10% per mill is on the high side (underlined in yellow).

Very truly yours,

Lee McAnerney
Commissioner



By: S. Robert Dozier
State Assessor

LMcA:SRJ:nc

Enclosures

March 18, 1976

Senator John Butrovich
Alaska State Senate
Pouch "V" State Capitol Building
Juneau, Alaska 99811

Dear Senator Butrovich:

- Re: 1. Limitation of Benefits, Senior Citizen Property Tax Exemption
AS 29.53.020 (c). (Proposed Bill.)
2. Limitation of tax equivalency payments to Senior Citizen
Tenants, CS SS HB No. 272 am. (Proposed Amendment)

You have requested a fiscal note and language for a bill which addresses the problem of perceived inequities in The Senior Citizen Property Tax Exemption Program between the very wealthy and the very poor.

The formula as outlined in the enclosed fiscal note and bill draft, is an attempt to avoid a fixed, assessed value limitation as proposed in Senate Bill No. 408, by allowing the program to adjust annually to increasing property valuations. The formula will support the program goals while avoiding total subsidy of presumably affluent taxpayers.

Additionally, you have requested a fiscal note and language for an amendment which will provide a limit of \$250 for tax equivalency payments to senior citizen tenants as proposed in HB No. 272.

Suggested amendment, CS SS HB No. 272 am.

Page 1. Line 18, after "applicant" add not to exceed \$250.

In addition, to a program analysis of the \$250 suggested limitation, the enclosed fiscal note includes for your consideration a program summary for two additional dollar limitations, \$375 and \$500.

I am available at any time should you require additional data or an explanation of the enclosed data.

Sincerely,

Lee McAnerney
Commissioner

S. Robert Dozier
By: S. Robert Dozier
State Assessor

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. Proposed legislation -- Assessed Value Limitation
 Title: An act relating to Senior Citizen Property Tax Exemption
 Requested by: Senator John Butrovich Date: 3-19-76
 Return Date Requested: _____
 Agency: Community & Regional Affairs Program Program: Social Services

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Property Tax Exemption Program

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		893.8				
TOTAL						

B. FUNDING: (Thousands of dollars)

GENERAL FUND		893.8				
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Assumptions:

- | | |
|--|-----------|
| 1. Statewide population FY 77 will approximate | 389,960 |
| 2. Senior Citizens claimants FY 77 | 2,665 |
| 3. Average assessed value 1/1/77 | 24,196 |
| 4. Average tax per applicant FY 77 | 432 |
| 5. FY 77 BRU Program Budget Request | 1,150,000 |

Analysis continued:

IV. ATTACHMENTS

Memo: Lee McNerney, Commissioner, C & RA, dated 1/23/76
 Table I: Assessed valuations in intervals of \$5,000 (FY 76)
 Table II: Exempt tax dollars in intervals of \$100 (FY 76)

V. DATE: 3-19-76 PREPARED BY: S. Rahnholz

Original: Legislative Finance
 cc: Budget and Management
 Fiscal Sponsor (First Legislator Named)

Proposed Legislation
Assesed Value Limitation

Limitation Formula: The upper limits of the third quartile class in a frequency distribution of the prior program year assessed values arranged in intervals of \$5,000.

Program Analysis:

Number of applications	FY 77	2665
Assessed Value Limitation		35,000
Applicants 100% exempt	79%	2,105
Applicants partially exempt	21%	560
Estimated FY 77 BRU Grant required		\$893,794
Average tax per applicant		\$335

Based on the FY 77 Program Analysis applying the above formula, 2,105 claimants would pay no property tax. The remaining 560 applicants would be required to pay an average of \$485 in taxes on property valuations above 35,000.

Total Grant Reduction: $\$256,206 = (1,150,000 - 893,794)$

Average impact per affected applicant: $\$458 = (256,206 \div 560)$

Benefits to individual taxpayers are in direct proportion to the assessed value of the property and the rate of tax as levied by the municipality in which the property lies: Rates of levy vary from .5 to 25 mills and average about 15 mills statewide. A typical tax break of \$525 is indicated for a claimant owning a residence valued by the assessor at 35,000. ($525 = 35,000 \times .015$).

The administrative costs will not be appreciably affected by enactment of the assessed value limitation formula.

MEMORANDUM

State of Alaska

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS

DIVISION OF LOCAL GOVERNMENT ASSISTANCE

Lee McAnerney
Commissioner

DATE: January 23, 1976

FILE NO:

TELEPHONE NO:

FROM: Palmer McCarter
Director

SUBJECT: Attached bill relating to the
Senior Citizen Property Tax
Exemption Program

By: S. Robert Dozier
State Assessor

The legislation, as presented in the Attorney General's memorandum to Governor Hammond, dated December 8, 1975, recommends a formula be initiated which recognizes perceived inequities in the existing Senior Citizen Property Tax Exemption Program, AS 29.53.020 (e), between the very wealthy and the very poor. The formula as recommended is an attempt to avoid an arbitrary limitation, as proposed in SB 403, by allowing the program to adjust annually to variations in property valuations. The formula will support the program goals while avoiding total subsidy of presumably affluent taxpayers.

Under the formula as presented, the applicant would be required to pay only the amount of the tax as levied on the property exceeding the limitation, as annually determined by the Commissioner.

A statewide limitation formula based on assessed values is the most equitable, as a limitation based on tax dollars levied is distorted by the wide variations in the rates of tax levied.

<u>Stipulations</u>	<u>FY 76 (actual)</u>	<u>FY 77 (Estimate)</u>
Number of applications	2,423	2,665
BRU expenditure	\$ 933,000	\$1,150 ,000
Average tax per application	\$ 385	\$ 432

As a result of our analysis of the 2,432 applicants involved in the 1975 (FY 76) exemption program, we recommend adoption of one of the two formulas as outlined below:

Limitation Formula No. 1

Line 15: "The assessed value limitation is the [LOWER] UPPER limit of the third quartile class in a frequency distribution of the previous program year assessed values arranged in intervals of \$5,000."

The analysis of the FY 76 program based on the above formula indicates an assessed value limitation of \$35,000. Adoption of the above limitation formula will exempt in full, approximately 75% of the 2,665 applicants estimated to be involved in the FY 77 program.

Limitation Formula No. 2

Line 15 is amended to read: "The assessed value limitation is the assessed value adjusted to the next \$1,000 in a frequency distribution of the previous program year assessed values arranged in intervals of \$5,000, which exempts in full, 35% of all applicants."

Adoption of Limitation Formula No. 2 will exempt in full, approximately 80% of the 2,665 applicants estimated to be involved in the FY 77 program.

Attached are tables summarizing the statistical analysis of two separate frequency distributions of the 2,423 approved 1975 senior citizen application forms. Table 1 is based on assessed values, and Table 2 is based on tax dollars levied.

Table 1 indicates that the lower limit of the third quartile class results in an assessed value limitation of 30,000, which exempts in full, 69% or 1,678 senior citizens. And that the upper limit of the third quartile class results in an assessed value limitation of 35,000, which exempts in full 79%, or 1,923 senior citizens. The remaining 500 applicants would be forgiven 13 to 99% of their tax bills and 52 applicants would be paying in excess of 50% of their total tax bill.

Table 2, which is based on tax dollars levied, arranged in intervals of \$100, indicates that the lower limit of the third quartile class results in a tax dollar limit of \$500, which would exempt in full 73%, or 1,760 senior citizens. While the upper limit of the third quartile class results in a tax dollar limit of \$600. The latter exempts in full 82%, or 1,978 senior citizens, which amounts to \$543,400 or 58% of the total FY 76 program BRU expenditure.

Enclosure

SRD:imb

TABLE NO. 1
 SENIOR CITIZEN PROPERTY TAX EXEMPTION
 1975 PROGRAM ANALYSIS
 AS 29.53.020 (e)-(i)

<u>VALUATION IN \$5,000 INTERVALS</u>	<u>NUMBER OF WITHIN INTERVALS</u>	<u>OF CUMULATIVE TOTAL</u>	<u>APPLICATIONS</u>	<u>PERCENT TO TOTAL</u>	<u>PERCENT OF TAX FORGIVEN</u>
0-4.9	185			8%	
5.0-9.9	303	488		20%	
¹ 10.0-14.9	265	753		31%	
15.0-19.9	360	1,113		46%	
² 20.0-24.9	289	1,402		58%	
25.0-29.9	276	1,678		69%	
³ 30.0-34.9	245	1,923		79%	100%
35.0-39.9	146	2,069		85%	88-100%
40.0-44.9	101	2,170		90%	78-88%
45.0-49.9	82	2,252		93%	70-78%
50.0-54.9	54	2,306		95%	64-70%
55.0-59.9	34	2,340		96.5%	58-64%
60.0-64.9	19	2,359		97.3%	54-58%
65.0-69.9	12	2,371		97.8%	50-54%
70.0-74.9	13	2,384		98.4%	47-50%
75.0-99.9	22	2,406		99.3%	50-35%
100.0-260.0	17	2,423		100%	35-13%

1) 1st quartile=12,218

2) Median= 21,565

3) 3rd quartile = 32,758

Office of the State Assessor
 Division of Local Government Assistance
 Department of Community & Regional Affairs
 January 16, 1976

TABLE NO. 2

SENIOR CITIZEN PROPERTY TAX EXEMPTION
1975 PROGRAM ANALYSIS
AS 29.53.020 (e)-(i)

EXEMPT TAX DOLLARS IN \$100 INTERVALS	NUMBER OF APPLICATIONS			EXEMPT TAX DOLLARS		% DOLLARS TO TOTAL	
	WITHIN INTERVALS	CUMULATIVE TOTAL	% TO TOTAL	WITHIN INTERVALS	CUMULATIVE TOTAL	WITHIN INTERVALS	CUMULATIVE TOTAL
0-99	365	365	15%	18,250	18,250	2%	2%
¹ 100-199	399	764	32%	59,850	78,100	6%	8%
200-299	325	1,089	45%	81,250	159,350	9%	17%
² 300-399	378	1,467	61%	132,300	291,650	14%	31%
400-499	293	1,760	73%	131,850	423,500	14%	45%
³ 500-599	218	1,978	82%	119,900	543,400	13%	58%
600-699	165	2,143	88%	107,250	650,650	12%	70%
700-799	99	2,242	93%	74,250	724,900	8%	88%
800-899	57	2,299	95%	48,450	773,350	5%	83%
900-999	48	2,347	97%	45,600	818,950	5%	88%
1,000-1,099	22	2,369	97.7%	23,100	842,050	2%	90%
1,100-1,199	13	2,382	98.3%	14,950	857,000	2%	92%
1,200-1,299	8	2,390	98.6%	10,000	867,000	1%	93%
1,300-1,799	19	2,409	99.4%	29,350	896,350	3%	96%
1,800-2,299	8	2,417	99.7%	16,200	912,550	2%	98%
2,300-5,000	6	2,423	100%	20,500	933,050	2%	100%

1) 1st quartile = 160.40 2) Median = 332.50

3) 3rd quartile = 526.60

Office of the State Assessor
Division of Local Government Assistance
Department of Community & Regional Affairs
January 16, 1976

IN THE SENATE

BY THE FINANCE COMMITTEE

SENATE BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to property tax exemption.

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

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

(e) [AFTER JANUARY 1, 1973] 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 program year assessed values. 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 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.

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. CS for SS for HB No. 272 am (with limitation of \$250)
 Title: Tenant Senior Citizen Reimbursement payment program
 Requested by: Senator Butrovich Date: 3/19/76
 Return Date Requested:
 Agency: Community & Regional Affairs Program: Social Services

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Property Tax Exemption Program

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES		26.4				
200 TRAVEL		2.0				
300 CONTRACTUAL		17.2				
400 COMMODITIES		.6				
500 EQUIPMENT		3.1				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		385.0				
TOTAL		435.0				

B. FUNDING: (Thousands of dollars)

	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
GENERAL FUND		435.0				
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
PERMANENT/TEMPORARY	/	1 / 1	/	/	/	/
MAN MONTHS (P./T.)	/	12 / 9	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Assumptions

1. Statewide population July 1, 1976 (FY 77) will approximate 389,960.
2. The increase in property values or average tax per application of 11.5% will continue for the next few years.
3. Residential property owned by the senior citizen is generally of a higher quality than can be afforded by a tenant. To reflect this difference, a 25% discount in average tax per application is used for tenant occupied housing.
4. Section 1(c) means payments would be made for this period January 1 - December 31, 1976.
5. Tax equivalency payments may not exceed \$250.
6. Estimated FY 77 BRU Program Grant \$385,956 (2,492 applicants x \$155 average)

Analysis continued

IV. ATTACHMENTS

V. DATE: 3/19/76

PREPARED BY:

S. Robert Taylor, State Auditor
Division of Social Services and Assistance

Original: Legislative Counsel

cc:

Budget Unit
Public Affairs: Central Legislative Staff

Limitation Formula (Fiscal Note)

Individual tax equivalency payments may not exceed \$250.

Program Analysis:

Number of claimants		2,492
Claimants 100% exempt	(38%)	946
Claimants partially exempt	(62%)	1,546
Estimated FY 77 BRU grant		\$385,956
Average tax per claimant		\$155

Based on the FY 77 program analysis applying the \$250 limitation, 946 claimants would be reimbursed 100% of the amount as indicated by application of the formula up to \$250. The remaining 1,546 claimants would be paid \$250 each.

Total program reduction: $\$339,164 = (725,120 - 385,956)$
Average impact per affected claimant: $\$219 = (339,164 \div 1,546)$

Dollar Limitation, Alternates

1. Individual tax equivalency payment may not exceed \$375.

Number of claimants		2,492
Claimants 100% exempt	(57%)	1,420
Claimants partially exempt	(43%)	1,072
Estimated FY 77 BRU grant		\$512,329
Average tax per claimant		\$206

Total program reduction: $\$212,791 = (725,120 - 512,329)$
Average impact per affected claimant: $\$198 = (212,791 \div 1,072)$

2. Individual tax equivalency payment may not exceed \$500.

Number of claimants		2,492
Claimants 100 exempt	(73%)	1,819
Claimants partially exempt	(27%)	673
Estimated FY 77 BRU grant		\$596,148
Average tax per claimant		\$239

Total program reduction: $\$128,972 = (725,120 - 596,148)$
Average impact per affected claimant: $\$192 = (128,972 \div 673)$

Program development, implementation, administration and reimbursement is the responsibility of the Department. The pilot program will require in-depth research to develop appropriate standardized methods, procedures and forms. A professional services fee is included in the first year for this purpose which includes a survey of residential rent receipt equivalency rates which reflect variables for utilities, facilities, and services and reflect the validity of the original program assumptions. The existing Research Analyst will assume responsibility including program implementation, initial screening of applications, review of rental receipts, audit, and tabulation of claims and follow-up contact with landlords and tenants. Under direction of the Research Analyst, a Clerk IV position and Clerk Typist II position will assume major program responsibilities and clerical back-up, distribute materials, answer questions, and handle the multitudinous follow-up details.

The administrative costs are estimated as follows:

100 Personal Services

Clerk IV Range 9 Step B	\$ 12,612
Clerk Typist III Range 8 Step B (part-time 9 mo.)	8,833
Total Salary	21,495
Fringe Benefits 23%	4,943
Total Personal Services	26,438

Travel & Per Diem

State Assessor	1,000	
Consultant	1,000	
Total Travel & Per Diem		\$ 2,000

Contractual Services

Telephone and long distance	2,900	
Postage	1,600	
Printing and advertising - hearing notices, application forms, posters & manual	4,000	
Office Rent - 150 sq. ft. @.55/sq. ft.	990	
Machine Rental and Xerox	400	
Professional Fees	7,316	
Total Contractual Services		\$ 17,206

Commodities

Reference Materials	300	
Office Supplies	300	
Total Commodities		\$ 600

Equipment

Secretarial Desk @370	740	
Secretarial Chair @115	115	
Typewriter @800	1,600	
Calculator @440	440	
Filing Cabinet @230	230	
Total Equipment		\$ 3,125

Total FY 77 Budget Request for Operation of CS SS HB No. 272 am		\$ 49,369
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SRD:imb

TABLE I
RENTAL PROPERTY SURVEY
1974

Description	Mill Rate	Assessed Value	Actual Tax	Annual Rent	COMPARISON OF FORMULA VALUES AND DEVIATION FROM ACTUAL TAX					
					@ .5% Per Mill		@ .6% Per Mill		@ .7% Per Mill	
					Tax Equiv.	Deviation	Tax Equiv.	Deviation	Tax Equiv.	Deviation
Ketchikan										
7-8 Plexes	16.4	1,429,000	23,448.72	187,656	15,387.79	- 8,060.93	18,465.35	- 4,983.37	21,542.91	- 1,905.81
5 Plex	16.4	52,550	851.82	12,060	928.92	+ 127.10	1,186.70	+ 451.98	1,384.49	+ 974.65
4 Plex	16.4	44,900	736.36	7,656	627.79	- 108.57	753.35	+ 16.99	878.91	+ 142.55
3 Plex	16.4	43,650	715.86	7,200	590.40	- 125.46	708.48	- 7.38	826.56	+ 110.70
3 Plex	16.4	57,500	943.00	9,720	797.04	- 145.96	956.45	+ 13.45	1,115.86	+ 172.86
Duplex	16.4	27,450	450.18	2,880	236.16	- 214.02	283.39	- 166.79	330.62	- 119.56
Duplex	16.4	39,350	645.34	6,240	511.68	- 133.66	614.02	- 31.32	716.35	+ 71.01
Duplex	16.4	43,250	709.30	6,600	541.20	- 168.10	649.44	- 59.86	757.68	+ 48.39
Duplex	16.4	45,100	739.64	5,520	452.64	- 287.00	543.17	- 196.47	633.70	- 105.94
Duplex	16.4	46,450	761.78	5,760	472.32	- 289.46	566.78	- 195.00	661.25	- 100.53
Duplex	16.4	49,700	815.08	7,200	590.40	- 224.68	708.48	- 106.60	826.56	+ 11.48
Duplex	16.4	58,900	965.96	7,200	590.40	- 375.56	708.48	- 257.48	826.56	- 139.40
Duplex	8.0	28,550	228.40	4,800	192.00	- 36.40	230.40	+ 2.00	268.80	+ 40.40
Duplex	8.0	40,200	321.60	6,600	264.00	- 57.60	316.80	- 4.80	396.60	+ 75.00
1 Br. Condo.	16.4	13,050	214.02	3,360	275.52	+ 61.50	330.62	+ 116.60	305.73	+ 171.71
3 Br. Condo.	16.4	44,950	737.18	4,400	360.80	- 376.38	432.96	- 304.22	505.12	- 232.06
S.Fam. Resid.	16.4	25,300	414.90	3,900	319.80	- 95.10	383.76	- 31.14	447.72	+ 32.82
S.Fam. Resid.	16.4	24,000	393.60	3,600	295.20	- 98.40	354.24	- 39.36	413.28	+ 19.68
10x40 Trailer	8.0	3,250**	26.00	1,800	72.00	+ 46.00	86.40	+ 60.40	100.80	+ 74.80
2 Br. Trailer	8.0	17,000	136.00	3,000	120.00	- 16.00	144.00	+ 8.00	168.00	+ 32.00
92 Units		2,134,900	34,264.74	297,152	23,686.06	- 10,578.68	28,423.24	- 5,841.50	33,160.42	- 1,104.32
Juneau										
26 Unit Apt.	17.59	263,600	4,636.72	68,352*	6,011.56	+ 1,374.84	7,213.83	+ 2,577.11	8,416.11	+ 3,779.39
24 Unit Apt.	17.59	542,300	9,539.06	100,596	8,847.42	- 691.64	10,616.97	+ 1,071.91	12,386.35	+ 2,847.29
4 Plex	16.71	85,600	1,430.38	15,600	1,303.38	- 127.00	1,564.06	+ 133.68	1,824.73	+ 394.35
Duplex	16.00	50,200	803.20	9,360	748.80	- 54.40	898.56	+ 95.36	1,048.32	+ 245.12
Duplex	16.71	41,900	700.15	6,984	583.51	- 116.64	700.15	- 0-	816.95	+ 116.80
Condo.	14.83	35,000	519.05	5,100	378.17	- 140.88	453.80	- 65.25	529.43	+ 10.38
S.Fam. Resid.	17.59	32,500	515.00	3,780	332.45	+ 17.45	398.94	+ 83.94	465.43	+ 150.43
S.Fam. Resid.	16.71	60,300	1,007.61	6,000	501.30	- 506.31	601.56	- 406.05	701.82	- 305.79
10x50 Trailer	15.62	3,668	57.29	2,400	187.44	+ 130.15	224.93	+ 167.64	262.42	+ 205.13
14x70 Trailer	15.62	12,234	191.10	3,600	281.16	+ 90.06	337.39	+ 146.29	393.62	+ 202.52
63 Units		1,127,302	19,199.56	221,772	19,175.19	- 24.37	23,010.20	+ 3,810.64	26,845.36	+ 7,645.80
92 Ketchikan		2,134,900	34,264.74	297,152	23,686.06	- 10,514.68	28,423.24	- 5,841.50	33,160.42	- 1,104.32
63 Juneau		1,127,302	19,199.56	221,772	19,175.19	- 24.37	23,010.20	+ 3,810.64	26,845.36	+ 7,645.80
155 Total		3,262,202	53,464.30	518,924	42,861.25	- 10,603.05	51,433.44	- 2,030.86	60,005.78	+ 6,541.48
Ketchikan Average Deviation						120.09		76.67		49.80
Juneau Average Deviation						51.58		75.35		143.09
Total Average Deviation						92.24		76.13		87.72

*Minus lights @\$12/unit

**No land

TABLE I

The rental property surveys for Ketchikan and Juneau were compiled from readily available information and should not be considered a representative random sample.

Properties have been listed by categories in the following order:

Apartment and multi-unit complexes: reflects the net assessed value for the entire property. Rental rates include centralized heat and facilities, but excludes electricity and such special items as telephone and cable T.V.

Condominium units: reflect the net assessed value for a dwelling unit. Rental rates include such facilities as parking and laundry, but exclude heat and electricity which were found to be billed separately.

Single family residences and mobile homes: reflect net assessed value for the entire property. Rental rates exclude all utilities.

The percent of tax to rental rate is shown in relation to the actual rate of tax levied and again with a "frozen" mill rate of 15 mills for purposes of comparison of properties in differential tax areas.

RENTAL PROPERTY SURVEY 1974

Description	Mill Rate	Assessed Value	Actual Tax Levy	Annual Rent	% of Tax to Rent Actual	Tax @ Avg. %	% of Tax to Rent @ 15 Mills
Ketchikan							
7-8 Plexes	16.4	1,429,800	23,448.72	187,656	12.5	22,406	11.4
5 Plex	16.4	52,550	861.82	12,060	7.15	1,440	6.5
4 Plex	16.4	44,900	736.36	7,656	9.62	914	8.8
3 Plex	16.4	43,650	715.86	7,200	9.94	860	9.1
3 Plex	16.4	57,500	943.00	9,720	9.7	1,161	8.9
Duplex	16.4	27,450	450.18	2,880	15.63	344	14.3
Duplex	16.4	39,350	645.34	6,240	10.34	745	9.5
Duplex	16.4	43,250	709.30	6,600	10.7	783	9.8
Duplex	16.4	45,100	739.64	5,520	13.4	659	12.3
Duplex	16.4	46,450	761.78	5,760	13.2	688	12.1
Duplex	16.4	49,700	815.08	7,200	11.3	860	10.4
Duplex	16.4	58,900	965.96	7,200	13.4	860	12.3
Duplex	8.0	28,550	228.40	4,800	4.7	211	8.9
Duplex	8.0	40,200	321.60	6,600	4.8	290	9.1
1 Br. Condo.	16.4	13,050	214.02	3,360	6.37	401	5.8
3 Br. Condo.	16.4	44,950	737.18	4,400	16.75	525	15.3
S. Fam. Resid.	16.4	25,300	414.90	3,900	10.64	466	9.7
S. Fam. Resid.	16.4	24,000	393.60	3,600	10.93	430	10.0
10x40 Trailer (low quality)	8.0	3,250 (no land)	26.00	1,800	1.44	79	2.7
2 Br. Trailer (high quality)	8.0	17,000	136.00	3,000	4.5	132	8.5
83 Units	16.4	2,045,900	33,552.74	280,952	11.94avg.		
4 Units	8.0	89,900	713.00	16,200	4.40avg.		

Description	Mill Rate	Assessed Value	Actual Tax Levy	Annual Rent	% of Tax to Rent Actual	% of Tax to Rent Actual
Juneau						
26 Unit Apt	17.59	263,600	4,636.72	68,352	6.4	5.8
24 Unit Apt	17.59	542,300	9,539.06	100,596	9.5	8.1
4 Plex	16.71	85,600	1,430.38	15,600	9.2	8.2
Duplex	16.00	50,200	803.20	9,360	8.6	8.0
Duplex	16.71	41,900	700.15	6,984	10.0	9.0
Condo.	14.83	35,000	519.05	5,100	10.2	10.3
S. Fam. Resid.	17.59	32,500	315.00	3,780	15.1	12.9
S. Fam. Resid.	16.71	60,300	1,007.61	6,000	16.8	15.1
10x50 Trailer (1965)	15.62	3,668	57.29	2,400	2.4	2.3
14x70 Trailer (1974)	15.62	12,234	191.10	3,600	5.3	5.1

In the table below two Juneau apartment complexes were combined to illustrate the effect of averaging the contract rental rates and dividing by the average tax levy.

Unit rental rates are arranged in ascending order in Column I. Column II gives the number of units commanding the Column I rate and Column III states the total rent collected. Column IV shows the tax equivalency payment per unit which is based on the average tax equivalency percentage of 8.2% applied to the rental rate in Column I. Individual unit tax levies are not available for comparison without extensive analysis of the properties illustrated.

Consideration should be given to the fact that this represents information regarding only apartment units of a low-medium and medium range quality and no consideration is given to unit living space, availability of facilities, etc. Heat is centralized in both buildings and therefore is included in the contract rent. Electricity is included in the contract rent of one building. Mill rates are the same.

ANALYSIS OF 50 APARTMENT UNITS

Unit Annual Rent	Number of Units	Total Rent	@ Average 8.2%
2,232	4-efficiency	8,928	183.02
2,760	18-1 bedroom	49,680	226.32
3,360	2-1 bedroom	6,720	275.52
3,408	4-2 bedroom	13,632	279.46
3,768	1-1 bedroom(f)	3,768	308.98
4,116	13-2 bedroom	53,508	337.51
4,440	5-2 bedroom(f)	22,200	364.08
4,800	3-3 bedroom	14,400	393.60
	50	172,836	

(f)=includes furnishings

Total Tax	=	Building No. I	+	Building No. II
\$14,175.78		\$4,636.72		\$9,539.06
Average Tax	=	Property Tax	÷	Number of Units
\$ 283.52		\$14,175.78		50
Average Rent	=	Total Rent	÷	Number of Units
\$ 3,457		\$172,836		50
Tax Equivalency Percentage	=	Average Tax	÷	Average Rent
8.2%		\$ 283.52		\$3,457.

TABLE II

The unit contract rental is illustrated below and shows the extensive variation in rates after categorization by number of bedrooms.

DISPERSION BY NUMBER OF BEDROOMS

	EFFICIENCY	1 BEDROOM	1½ BEDROOM	2 BEDROOM	3 BEDROOM	OVER 3 BEDROOM
<u>Ketchikan</u>						
7-8 plex		245 x 14		280 x 28	312 x 14	
5 plex	175	165/175		240/250		
4 plex	85	112	216	227		
3 plex			200 x 3			
3 plex				270 x 3		
Condominium		280				
Condominium					370	
Single Family					300	
Single Family				325		
Mobile Home		200				
Mobile Home				250		
<u>Juneau</u>						
Duplex				285		
Apartment	186 x 4	229 x 18		284 x 4		
Apartment		314/280 x 2		5 x 370/343 x 13	400	
Single Family						500
Mobile Home				275		
Mobile Home					375	
Condominium					425	
4 plex				325		

TABLE III

Table III shows an array of unit assessed values arranged in ascending intervals for the purpose of comparison with variable rental rates. Column II illustrates unit tax per year calculated at an equalized tax levy of 15 mills.

Study of the table shows that reasonable rental rates compared to realistic assessed values will normally fall within an area between 2% and 15%. It may be assumed that an in-depth survey of rental markets and assessed valuations thereof would yield average percentiles within these bounds.

COMPARISON OF EQUALIZED TAX VALUE TO RENTAL RATES

Unit Assessed Value	Unit Tax @15 Mills	Percentage of Tax to Rental Rate									
		100 Mo.	150 Mo.	200 Mo.	250 Mo.	300 Mo.	400 Mo.	500 Mo.	600 Mo.	800 Mo.	1,000 Mo.
2500	38	3%	2%	1.6%	-	-	-	-	-	-	-
5000	75	6.3	4.2	3.1	2.5%	-	-	-	-	-	-
7500	113	9.4	6.3	4.7	3.8	3.1%	-	-	-	-	-
10000	150	12.5	8.3	6.3	5.0	4.2	3.1%	-	-	-	-
12500	188	15.6	10.4	7.8	6.3	5.2	3.9	3.1%	-	-	-
5000	225	-	12.5	9.4	7.5	6.3	4.7	3.8	3.1%	-	-
20000	300	-	16.7	12.5	10.0	8.3	6.3	5.0	4.2	-	-
25000	375	-	-	15.6	12.5	10.4	7.8	6.3	5.2	3.9%	-
30000	450	-	-	18.8	15.0	12.5	9.4	7.5	6.3	4.7	-
35000	525	-	-	-	17.5	14.6	10.9	8.8	7.3	5.5	4.4%
40000	600	-	-	-	20.0	16.7	12.5	10.0	8.3	6.3	5.0
45000	675	-	-	-	-	18.8	14.1	11.3	9.4	7.0	5.5
50000	750	-	-	-	-	20.8	15.6	12.5	10.4	7.0	6.3
55000	825	-	-	-	-	-	17.2	13.8	11.5	8.6	6.9
60000	900	-	-	-	-	-	18.8	15.0	12.5	9.4	7.5
65000	975	-	-	-	-	-	-	16.3	13.5	10.2	8.1
70000	1050	-	-	-	-	-	-	17.5	14.6	10.9	8.8
80000	1200	-	-	-	-	-	-	-	16.7	12.5	10.0
90000	1350	-	-	-	-	-	-	-	18.8	14.1	11.3
100000	1500	-	-	-	-	-	-	-	-	15.6	12.5

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

DIVISION OF LOCAL GOVERNMENT ASSISTANCE

JAY S. HAMMOND, Governor

POUCH B - JUNEAU 99811

April 19, 1976

The Honorable Clark Gruening
Alaska State House of Representatives
Pouch "V"
Juneau, Alaska 99811

Dear Mr. Gruening:

RE: CS SS HB 272 am s

It is my understanding that HB No. 272 in present form is being seriously considered for enactment this year in which case it is essential that the 1977 program BRU fiscal implications be considered in proper prospective.

House Bill No. 272 as amended by the Senate is composed of two parts: Section one relates to an assessed value limitation for the existing Senior Citizen Property Tax Exemption Program AS 29.53.020 (e)-(i); and section two relates to a new program which provides tax equivalency payments to senior citizen tenants.

Section 1, Page 1, Line 10

A. The fiscal note for section one of the bill prepared 3/19/76 for Senator Butrovich and entitled "Proposed legislation-assessed value limitation" was intended to reflect the dollar amount decrease in FY 77 program BRU grant for the senior citizen property tax exemption program with the assessed value limitation in effect on January 1, 1976. Enactment of HB No. 272 in present form will apply to administration of the 1977 Senior Citizen Property Tax Exemption Program, the funding for which will be reflected by a decrease in the Department's FY 78 Program BRU grant Request. The Department's FY 77 Program BRU grant request of \$1,150,000 which was timely submitted to the legislature after approval of the Budget & Audit Committee will not be affected by enactment of HB 272 am s.

B. The following amendment to Section one of HB No. 272 am s is recommended for the purpose of clarifying the intent of the limitation formula.

V. DATE: 3-19-76 PREPARED BY: [Signature]

cc: Legislative Finance
Budget and Management
Prime Sponsor (First Legislator Named)

April 19, 1976

Page 1. Line 17: After the word 'previous'; add PROGRAM.

"The assessed value limit is the upper limit of the third quartile class in a frequency distribution of the previous program year's assessed values in the state."

The intent of the above formula is to base the assessed value limitation on information contained in the previous year senior citizen exemption program application forms estimated to number 2665 in 1976. Without the amendment, the formula calls for a frequency distribution of an estimated 165,000 parcels of real property in the state which will require an additional staff member or an FY 77 Administration BRU request of \$18,000.

Section 2: Page 1, Line 26:

The fiscal note for section two of the bill prepared 3/19/76 for Senator Butrovich and entitled "CS for SS for HB No. 272 am" properly reflects the estimated FY 77 Program administrative costs and BRU Grant for senior citizen tenants.

I am available at any time should you require additional data or an explanation of the enclosed data.

Sincerely,

Lee McAnerney
Commissioner



By: S. Robert Dozier
State Assessor

LMcA: SRD: gw

Enclosure

V. | DATE: 3-19-76 PREPARED BY: S. Robert Dozier

11: Legislative Finance
Budget and Management
Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. Proposed legislation -- Assessed Value Limitation
 Title: An act relating to Senior Citizen Property Tax Exemption
 Requested by: Senator John Butrovich Date: 3-19-76
 Return Date Requested: _____
 Agency/Community & Regional Affairs Program: Social Services

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Property Tax Exemption Program

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
00 PERSONAL SERVICES						
00 TRAVEL						
00 CONTRACTUAL						
00 COMMODITIES						
00 EQUIPMENT						
00 LAND & STRUCTURES						
00 GRANTS, CLAIMS, ETC.		893.8				
TOTAL						

B. FUNDING: (Thousands of dollars)

GENERAL FUND		893.8				
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Assumptions:

1. Statewide population FY 77 will approximate 389,960
2. Senior Citizens claimants FY 77 2,665
3. Average assessed value 1/1/77 24,196
4. Average tax per applicant FY 77 432
5. FY 77 BRU Program Budget Request 1,150,000

Analysis continued:

IV. ATTACHMENTS

- Memo: Lee McAnerney, Commissioner, C & RA, dated 1/23/76
 Table I: Assessed valuations in intervals of \$5,000 (FY 76)
 Table II: Exempt tax dollars in intervals of \$100 (FY 76)

V. DATE: 3-19-76 PREPARED BY: S. R. Anderson

11: Legislative Finance
 Budget and Management
 Prime Sponsor (First Legislator Named)

Proposed Legislation
Assesed Value Limitation

Limitation Formula: The upper limits of the third quartile class in a frequency distribution of the prior program year assessed values arranged in intervals of \$5,000.

Program Analysis:

Number of applications	FY 77	2665
Assessed Value Limitation		35,000
Applicants 100% exempt	79%	2,105
Applicants partially exempt	21%	560
Estimated FY 77 Grant required		\$893,794
Average tax per applicant		\$335

Based on the FY 77 Program Analysis applying the above formula, 2,105 claimants would pay no property tax. The remaining 560 applicants would be required to pay an average of \$485 in taxes on property valuations above 35,000.

Total Grant Reduction: $\$256,206 = (1,150,000 - 893,794)$

Average impact per affected applicant: $\$458 = (256,206 \div 560)$

Benefits to individual taxpayers are in direct proportion to the assessed value of the property and the rate of tax as levied by the municipality in which the property lies: Rates of levy vary from .5 to 25 mills and average about 15 mills statewide. A typical tax break of \$525 is indicated for a claimant owning a residence valued by the assessor at 35,000. ($525 = 35,000 \times .015$)

The administrative costs will not be appreciably affected by enactment of the assessed value limitation formula.

IN THE SENATE

BY THE FINANCE COMMITTEE

SENATE BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to property tax exemption.

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

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

(e) [AFTER JANUARY 1, 1973] 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 program year assessed values. 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 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.

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE
Second Session - Ninth Legislature

I. REQUEST

Bill No. CS for SS for HB No. 272 am (with limitation of \$250)
 Title: Tenant Senior Citizen Reimbursement payment program
 Requested by: Senator Butrovich Date: 3/19/76
 Return Date Requested: _____
 Agency: Community & Regional Affairs Program: Social Services

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Property Tax Exemption Program

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES		26.4				
200 TRAVEL		2.0				
300 CONTRACTUAL		17.2				
400 COMMODITIES		.6				
500 EQUIPMENT		3.1				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		386.0				
TOTAL		435.0				

B. FUNDING: (Thousands of dollars)

GENERAL FUND	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
FEDERAL FUNDS		435.0				
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
MAN MONTHS (P./T.)	/	1 / 1	/	/	/	/
	/	12 / 9	/	/	/	/

III. ANALYSTS (See Fiscal Note Preparation Instructions, Section III)

Assumptions

1. Statewide population July 1, 1976 (FY 77) will approximate 389,960.
2. The increase in property values or average tax per application of 11.5% will continue for the next few years.
3. Residential property owned by the senior citizen is generally of a higher quality than can be afforded by a tenant. To reflect this difference, a 25% discount in average tax per application is used for tenant occupied housing.
4. Section 1(c) means payments would be made for this period January 1 - December 31, 1976.
5. Tax equivalency payments may not exceed \$250.
6. Estimated FY 77 BRU Program Grant \$385,956 (2,492 applicants x \$155 average)

Analysis continued

IV. ATTACHMENTS

V. DATE: 3/19/76 PREPARED BY: S. Robert Dozier

S. Robert Dozier, State Assessor
Division of Local Government Assistance

Original: Legislative Finance
Budget and Management
Prime Sponsor (First Legislator Named)

Limitation Formula (Fiscal Note)

Individual tax equivalency payments may not exceed \$250.

Program Analysis:

Number of claimants		2,492
Claimants 100% exempt (38%)		946
Claimants partially exempt (62%)		1,546
Estimated FY 77 BRU grant		\$385,956
Average tax per claimant		\$155

Based on the FY 77 program analysis applying the \$250 limitation, 946 claimants would be reimbursed 100% of the amount as indicated by application of the formula up to \$250. The remaining 1,546 claimants would be paid \$250 each.

Total program reduction: $\$339,164 = (725,120 - 385,956)$
Average impact per affected claimant: $\$219 = (339,164 \div 1,546)$

Dollar Limitation, Alternates

1. Individual tax equivalency payment may not exceed \$375.

Number of claimants		2,492
Claimants 100% exempt (57%)		1,420
Claimants partially exempt (43%)		1,072
Estimated FY 77 BRU grant		\$512,329
Average tax per claimant		\$206

Total program reduction: $\$212,791 = (725,120 - 512,329)$
Average impact per affected claimant: $\$198 = (212,791 \div 1,072)$

2. Individual tax equivalency payment may not exceed \$500.

Number of claimants		2,492
Claimants 100 exempt (73%)		1,819
Claimants partially exempt (27%)		673
Estimated FY 77 BRU grant		\$596,148
Average tax per claimant		\$239

Total program reduction: $\$128,972 = (725,120 - 596,148)$
Average impact per affected claimant: $\$192 = (128,972 \div 673)$

Program development, implementation, administration and reimbursement is the responsibility of the Department. The pilot program will require in-depth research to develop appropriate standardized methods, procedures and forms. A professional services fee is included in the first year for this purpose which includes a survey of residential rent receipt equivalency rates which reflect variables for utilities, facilities, and services and reflect the validity of the original program assumptions. The existing Research Analyst will assume responsibility including program implementation, initial screening of applications, review of rental receipts, audit, and tabulation of claims and follow-up contact with landlords and tenants. Under direction of the Research Analyst, a Clerk IV position and Clerk Typist III position will assume major program responsibilities and clerical back-up, distribute materials, answer questions, and handle the multitudinous follow-up detail.

The administrative costs are estimated as follows:

100 Personal Services

Clerk IV Range 9 Step B	\$ 12,612
Clerk Typist III Range 8 Step B (part-time 9 mo.)	8,833
Total Salary	21,495
Fringe Benefits 23%	4,943
Total Personal Services	26,438

Travel & Per Diem

State Assessor	1,000	
Consultant	1,000	
Total Travel & Per Diem		\$ 2,000

Contractual Services

Telephone and long distance	2,900	
Postage	1,600	
Printing and advertising - hearing notices, application forms, posters & manual	4,000	
Office Rent - 150 sq. ft. @.55/sq. ft.	990	
Machine Rental and Xerox	400	
Professional Fees	7,316	
Total Contractual Services		\$ 17,206

Commodities

Reference Materials	300	
Office Supplies	300	
Total Commodities		\$ 600

Equipment

Secretarial Desk @370	740	
Secretarial Chair @115	115	
Typewriter @300	1,600	
Calculator @440	440	
Filing Cabinet @230	230	
Total Equipment		\$ 3,125

Total FY 77 Budget Request for Operation of CS 55 HB No. 272 am		\$ 49,369
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SRD:lpb



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

Sen. M. C. ...
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.

March 18, 1976

Senator John Butrovich
Alaska State Senate
Pouch "V" State Capitol Building
Juneau, Alaska 99811

Dear Senator Butrovich:

- Re: 1. Limitation of Benefits, Senior Citizen Property Tax Exemption
AS 29.53.020 (e). (Proposed Bill.)
2. Limitation of tax equivalency payments to Senior Citizen
Tenants, CS SS HB No. 272 am. (Proposed Amendment)

You have requested a fiscal note and language for a bill which addresses the problem of perceived inequities in The Senior Citizen Property Tax Exemption Program between the very wealthy and the very poor.

The formula as outlined in the enclosed fiscal note and bill draft, is an attempt to avoid a fixed, assessed value limitation as proposed in Senate Bill No. 408, by allowing the program to adjust annually to increasing property valuations. The formula will support the program goals while avoiding total subsidy of presumably affluent taxpayers.

Additionally, you have requested a fiscal note and language for an amendment which will provide a limit of \$250 for tax equivalency payments to senior citizen tenants as proposed in HB No. 272.

Suggested amendment, CS SS HB No. 272 am.

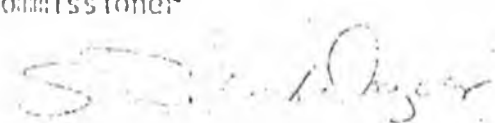
Page 1. Line 18, after "applicant" add not to exceed \$250.

In addition, to a program analysis of the \$250 suggested limitation, the enclosed fiscal note includes for your consideration a program summary for two additional dollar limitations, \$375 and \$500.

I am available at any time should you require additional data or an explanation of the enclosed data.

Sincerely,

Lee McAnerney
Commissioner


By: S. Robert Dozier
State Assessor

THE LEGISLATURE OF THE STATE OF ALASKA

FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. CS for SS for HB No. 272 am (with limitation of \$250)

Title: Tenant Senior Citizen Reimbursement payment program

Requested by: Senator Gutrovich Date: 3/19/76

Return Date Requested:

Agency: Community & Regional Affairs Program: Social Services

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Property Tax Exemption Program

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES		26.4				
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Assumptions

1. Statewide population July 1, 1976 (FY 77) will approximate 389,960.
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5. Estimated FY 77 BRU Program Grant \$385,956 (2,492 applicants x \$155 average)

Analysis continued

IV. ATTACHMENTS

V. DATE: 3/19/76 PREPARED BY:

S. Robert Dozier, State Assessor
Division of Local Government Assistance

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

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Total Equipment		\$ 3,125

Total FY 77 Budget Request for Operation of CS SS HB No. 272 am		\$ 49,369
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SRD:lmb

HB 272

3/26/75

	<u>Notified</u>	<u>Present</u>	<u>Testified</u>
Atk Municipal League	X	X	
CRA (esp. Dozier)	X	X	X
Rep. Gruening	X	X	X
Rep. Duncan	X		
Donny Patrick (Citizen & Alameda)	X	X	X
Rep. Thayer Malcom		X	
Rep. Union (Sponsor HB 168)	X	X	X

4/2

Plotnick	X	X	
Gruening	X	X	X
Dozier	X	X	X
M.L.	X	X	

HC&RA 4/2/75

115272-

Hacking - What about landlords who raise rent & the amount
of the bonus.

Kirk - Rent control?

Mack - If rent control is instituted no new housing will be built

Freeman - Have so citizens bring in rent receipt & proof of age with me

~~What about~~ & pick up $\frac{1}{3}$ bonus

How are you going to do it so this isn't construed as income

H/B . 290

COMMITTEE REPORT

3/12/75

HOUSE

FINANCE

Mr. Speaker:

Date 3-18-76

The Committee on C&RA has had HB 290

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 HB 290 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:

[Signature]

[Signature]

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

[Signature] Chairman

AMENDMENT

OFFERED IN THE HOUSE:

By: Community & Regional
Affairs Committee

To: _____ HOUSE BILL No. 290

SENATE BILL No. _____

PAGE: 2

LINE: 1-3, 9, 13-14

Lines 1-3: DELETE

Line 9: After "loans" and before "under"

INSERT: "held by the Department of Commerce and
Economic Development"

Lines 13-14: DELETE

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.

NO TAPE OF
THIS MEETING

House Committee on
COMMUNITY & REGIONAL AFFAIRS

Meeting Minutes
April 7, 1975

Meeting was called to order at 8:00 for discussion of HB 290. Present:

- Representative Sam Cotten, Chairman
- " Kathryn Ostrosky
- " Larry Davis
- " Glenn Hackney
- Barbara Englert Thomas, Staff
- Andrea Guernsey, Staff
- Rep. Duncn, Sponsor
- Eric Lee, Director SEOO, C&RA
- Susan Clark, League of Women Voters
- Larry Epenbach, Deputy Commissioner, Revenue
- Dr. McGinnis, Deputy Commissioner, H&SS
- Bill ~~Miller~~, *Commerce Atabomb, came with Eric Lee*
- Pete Jean, Director Small Business

Revolving Loan - Deputy Commissioner Epenbach gave a description of
Fund a revolving loan fund: self perpetuating-the proceeds of the loan are paid back and put into new loans. A fund is actually a line appropriation, not a pot of money. The money stays in the general fund until called upon. HB 290 sets up the conditions of a revolving loan but calls upon the general fund.

Amendments from Revenue - The Dept. of Commerce has the loan making apparatus and power. Revenue and Commerce agree that the power should be in Commerce, not C&RA. Reserve the certification procedure for C&RA.

Revenue suggests: eliminating revolving since this is not a true revolving fund; substitute Commerce for Community & Regional Affairs on page 1; use C&ra on page 2; change 240(a) to Commissioner of Commerce; eliminate provision of Dept. of Revenue purchasing notes; delete subsection 240. Have the dept. of Revenue put notes and mortgages in a permanent fund instead of general fund (if HB 324 passes). Rep. Cotten asked if deleting section 240 would necessitate taking out revolving? The Bill is open-ended with sec. 240, Eppenbach said. Revolving is misleading.

H&SS Amendments Page 2, line 1 & 2-Office of child development should be depp. of Health and Social Services. They want the limit to be \$15,000 instead of \$10,000.

Licensing Day Care Centers Rep. Hackney asked for a run down of the licensing procedures: 1) center will indicate an interest to HESS; 2) person from the Division of Family and Children Services makes a personal visit. Checks for motivation, services, room etc; 3) person makes extensive report. 4) makes recommendation to local officials; 5) report sent to Juneau, reviewed and sent to Commissioner. The new Commissioner of HESS is now having the certificate issued at the divisional level instead of by the Commissioner.

Both the State and local fire marshall inspect the facility and it is included in the recommendation.

C&RA Position Eric Lee agreed with the opinions of the others. C&RA does not want the banking power in their dept. They are not currently set up to handle administering the revolving fund but if CSSB 120 passes they will have the manpower already there.

Condition of Loan Rep. Hackney asked about page 2, line 7--"money not available to applicant from private lending institutions". Mr. Jean said this clause forces people to go to the bank and get a letter saying that they can't get a loan. It really serves no purpose, he said.

Small Business Loans Mr. Jean said that his division has had a couple of applications from day care centers for a loan from the small business revolving fund, but they wanted \$100,000 and couldn't finance them.

Pre-school vs. day care center Hackney wanted to know the difference between a pre-school and day care center. McGinnis said that certain powers are given to the dept. of Education when it is a pre-school and HESS when a day care center. There is a whole set of regulations that constitutes the difference. Hackney asked for a copy of these regs.

Sale & Transfer of Notes Rep Hackney asked Mr. Eppenbach how many veterans loans have been sold direct to lending institutions? None at this time. Hackney suspects the same will be true in this case.

Interest McGinnis asked if the interest was frozen or used again? The principal is used again and the interest is put in the general fund. Rep. Duncan envisions the money being used again. Wants to retain the concept of revolving fund Pete Jean said the \$50,000 itself would revolve but the rest goes to the general fund.

Adjourn The Chairman said the committee will have to consider the proposed amendments. He would also like to talk to Mr. L. after he attends the 3 day conference being held on Day care needs in Alaska. Meeting was adjourned at 9:15.

HOUSE COMMUNITY & REGIONAL AFFAIRS COMMITTEE

March 18, 1976

The meeting was called to order at 9:20 am by Chairman Cotten for discussion of HB's 290/291. Present were:

Rep. Cotten
Rep. Hackney
Rep. Rudd
Rep. Kelley
Rep. Ostrosky

Rep. Freeman
Rep. Duncan
Rosalee Walker, Dept. of Education
Larry Eppenbach, Revenue
Pete Jeans, Economic Development
Eric Lee, Community & Regional Affairs
Barbara Englert Thomas, Staff
Vicci Hansen, Staff

Rep. Rudd explained the bill. She said that Rep Ostrosky and herself had drawn up a CS for HB 290 which tried to meet the concerns of the committee which were made the last meeting in two areas. She explained these areas.

Rep. Duncan suggested certain language changes and Rep. Hackney asked if this was not customary language.

Chairman Cotten stated that if the day care centers did quit, it was probably because they were out of money.

Hackney said that he felt that this might present legal problems.

Rep. Rudd stated that she was in favor of Rep Duncan's language because there was more of a chance of recouping the loss.

Pete Jeans from Economic Development said that there is no wording such as this at present.

Rep Duncan stated that this language is not included in other loan funds and he would be happy with leaving it completely out.

Rep Kelley asked on the other loan funds what is the ratio of playback.

Pete Jeans said that an average of 3% delinquency on the loans that they now have.

Chairman Cotten asked what the wish of the committee was to do about Line 12 page 2.

Rep Rudd said that she would prefer to take the wording out.

Eric Lee from Community & Regional Affairs said that the Department was pleased with the language of this bill. Larry Eppenbach from Revenue said that it was agreeable with their Department also.

There was more discussion on the bill and Rep. Ostrosky made a motion to pass the bill out. Meeting was adjourned at 9:50 am.

HOUSE COMMUNITY & REGIONAL AFFAIRS COMMITTEE

March 10, 1976

The meeting was called to order at 9:00 am for discussion of HB's 290/291.
Present were:

Rep. Cotten	Harvey Pitts, C&RA
Rep. Davis	Susan Clark, League of Women Voters
Rep. Ostrosky	Rosalee Walker, Dept. of Education
Rep. Rudd	Larry Eppenback, Dept. of Revenue
Rep. Freeman	Barbara Englert Thomas, Staff
Rep. Hershberger	Vicci Hansen, Staff
Rep. Hackney	
Rep. Jim Duncan	

Side 1

- 0000 Rep. Jim Duncan was asked to briefly explain the bills. HB 291 would establish a child care facility revolving loan fund and the purpose of that loan fund would be to make loans for construction, renovation or equipping child care facilities. It provides that the maximum amount any one facility can receive for one loan would be \$10,000.00 so this bill does not involve a large amount of money. Rep. Duncan explained that after it is determined whether or not a facility would qualify for a loan, the loan could be made by the Department which is determining if the loan is needed, determines that the day care facility, if it qualifies, would make that loan. The mortgages and notes shall be purchased by the Dept. of Revenue. The Department of C&RA would determine the eligibility and perhaps issue the Certificate of Need and then they could come to the Dept. of Commerce and draw the \$10,000.00 and the Dept. of Commerce would go to Dept. of Revenue and sell them that note and then at that time they would be able to replenish their fund and they would then have \$50,000.00 in their fund.
- 0165
- 0244 Rep. Ostrosky brought out the fact that she was reviewing the notes from last year and she found that Eppenback had made the point that "revolving" is not an appropriate term because it is misleading. Eppenback agreed and stated that the concept of "revolving" implies that somehow this is sitting within a self-contained fund and loans are made from it and they are paid back and new loans are made. Somehow these loans turn over within some confined area. That is not really the case.
- 0402 The language of the bill was discussed within the committee.
- 0472 Chairman Cotten asked the question that of the other loan funds that are operated in the same manner, are there limits on any of those? Eppenback said that there is no set rule but most of them do have limits.
- 0549 Susan Clark testified and stated that the reason they are suggesting the loan is because day care is not a "make money" proposition. It is low income. People who are doing the day care are frequently on poverty wages or below minimum wages. They are not the kind of people who are going to child care to make money. The people who are going into child care to make money are doing a pretty poor job at child care. This bill is to aid those people who for the most part need simply a small renovation in their homes. Rep. Hershberger misunderstood the term of day care.

There was discussion as to the difference between Foster care and day care.

0591 Susan Clark explained that a Day Care Center is different than a Day Care Home. This bill is aimed toward Day Care Homes. The regulations for Day Care have different requirements than Foster Care.

0616 Clark explained the problems of Day Care in Alaska.

0756 Harvey Pitts from C&RA stated that he felt that a realistic figure for start up for this bill would be \$250,000.00.

Susan Clark felt that \$10,000.00 was a sufficient amount for minor renovations.

0819 Rosalee Walker from Dept. of Education was asked to testify. She stated that \$10,000.00 would be sufficient in that this way you would not be tempting the people to lie. She stated that in Anchorage last week were four homes closed down simply because they had not planned and did not follow through with paying the taxes that they withheld from the salaries. She felt that \$10,000.00 was sufficient for any renovation on a home.

0950 Meeting adjourned at 10:00 am.

ALASKA
STATE LEGISLATURE

March 12, 1972

MEMORANDUM

Rep Rudd -

I talked with Eppenbach at Revenue and he said it was fine as drafted. He did note that by making the whole loan payable on cessation of operation creates a hardship - as the

↓ is a return. not note.

people probably won't have the money to pay back the entire balance. He suggested a grace period. Let me know if you have any changes.

home carpenter

#3
[(b)]

#1
↑
held by the Dept
(of General Services. Dev.)

23

POSITION PAPER
ON
HOUSE BILL 290

An act creating a child care facility revolving loan fund.

This bill coupled with the Special Appropriation Bill, HB 291, would allow Day Care Centers, Family Day Care Homes, and schools for pre-school aged children to apply for a loan to assist them in start up costs or facility expansion costs.

In the Department's position as licensing agent for Family Day Care Homes and Day Care Centers, we have encountered many proposed facilities that were deficient in appropriate fire exits, kitchen facilities, and equipment. Child care is not a big money making operation, and frequently non-profit parent groups are turned down for loans which would allow a proposed facility to meet standards. In some very fine proposed Day Care Homes the Department has had to deny a license because there was not an appropriate second fire exit or, the family could not afford to purchase the necessary cribs, fire extinguisher, and the few toys required for licensure. Since income obtained by a Family Day Care mother is marginal, a small business loan is difficult to obtain. A low interest loan would greatly assist in the development of day care resources.

Head Start facilities in rural communities are not currently licensed by the Department of Health and Social Services or certified by the Department of Education. This bill would allow low-interest loans for sub-standard Head Start facilities to meet fire and sanitation codes, which in turn would make them eligible for licensure or certification.

The Department believes that the items under Certificate of Need are appropriate. We do not feel that it is appropriate to speak to loan terms. The Department of Commerce could be consulted in this regard.

The Department recommends two changes in the bill:

Page 2, lines 1 and 2 - delete the words "Office of Child Development" and insert the words "Department of Health and Social Services".

Page 2, lines 20 and 21 - delete the words "Office of Child Development" and insert the words "Department of Health and Social Services"

Page 2, line 11 - delete the amount "\$10,000" and insert the amount "\$15,000".

Page 2, line 24 - delete the amount "\$10,000" and insert the amount "\$15,000".

For our DEPARTMENT

The Department believes that for renovation and equipment \$15,000 is a more appropriate figure. That amount is not so high that it would allow major renovation of a sub-standard building, but it is high enough to allow for necessary renovation and equipment costs for new programs.

* The Department strongly supports the concept of this bill. *We do not recommend that the Governor's Budget be exceeded.*
Recommended By: Freda M. Borchick, Acting Director 4-7-75
(Date)

Approved BY: Frederick M. Gwin for 4/7/75
Francis S. L. Williamson, Commissioner (Date)

Comments by Governor's Office:

By: _____ (Date)

* We note that this is a loan program and thereby funds used may be considered as an investment rather than an expenditure.

(✓✓)
Bill 324 passed.
Perm. Loan Fund.

STATE OF ALASKA

OFFICE OF CHILD ADVOCACY

JAY S. HAMMOND, Governor

Pouch AL
Juneau, Ak. 99811
Phone: (907) 465-3584

March 3, 1976

Representative Sam Cotten
Pouch V
Juneau, Ak. 99811

Dear Representative Cotten:

I am sorry that I will be out of town on March 5th so will be unable to attend the Hearing on HB 290 and HB 291, but I appreciate being invited.

Although the Board of Child Advocacy has not reviewed this Bill at this Session, I, as Executive, would like to make the following comments:

- 1) On Page 2, line 2, reference is made to the Office of Child Development as the licensing agency which is incorrect; the Department of Health and Social Services is the licensing agency for day care facilities in this State at this time.
- 2) It is apparent, since SB 120 and 121 became effective in July, that one of the main difficulties for providing day care (either in Centers or in homes) is the lack of licensed facilities. Part of the reason for this is that some of the regulations for licensing as presently written are inappropriate, especially for rural Alaska. However part of the problem also is that people do not have any "start-up" monies to repair the facilities (home or center) so they CAN meet licensing requirements. If the concept is that \$50,000 would be used for such kinds of funding, then this might be a feasible Bill; if it is limited to help build a new facility, then \$50,000 would be inconsequential. I also wonder whether the administrative costs for such a program would outweigh the total appropriation.
- 3) There is no question that more day care facilities for both infant, preschool, and school age children are needed, but it is questionable without an "outreach" program by DHSS and/or Community and Regional Affairs to inform people of the availability of such funding, that the Bill as written would have a great impact on helping to provide more care.

Sincerely,

Betsey W. McGuire Lkh
Betsey W. McGuire

Executive Director
BWMc/kh

cc: Fran Ulmer
Eric Lee

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. HB 291
 Title: Appropriation for child care facility revolving loan fund
 Requested by: _____ Date: _____
 Return Date Requested: _____
 Agency: Commerce & Economic Devel. Program: Development

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Division of Business Loans

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<u>CAPITALIAZTION</u>	50.0	---	---	---	---	---
TOTAL	50.0					

B. FUNDING: (Thousands of dollars)

GENERAL FUND	50.0	---	---	---	---	---
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	0 / 0	---/	---/	+/	+/	+/
MAN MONTHS (P./T.)	0 / 0	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

IV. ATTACHMENTS

V. DATE: 3-11-76 PREPARED BY: *[Signature]*

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE
 Second Session - Ninth Legislature

I. REQUEST

Bill No. CS HB 290

Title: Child Care Facility Revolving Loan Fund

Requested by: _____ Date: _____

Return Date Requested: _____

Agency: Commerce & Economic Devel. Program: Development

II. FISCAL DETAIL

Budget Request Unit(s) Affected: DIVISION OF BUSINESS LOANS

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES	5.9	23.5	24.7	25.9	27.2	28.6
200 TRAVEL	.5	2.0	2.0	2.1	2.1	2.2
300 CONTRACTUAL	5.0	5.0	3.0	3.2	3.4	3.7
400 COMMODITIES						
500 EQUIPMENT	1.7	---	---	---	---	---
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	13.1	30.5	29.7	31.2	32.7	34.5

B. FUNDING: (Thousands of dollars)

GENERAL FUND	13.1	30.5	29.7	31.2	32.7	34.5
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	1 / 0	1 / 0	1 / 0	1 / 0	1 / 0	1 / 0
MAN MONTHS (P./T.)	3 / 0	12 / 0	12 / 0	12 / 0	12 / 0	12 / 0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

1. Assumption is made that administration of the Child Care Facility Revolving Loan Fund will be consolidated with the Division of Business Loans.
2. Figures represent the total cost of administering the program.
3. 5% inflation factor used.
4. Contractual, promulgation of regulations, publishing and printing, equipment lease.
5. Assumption is made that approximately 30 applications will be received and processed the first year.
6. FY 76 is figured for 3 months only.

IV. ATTACHMENTS

V. DATE: 3-17-76 PREPARED BY: [Signature]

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Request for New Positions

POSITION TITLE Loan Examiner I		RANGE 15	LOCATION Juneau		GOVERNOR
TYPE OF POSITION (PFT, PPT, SEAS) _____		NEW XX	MAINT. _____		APPROVED <input type="checkbox"/> DISAPPROVED <input type="checkbox"/>
		RPA# _____	CHANGE _____		
		PRIORITY _____		PAGE/LINE _____	
TYPE OF EXPENDITURE	AMOUNT	FUNDING SOURCE			DETAIL OF RELATED EXPENSES
		GF	OTHER	RECEIPT CODE	
PERSONAL SERVICES	21,787	21.8			18,156 and benefits of 3,631
TRAVEL		[Hatched Area]			
CONTRACTUAL					
COMMODITIES					
EQUIPMENT	1,700				
OTHER					
TOTAL	23,487	23.5			BRU COMPONENT

JUSTIFICATION:

This position will be responsible for promulgation of regulations and administration of this program. This person will handle all correspondence and applications including disbursement of funds and any inspection trips that may be required. A good working relationship must be maintained with the Department of Community and Regional Affairs, the Department of Education, and the Department of Health and Social Services.

BRU _____ BRU CODE _____ REVISED _____

13 PERSONAL SERVICES
REQUEST FOR NEW POSITION



HB-291

"An Act making a special appropriation to the Department of Community & Regional Affairs for funding the child care facility revolving loan fund; and providing for an effective date."

COMMITTEE REPORT

3/12/75

HOUSE

FINANCE

Mr. Speaker:

Date

3-18-76

The Committee on C&RA has had HB 291

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:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

James R. Ott Chairman

AMENDMENT

OFFERED IN THE HOUSE:

BY: Community & Regional
Affairs Committee

To: _____ HOUSE BILL No. 291

SENATE BILL No. _____

PAGE: 1

LINE: 7, 12

Line 7: DELETE: "Community and Regional Affairs"
INSERT: "Commerce and Economic Development"

Line 12: DELETE: "Community and Regional Affairs"
INSERT: "Commerce and Economic Development"

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.

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. HB 291
 Title: Appropriation for child care facility revolving loan fund
 Requested by: _____ Date: _____
 Return Date Requested: _____
 Agency: Commerce & Economic Devel. Program: Development

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Division of Business Loans

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
CAPITALIAZTION	50.0	---	---	---	---	---
TOTAL	50.0					

B. FUNDING: (Thousands of dollars)

GENERAL FUND	50.0	---	---	---	---	---
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	0 / 0	---/	---/	+/	---/	---/
MAN MONTHS (P./T.)	0 / 0	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

IV. ATTACHMENTS

V. DATE: 3-17-76 PREPARED BY: *[Signature]*

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

Second Session -- Ninth Legislature

I. REQUEST

Bill No. CS HB 290

Title: Child Care Facility Revolving Loan Fund

Requested by: _____ Date: _____

Return Date Requested: _____

Agency: Commerce & Economic Devel. Program: Development

II. FISCAL DETAIL

Budget Request Unit(s) Affected: DIVISION OF BUSINESS LOANS

A. EXPENDITURES: (Thousands of dollars)

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400 COMMODITIES						
500 EQUIPMENT	1.7	---	---	---	---	---
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	13.1	30.5	29.7	31.2	32.7	34.5

B. FUNDING: (Thousands of dollars)

GENERAL FUND	13.1	30.5	29.7	31.2	32.7	34.5
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	1 / 0	1 / 0	1 / 0	1 / 0	1 / 0	1 / 0
MAN MONTHS (P./T.)	3 / 0	12 / 0	12 / 0	12 / 0	12 / 0	12 / 0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

1. Assumption is made that administration of the Child Care Facility Revolving Loan Fund will be consolidated with the Division of Business Loans.
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3. 5% inflation factor used.
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5. Assumption is made that approximately 30 applications will be received and processed the first year.
6. FY 76 is figured for 3 months only.

IV. ATTACHMENTS

V. DATE: 3-17-76 PREPARED BY: [Signature]

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator named)

POSITION TITLE Loan Examiner I		RANGE 15	LOCATION Juneau		GOVERNOR
TYPE OF POSITION (PFT, PPT, SEAS) _____		NEW XX	MAINT.	APPROVED <input type="checkbox"/>	
		RPA	CHANGE	PRIORITY _____	PAGE/LINE _____
TYPE OF EXPENDITURE	AMOUNT	FUNDING SOURCE			DETAIL OF RELATED EXPENSES
		GF	OTHER	RECEIPT CODE	
PERSONAL SERVICES	21,787	21.8			18,156 and benefits of 3,631
TRAVEL					
CONTRACTUAL					
COMMODITIES					
EQUIPMENT	1,700				
OTHER					Desk, chair, utility table, file cabinet, typewriter and calculator
TOTAL	23,487	23.5			BRU COMPONENT

JUSTIFICATION:

This position will be responsible for promulgation of regulations and administration of this program. This person will handle all correspondence and applications including disbursement of funds and any inspection trips that may be required. A good working relationship must be maintained with the Department of Community and Regional Affairs, the Department of Education, and the Department of Health and Social Services.

BRU _____ BRU CODE _____ REVISED _____

13 PERSONAL SERVICES
REQUEST FOR NEW POSITION

HB . 293

HCA ALASKA ASSOCIATIONS, INC.

14004 KODIAK ALASKA 30 03-25 315P ADT

JUN 25 1975

PMS REPRESENTATIVE SAM COTTEN CHAIRMAN COMMUNITY AND REGIONAL AFFAIRS

JUN

IN REFERENCE TO HOUSE BILL 293 KODIAK CITY COUNCIL IS OPPOSED TO THIS BILL. COUNCIL PREFERS THAT BOROUGH SURPLUS FUNDS BE CARRIED FORWARD AS BUDGETARY ITEM TO REDUCE TAX OBLIGATIONS.

TOM FROST, MAYOR OF KODIAK

1976

HB 293

Don Berry (Atk Municipal League - 6-1325)

Comm. McAnerney, Dept C&RA (Contact: Barbara Morse 4761)

Rep. Hugh Malone, Sponsor

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 doasn'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 doens'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.

AB 293

Atc Municipal League
C & RA, Chenoweth

Notified

Present

Testified

x

H/B-322

HOUSE COMMUNITY & REGIONAL AFFAIRS COMMITTEE

March 11, 1976

The meeting was called to order at 9:15 am by Chairman Cotten for discussion of HB 322. Present were:

Rep. Cotten	Palmer McCarter, C&RA
Rep. Ose	Don Berry, Municipal League
Rep. Freeman	Jack Chenowith, Senate C&RA
Rep. Rudd	Ken Jacobus, Valdez City Attorney
Rep. Kelley	Herbert Lehfeldt, City Manager Valdez
Rep. Ostrosky	Chuck LaPage, City Councilman, Valdez
Rep. Specking	Barbara Englert Thomas, Staff
	Vicci Hansen, Staff

0000 First to testify was Representative Specking. Essentially in attempting to meet a particular problem, they came to the conclusion that they could do so with the concept contained in HB 322. What they are attempting to do is to create an additional bit of policy to cut through amounts of red tape in order to achieve the unification of a city into a borough status.

0063 Specking called attention to a letter from McCarter dated March 10th and explained the reasoning of the letter. He argued a couple of points in the letter.

Mr. Lehfeldt from Valdez was next to testify. He stated that basically the intent of the City of Valdez in proposing this particular bill is to simplify the manner in which a municipality can become a borough. The ultimate plan would be that subsequently they would anticipate a large annexation in the Valdez area in order to make it more meet the criteria for the regional type of government.

0219 Cotten asked when referring to future annexations which areas did they have in mind.

0220 Lehfeldt passed around a sketch of the area which they feel their sphere of influence includes. He explained the map and stated that quite possibly the most easterly boundary, the right hand boundary on the map, would be an area of dispute as far as jurisdictional concern between the City of Valdez and Cordova. They plan to meet with Cordova to obtain mutually satisfactory boundaries.

0243 Palmer McCarter from DC&RA testified and stated the Departmental position. It appears on the face of it that it is negative. He feels that if the language in that bill were to be adopted, they would be permitting the possibility of small boroughs in the future. He felt that there would be in the future thousands of potential municipalities. He stated that the Department is not opposed to the concept. They are not opposed to the idea of a unified government.

0255 Rep Rudd asked specific questions about the wording of the bill.

Lehfeldt explained the basic boundary principle. The City of Valdez would like to have a borough in a small community but he stated that this was not acceptable to the C&RA.

0549 Rep Rudd asked if it would be possible to fight the battle at the time that the state mandates boroughs or at the time that the local boundary commission makes decisions concerning this particular area. Lehfeldt agreed that this would be possible.

0671 Don Berry from the Municipal League stated that if the local community wants to do this, he can't see why they are not given a chance to try it.

0685 Ken Jacobus testified that the City of Valdez is in fact almost a borough right now. It exercises all of the Borough powers; taxing powers, education power; planning and zoning power. These are exercised in a 284 square mile area which is partially urban and partially rural. The City of Valdez is the only city in the state of Alaska which is actually divided up into service areas by constitution. The Constitution of the City of Valdez is suitable in its present form for borough government. The question that is really before the committee is not really what size the city of Valdez should be allowed to come, but rather should a new vehicle be created to get to the final result. As it is now, the only way to get to a unified government is for a first class city to create a borough in its area. You then have two governments. That is the first step. The next step is to put the package together; the municipality and the borough. What the City of Valdez wants to do is to set up a method whereby the municipality or the group of municipalities could get together and be unified and then be unified in one step rather than being forced to the intermediate government and then putting them together. They want to be able to go from one to the other without having to go through the intermediate step.

0728 Rep Rudd questioned the intermediate steps.

0908 Meeting adjourned at 10:00 am.

House Committee on
COMMUNITY & REGIONAL AFFAIRS

Meeting Minutes
May 13, 1975

Meeting was called to order at 9:10-to discuss HB 322. Present:

Rep. Cotten	Barbara Englert Thomas, Staff
Rep. Hershberger	Andrea Guernsey, Staff
REp. Ose	Don Berry, Municipal League
Rep. Davis	Jack Chenoweth, Director, Local Gov't
Rep. Ostrosky	Bob Pavitt, Planning Consultant
Rep. Freeman (late)	

BACKGROUND

Valdez, a home rule city, wants to change the statutes to allow them to petition to become a unified municipality. Presently, they can petition to Boundary Commission to become any sort of Borough. Jack said they are looking to protect themselves against encroachment by other governments. Local Government division has had two inquiries about borough government: One from Cordova and one from Chugiak Natives, Inc. who have employed Mr. Pavitt to research borough government.

LINE 14

Jackn said the Department doesn't like this bill but he suggests changing line 14 if the Committee is going to pass it out. Change to "29.18.030." This is the section that deals with standards for borough incorporation. The bill also doesn't say anything about elections.

DIFFERENCE IN POWERS

Cotten asked what the difference in powers would be. Jackn said a borough can establish service areas but Valdez has differential tax zones which is comparable to service areas. They have a charter now.

PAVITT

Pavitt said the lack of election is the only difference in the process we have now, so if they were to add that to bill then there is no reason for it. Valdez should go through the proper channels. Cotten said the idea seemed to be to avoid duplicate governments.

Jack said one concern was the other 3 home rule cities; Petersburg, Wrangell, and Cordova. This bill would allow Petersburg to become Unified municipality without regard to the 200 people living outside the city limits. This bill encourages fragmentation of the unorganized borough.

DON BERRY

There was a lot of discussion of the idea of borough government. Don Berry is in favor of the bill. He thinks the people are trying to help themselves and they should be able to do it. The League has no official opinion, this is his own.

Ose wants to table the bill. Without officially doing so, Cotten said they won't move it without more information.

Meeting was adjourned at 10:00.

House Committee on
COMMUNITY & REGIONAL AFFAIRS

Meeting Minutes
April 22, 1975

Meeting was called to order at 9:00 to discuss HB 322, HB 359. Present:

Rep. Cotten Rep. Ose
Rep. Ostrosky Andrea Guernsey, Staff
Rep. Freeman Barbara ENglert Thomas, Staff
Rep. Davis
Jack Chenoweth, Director, Local Government
Keith Specking, Sponsor
Rep. Huntington

STATEMENT BY
CHENOWETH

HB 322

Mr. Chenoweth started by saying his department doesn't look kindly upon this bill, which says that a Home rule city can move to reclassify as a unified municipality. This is aimed at Valdez, which already has a substantial tax base. It's not so different from the procedures already in operation to warrant a different formula. There is no mechanism in the bill to form a Board to form a charter. Trying to step outside present provisions.

FREEMAN'S
OPINION

Rep. Freeman asked if one could form a borough and vote on unified municipality simultaneously. No, it is a separate issue. Oral doesn't like the bill. It seems like special legislation like Eagle River and it isn't the proper way to go.

DIFFERENCE?

Cotten asked what would be different if Valdez reclassified? Jack said they could not be put in another borough. They don't really have much to gain. They already have a \$700 million tax base. These communities should have a cooperate effort instead of each going own way.

SPECKING COMMENTS

Rep. Specking now came in and made a few comments. He said the request came from the City of Valdez. He then read a memo concerning this from Greg Machowatz of Legislative Council. Copies were distributed to the Committee. Valdez area is large and as far as he knows they don't plan to expand their boundaries.

Freeman thinks this is a selfish move on Valdez's part. Also it would be unreasonable not to put Valdez and Cordova in the same governmental unit.