

ALASKA LEGISLATURE COMMITTEE FILES 1987-88 8672

4463 HCRA HB 159 (FILE 1)

35

ALASKA ADMINISTRATIVE CODE TITLE 19
DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
CHAPTER 35
SENIOR CITIZEN AND DISABLED VETERAN PROPERTY TAX EXEMPTION

19 AAC 35.010 is amended to read:

19 AAC 35.010. METHOD OF APPLICATION. Applications for the senior citizens' and disabled veterans' property tax exemption shall be on forms provided by the Department of Community and Regional Affairs. (Eff. 1/28/73, Register 45; am/ /87, Reg.)

Authority: AS 29.45.030(f)
AS 44.47.980

19 AAC 35.020 is amended to read:

19 AAC 35.020. FORMS. Form 21-400 and Form 21-400B are hereby adopted by the department for use in the application for senior citizens' and disabled veterans' property tax exemptions, respectively. (Eff. 1/28/73, Register 45; am 1/27/74, Reg. 48; am / /87, Reg.)

Authority: AS 29.45.030(f)
AS 44.47.980

19 AAC 35.040 is amended to read:

19 AAC 35.040. SUBMISSION OF APPLICATIONS. (a) Exemption applications filed after January 15, or a date in accordance with AS 29.45.030(f), must be accompanied by an affidavit stating the reason for the late filing.

(b) To qualify for a hardship exemption beyond the first \$150,000 of assessed value, in accordance with AS 29.45.030(e), the applicant must apply by completing Form 21-400c and submitting the form, including any attachments, to the municipal governing body before July 1, or a date in accordance with AS 29.45.030(f), of the exemption year.

(c) An eligible applicant may qualify for a hardship exemption beyond the first \$150,000 of assessed value if the amount of the tax bill is greater than two percent of the applicant's gross household income. An exemption will be granted only for that portion of taxes in excess of two percent of the household income.

(d) In cases of extreme hardship, an exemption up to 100% may be granted by a two thirds vote of the governing body.
(Eff. 1/28/73, Register 45; am 3/31/76, Reg. 57; am / /87, Reg.)

Authority: AS 29.45.030(f)
AS 44.47.980

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

ALASKA ADMINISTRATIVE CODE TITLE 19
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Authority: AS 29.45.030(f)
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Authority: AS 29.45.030(f)
AS 44.47.980

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(b) To qualify for a hardship exemption beyond the first \$150,000 of assessed value, in accordance with AS 29.45.030(e), the applicant must apply by completing Form 21-400c and submitting the form, including any attachments, to the municipal governing body before July 1, or a date in accordance with AS 29.45.030(f), of the exemption year.

(c) An eligible applicant may qualify for a hardship exemption beyond the first \$150,000 of assessed value if the amount of the tax bill is greater than two percent of the applicant's gross household income. An exemption will be granted only for that portion of taxes in excess of two percent of the household income.

(d) In cases of extreme hardship, an exemption up to 100% may be granted by a two thirds vote of the governing body.
(Eff. 1/28/73, Register 45; am 3/31/76, Reg. 57; am / /87, Reg.)

Authority: AS 29.45.030(f)
AS 44.47.980



19 AAC 35.085 is amended to read:

19 AAC 35.085. ELIGIBILITY. (a) When an eligible person and his or her spouse occupy the same permanent place of abode, the reimbursement provided under AS 29.45.030 applies [TO THE ENTIRE VALUE OF THEIR PROPERTY] regardless of whether the property is held in the name of the husband, wife, or both.

(b) A resident at least 60 years old qualifies under AS/29.45.030(e) if the deceased spouse of the widow or widower was a resident of the State of Alaska and either at least 65 years old or a disabled veteran at the time of his or her death.

[THE SPOUSE OF A PREVIOUS APPLICANT FILING FOR THE FIRST TIME ON PROPERTY EXEMPTED IN A PRIOR YEAR MUST QUALIFY FOR THE EXEMPTION IN THE SAME MANNER AS FOR ANY NEW FILING.] (Eff. 1/28/73, Register 45; am 4/18/73, Reg. 45; am 1/27/74, Reg. 48; am 3/31/76, Reg. 57; am 11/24/82, Reg. 84; am / /87, Reg.)

Authority: AS 29.45.030(f)
AS 44.47.980

Editor's Note: 19 AAC 35.085(a) is based on former 19 AAC 35.080(b).

19 ACC 35.120 is amended to read:

19 AAC 35.120. Definitions. In this chapter

(9) "disabled veteran" has the same meaning as in AS 29.45.030 (i)(2).

(10) "gross household income" means total annual compensation earned or unearned from all sources by all members of the household.

(11) "hardship" exists when the amount of taxes owed is in excess of two percent of an applicant's gross household income.

(a) Example No. 1

Household Income: \$30,000
Assessed Value: \$200,000
Mill Rate: 10.00

Taxes Calculated: \$200,000 x 10.0 mills = \$2,000
\$150,000 Cap: \$150,000 x 10.0 mills = \$1,500

Tax Liability: \$ 500

Ability to Pay: \$30,000 x 2% = \$600 = No Hardship
Exemption
Allowed

(b) Example No. 2

Household Income: \$10,000
Assessed Value: \$200,000
Mill Rate: 10.00

Taxes Calculated: \$200,000 x 10.0 mills = \$2,000
\$150,000 Cap: \$150,000 x 10.0 mills = \$1,500

Tax Liability: \$ 500

Ability to Pay: \$10,000 x 2% = \$200

Tax Liability: \$500
Ability to Pay: (200)

Hardship Exemption: \$300

Authority: AS 29.45.030(f)
AS 44.47.980

ALASKA ADMINISTRATIVE CODE TITLE 19
DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
CHAPTER 36

SENIOR CITIZEN AND DISABLED VETERAN PROPERTY TAX EQUIVALENCY PAYMENT

19 AAC 36.010 is amended to read:

19 AAC 36.010. FORMS. (a) Form 21-405 and Form 21-406 are hereby adopted by the department for use in application for the senior citizens' and disabled veterans' renter property tax equivalency payment, respectively. Form 21-405a and Form 21-406a "rent certificate" are adopted by the department as supplements to Form 21-405 and Form 21-406, respectively. (Eff. / /87, Reg.)

Authority: AS 29.45.040(4)
AS 44.47.980

19 ACC 36.020 is amended to read:

19 AAC 36.020. RENTAL PAYMENT VERIFICATION. Satisfactory evidence of payment and of amount paid, as required by AS 29.45.040(c), includes

(1) Form 21-405a and Form 21-406a, property completed by the landlord and attached to Form 21-405 and Form 21-406;

(2) cancelled checks payable to the landlord for rent paid;

(3) rent receipts; or

(4) a combination of the items in (1)-(3) of this section. (Eff. 11/24/82, Register 84; am / /87 Reg.)

Authority: AS 29.45.040
AS 44.47.980

19 AAC 36.045 a New section is added to read:

19 ACC 36.045. VERIFICATION OF DISABILITY. A letter of certification from the Veterans Administration stating percentage of disability is required for each year of application.
(Eff. / /87, Reg.)

Authority AS 29.45.040a(2)
AS 44.47.980

19 AAC 36.045 is added to read:

19 AAC 36.045. Verification of Disability. A letter of certification of percentage of disability is required for each year of application.

Authority: AS 29.45.040
AS 44.47.980

19 AAC 36.060 is amended to read:

19 AAC 36.060. Definitions. In this chapter

(4) "disabled veteran" has the same meaning as in AS 29.45.030(i)(1)

Authority: AS 29.45.040
AS 44.47.980

MEMORANDUM

State of Alaska Community and Regional Affairs

TO: Bob Evans
Legislative Liaison
Office of the Governor

DATE: August 31, 1987

FILE NO.: 2573U/DGH/MWW/tc

THRU:

TELEPHONE NO.: 465-4700

FROM: David G. Hoffman,
Commissioner

SUBJECT: HB 159 (Senior Citizen
Disabled Veteran Tax
Relief Programs)

(16)
HB 159
SEP - 5 1987

An informal working group met on April 24 to explore the possibility of resolving the issue of funding property tax relief for Senior Citizens and Disabled Veterans (SC/DV). The group consisted of Bob Pavitt, representing the American Association of Retired Persons (AARP), Fran Tolin, representing the Older Alaskans Commission (OAC), Scott Burgess, representing Alaska Municipal League, aides from the House DCRA Committee and from the offices of Representatives Pourchot and Ellis, and Senator Halford, and Mike Worley, State Assessor, representing our Department. (McKie Campbell, aide to the Senate DCRA Committee, is a member of the group, but was unable to attend the April 24 meeting because of prior commitments.)

The group moved in a positive direction toward agreement on a program concept which would distribute the cost of the program among the State, the taxing municipalities, and some Senior Citizens and Disabled Veterans. The concept would provide for an income test with only certain SC/DV applicants qualifying, depending on the level of the applicant's household income. Those who did qualify would either pay a portion of the tax, or not, again depending on their level of household income.

Generally, the concept design would provide for the SC/DV to pay 25 percent (through partial or non-participation in the program), the municipalities to fund 25 percent, and the State to fund 50 percent. Our best estimate at this time of the cost to the State is around \$3,000,000 for the foreseeable future. Clearly, that figure, as well as the SC/DV and municipal fiscal obligations, would increase over the years with increases in inflation and program participation.

Among various program concepts which have been discussed in past years, one which the State has advanced in the past is the provision of a lien against SC/DV property to ensure the payment of any taxes due. The working group agreed that the lien concept should not be a part of the programs. Senior Citizens in particular strongly oppose that concept for fear their heirs could be denied title to the home at some time in the future.

Bob Evans
August 31, 1987
Page Two

We would appreciate your reaction to this concept and any suggestions you have which might improve it. We would also welcome your attendance at the next meeting of the group if you are able to attend. We will contact you when a date has been set for that meeting. If you have questions or need additional information on this subject, please contact Mike Worley at 465-4787.

cc: Fran Tolin, OAC
McKie Campbell, Aide, Senate DCRA Committee
Renee Chatman, Aide, Representative Ellis' Office
Bob Pavitt, AARP
Scott Burgess, Director, AML
~~Jeannie Larson, Aide, Representative Pourchot's Office~~
~~Dr. David Harrison, Aide, Representative Springer's Office~~
Linda Anderson, FNSB

ANC TIMES 4/20/7

Seniors united in opposition to tax plan

By James D. Wasserman
Times Juneau Bureau

JUNEAU — Alaska's senior citizens rallied to the teleconference lines again Monday to lobby against another of Gov. Steve Cowper's cutbacks — this one to eliminate their property tax exemptions.

"I'm against it. This will make people move out," testified Jerry McCutcheon of Anchorage. "The legislature gave a tax break to the oil companies — the ELF (Economic Limit Factor) — at the expense of the old people, he added. "Somewhere, I think, we have to come to grips with reality, to what we're doing to whom and why."

Rep. Henry Springer, D-Nome, chairman of the House Community and Regional Affairs Committee, told McCutcheon, though, it's not the House that is giving the tax break to the oil industry. "You have to go bitch at the Senate. Here in the House we screw everybody equally," he joked.

McCutcheon was one of nearly 20 Alaskans testifying on the Cowper proposal Monday. All of them testified against it.

Cowper's budget proposal for fiscal 1988, which begins July 1, contains no money for the property tax exemption program, which began in 1976. It also contains no funding for the renter's rebate program, which subsidized \$221,000 worth of rent payments for poor senior citizens this year.

The property tax exemption costs the state \$2.8 billion in funding this year, down from \$3.9 million in fiscal 1986.

The bill that was before the Community and Regional Affairs Committee on Monday repeals the program, leaving it up to Alaska cities to decide if they want to give seniors several hundred dollars worth of yearly breaks on their property taxes.

Under current law, 65-year-old Alaskans — and disabled veterans, too — can apply to their local municipality for exemptions on the first \$150,000 of their

See Seniors, page B-4

B-4 Tuesday, April 28, 1987, The Anchorage Times

Seniors

Continued from page B-1

property value. The state then pays the municipality for part of the exemption.

"We feel we are getting the shaft," a Soldotna woman testified. "It seems, from what we hear out of Juneau, that the state can do without us."

Though the House hasn't taken formal action yet on its budget, there are proposals circulating among its 24-member Democratic majority to put more money in it. One proposal calls for \$3 million, the other for \$2 million.

TESTIFY:

NONE

TESTIFY: 0
OBSERVED: 0
TOTAL: 0

TIME START: 3:00 P.M.
TIME END: 5:00 P.M.

*
* DELIVER TO: LHSCMMF *
*
* ORIGINAL *
* SENT: 04/27/87 TIME: 20:52 *
* FROM: LTCCFBX *
* SUBJECT: 4/27 HC&RA FS TO LHSCMMF *
* PRINT DATE: 04/28/87 TIME: 11:54 *
*

*****FINAL STATS*****

DATE: _____APRIL 27, 1987_____
SITE: _____FAIRBANKS_____
SPONSOR: _____HOUSE COMMUNITY AND REGIONAL AFFAIRS_____
SUBJECT: _____HB 157: SR. CITIZENS & VET. PROPERTY TAX EXEMPTIONS_____
MODERATOR: _____FRAN_____

TESTIFY:

NAME\REPRESENTING	ADDRESS	PHONE #
1.)		
2.)		
3.)		
4.)		

OBSERVE:

NAME\REPRESENTING	ADDRESS	PHONE #
1. IONA SHELDON	3330 MINK LANE, FBKS, 99712	488-6294
2. SALLY WELLS- HID	1012 SUMMER ROSE, FBKS, 99709	457-2730

TESTIFIED ___0___ TIME START 3:00 P.M. ___
OBSERVED ___2___ TIME END ___4:00 - DROPPED OFF LINE
TOTAL ___2___

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*****
*
* DELIVER TO: LHSCMMF
*
* ORIGINAL
* SENT: 04/27/87 TIME: 20:16
* FROM: LIOCSIT
* SUBJECT: FINAL STATS
* PRINT DATE: 04/28/87 TIME: 11:53
*
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APRIL 27, 1987
 HOUSE COMMUNITY & REGIONAL AFFAIRS COMMITTEE
 HB 159: SENIOR CITIZENS & VETERAN PROPERTY TAX EXEMPTION
 SITKA
 MODERATOR: ELAINE SUNDE

PARTICIPANT LIST
FINAL STATS

NAME/REPRESENTING	ADDRESS	PHONE #	T	O
001 STEVE LAPOSKI	146 WOLFF DR., SITKA, AK 99835	747-6844		

1 TESTIFIED
 0 UNABLE
 0 OBSERVED
 1 TOTAL

3:00PM- 4:15PM START/END TIME

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*****
*
* DELIVER TO: LHSCMMF
*
* ORIGINAL
* SENT: 04/27/87 TIME: 20:22
* FROM: LIOCRIS
* SUBJECT: STATS-HB159-HCRA
* PRINT DATE: 04/28/87 TIME: 11:53
*
*****

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*** FINAL T/C STATS ***

DATE: APRIL 27, 1987
SITE: PETERSBURG
SPONSOR: HCRA
SUBJECT: SENIOR CITIZENS TAX EXEMPTIONS
LOCAL MODERATOR: DOROTHY PENTTILA

TESTIFIED:

	NAME/REPRESENTING	ADDRESS	PHONE
of 1.	MARILYN GEORGE	BOX 1031	772-4515
01 2.	FRANCES G. WESTRE	BOX 173	772-445

OBSERVED:

	NAME/REPRESENTING	ADDRESS	PHONE
1.	FLORENCE S. BELL	BOX 1479	772-3409

TESTIFIED:	2	TIME START:	3:00 PM
OBSERVED:	1	TIME END:	4:20 PM
TOTAL:	3		

EOM

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*
* DELIVER TO: LHSCMMF
*
* ORIGINAL
* SENT: 04/27/87 TIME: 20:32
* FROM: LIDCKOT
* SUBJECT: HCRA TELE
* PRINT DATE: 04/28/87 TIME: 11:54
*
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*** FINAL T/C STATS ***

DATE: 4\27\87
SITE: KOTZEBUE
SPONSOR: HCRA
SUBJECT: LEG. PUB. HEAR. \HB159: SEN. CIT. TAX
LOCAL MODERATOR: MARY BROWN

OBSERVED:

 *
 * DELIVER TO: LHSCMMF
 *
 * ORIGINAL
 * SENT: 04/27/87 TIME: 20:54
 * FROM: LIOCEVE
 * SUBJECT: 4/27 H C&RA TAX EXEMPT
 * PRINT DATE: 04/27/87 TIME: 20:54
 *

TO: LHSCNMD, LHSCMMF, LTCCGTG
 FROM: MODERATOR WRANGELL/MABEL FENNIMORE
 FINAL STAT SHEET FOR:
 HOUSE REGIONAL AND COMM. AF./HB 159 TAX EXEMPT.
 APRIL 27, 1987 - FINAL STATS - WRANGELL, ALASKA 99929
 OBSERVED:
 1. DOROTHY BRADY, BOX 103, WRG 874-3167
 2. MELVIN BRADY, BOX 103, WRG 874-3167
 3. RED STEEAR, BOX 637, WRG 874-3636
 4. MARY STEEAR, BOX 637, WRG 874-3636
 5. ALBERT COOPER, BOX 135, WRG 874-2057
 6. MARY COOPER, BOX 135, WRG 874-2057
 7. CLARA SYPNIEWSKI, BOX 921, WRG 874-3637
 8. VENDRE BIGELOW, BOX 1995, WRG 874-3944

TESTIFIED: 0	START TIME: 3:00 P
UNABLE TO TESTIFY: 0	END TIME: 4:20 P
OBSERVED: 8	MODERATOR: MABEL
TOTAL: 8	

376-2092
2. ^{op} ROSE PALMQUIST, OPAG, P O BOX 870294, WASILLA 99687,
376-0110
3. ^{op} WALT HARRIS P O BOX 676, PALMER 99645, 376-4383

OBSERVED:
1. NILO KANGAS P O BOX 873593, WASILLA 99687, 376-2527
2. KACEL M SISK SR BOX 1272, WASILLA 99687, 376-5878
3. DORIS A SISK SR BOX 1272, WASILLA 99687, 376-5878
4. GRACE ELKINS SR 12860, WASILLA 99687, 376-2670
5. WILLIAM E. ELKINS SR 12860, WASILLA 99687, 376-2670
6. MICKIE HARRIS, BOX 676, PALMER 99645, 376-4383

TESTIFIED: _____ 3 _____ TIME START: _____
OBSERVED: _____ 6 _____ TIME ENDING: _____
TOTAL: _____ 9 _____

*
* DELIVER TO: LHSCMMF *
*
* ORIGINAL *
* SENT: 04/27/87 TIME: 20:43 *
* FROM: LTCCSOL *
* SUBJECT: HQ-159 FINAL *
* PRINT DATE: 04/27/87 TIME: 20:43 *
*

*** FINAL STATS ***

DATE: 4/27/87
SITE: SOLDOTNA
SPONSOR: H. C&RA
SUBJECT: HQ-159 TAX EXEMPTIONS
MODERATOR: SHANNA

TO TESTIFY:

- 1. WALLACE SIDBACK RT. 1 BOX 695 KENAI 776-8259
- 2. ROY BARTON P.O. BOX 850 SOLDOTNA 262-4441
- 3. ALEXANDER ROSS ST. RT. 1 BOX 1355 KENAI 776-8766
- 4. BETH TAESCHNER P.O. BOX 56 SOLDOTNA 262-4287
- 5. RICHARD A. BIRCH P.O. BOX 491 STERLING 262-1584
- 6. LORENA KEATING RT. 2 BOX 226 STERLING 262-5184
- 7. COMMANDER GORDAN LEAVEY, PAST CMDR, VFW, & AMERICAN LEGION SERVICE OFFICER. P.O. BOX 170 KENAI,

TO OBSERVE:

- 1. HAROLD DAVIS 4463 SPUR HWY KENAI 283-3595
- 2. MARION DAVIS 4463 SPUR HWY KENAI 283-3595
- 3. ALVIN TAESCHNER P.O. BOX SOLDOTNA 262-4287
- 4. DRIN FARR BOX 1224 SOLDOTNA 262-4210
- 5. HELEN FARR BOX 1224 SOLDOTNA 262-4210
- 6. JACK L. IRONS, SR. BOX 13 SOLDOTNA, 262-5356
- 7. MARGARET J. IRONS BOX 13 SOLDOTNA 262-5356

* DELIVER TO: LHSCMMF

* ORIGINAL

* SENT: 04/27/87 TIME: 20:41
* FROM: LIOCEVE
* SUBJECT: 4/27 H C&RA/EAX EXEMPT.
* PRINT DATE: 04/27/87 TIME: 20:41

TO: LHSCNMB, LHSCMMF, LTCCGT;
FROM: MODERATOR KETCHIKAN/EVELYN JOHNSON
FINAL STAT SHEET FOR:
HOUSE COMMUNITY AND REGIONAL AFFAIRS/HB 159 SENIOR AND VETS TAX
EXEMPT

APRIL 27, 1987 - FINAL STATS - KETCHIKAN, ALASKA 99901
TESTIFIED:

- of 1. CARMEN HOLUM, 730 PARK AVE, KTN 225-4207
- 2. ALFREDA DORE, BOX 7776, KTN 225-6214
- op 3. ERMA HEAD, 2721 - 7TH AVENUE, KTN 225-4613

OBSERVED:

- 1. MERTA KIFFER, 139 JEFFERSON, KTN 2254840
- 2. ETTA WRIGHT, PO BOX 7431, KTN 225-5487
- 3. ORVEL HOLUM, 730 PARK, KTN 225-4207
- 4. JOHN E. HALLIMAN, 862 JACKSON, KTN 225-4872
- 5. ELWOOD MEAD, 2721 - 7TH AVE., KTN 225-4613
- 6. ANN RUARO, 1059 WOODLAND, KTN 225-2629

TESTIFIED: 3	START TIME: 3:00 P
UNABLE TO TESTIFY: 0	END TIME: 4:20 P
OBSERVED: 6	MODERATOR: EMJ
TOTAL: 9	

* DELIVER TO: LHSCMMF

* ORIGINAL

* SENT: 04/27/87 TIME: 20:43
* FROM: LIOCMAT
* SUBJECT: H CRA - HB159
* PRINT DATE: 04/27/87 TIME: 20:43

*** FINAL T/C STATS ***

DATE: _____ 4/27/87 _____
 SITE: _____ MAT-SU _____
 SPONSOR: _____ HOUSE C R A _____
 SUBJECT: _____ HB159 - MUNICIPAL TAX EXEMPTIONS _____
 LOCAL _____
 MODERATOR: _____ MARY _____

TESTIFIED:

TESTIFIED: 0
OBSERVED: 0
TOTAL: 0

TIME START: 3:00 PM
TIME END: _____

DELIVER TO: LHSCMMF
ORIGINAL
SENT: 04/27/87 TIME: 20:35
FROM: LIOCVAL
SUBJECT: HCRA-HB159:SEN CIT TAX
PRINT DATE: 04/27/87 TIME: 20:35

VAL

*** FINAL T/C STATS ***

DATE: APRIL 27, 1987
SITE: VALDEZ
SPONSOR: HCRA
SUBJECT: HB 159: SEN CITIZENS; VETS PPTY TAX
LOCAL MODERATOR: PAT VON BARGEN

TESTIFIED: 1
NAME/REPRESENTING ADDRESS PHONE
1. SALLY MCADOO BOX 721 835-5032
VALDEZ SENIOR CITIZENS VALDEZ, AK 99686

OBSERVED: 0
NAME/REPRESENTING ADDRESS PHONE

TESTIFIED: 1
OBSERVED: 0
TOTAL: 1
TIME START: 3:25 PM
TIME END: 4:20 PM
*PARTICIPANT ARRIVED.

*
* DELIVER TO: LHSCMMF *
*
* ORIGINAL *
* SENT: 04/27/87 TIME: 20:30 *
* FROM: LIOCKOD *
* SUBJECT: KODIAK FINAL STATS *
* PRINT DATE: 04/27/87 TIME: 20:31 *
*

KOD

*** FINAL T/C STATS ***

DATE: ___APRIL 27, 1987___
SITE: ___KODIAK L.I.O._____
SPONSOR: ___HOUSE COMMUNITY AND REGIONAL AFFAIRS_____
SUBJECT: ___HB-150 SENIOR CITIZENS TAX_____
LOCAL MODERATOR: ___LORNA STEELMAN_____

*** FINAL TELECONFERENCE STATISTICS ***

DATE: 4-27-87
 SITE: ANCHORAGE, AK
 SPONSOR: H-COMMUNITY REGIONAL AFFAIRS
 SUBJECT: HB159-SENIOR CITIZEN
 LOCAL MODERATOR: BRENDA

TESTIFIED:

NAME\REPRESENTING	ADDRESS	PHONE #
1. TERRY BURRELL	3716 WESLEY AVE	333-2774
2. VERA GAZAWAY	1521 W 14TH	277-2073
3. JERRY MCCUTCHEON	ANCHORAGE, AK	
4. H.P. GAZAWAY	1521 W 14TH	277-2073
5. GILBERT WHITEHEAD	1543 L ST.	277-2908

OBSERVED:

NAME\REPRESENTING	ADDRESS	PHONE #
1. ROGER SPACH	1201 DENALI #311	258-7387
2. ROBERT BLACK	571 TOGIAK CIR.	561-1955
3. VERNA BLACK	531 TOGIAK CIR	561-1955
4. LORENA SHOWERS	836 N #204	277-2226
5. THELMA LANFORD	2363 CAPT COOK DR.	248-0834

TESTIFIED: 5 START TIME: 3:00
 OBSERVED: 5 END TIME: 4:20
 TOTAL: 10

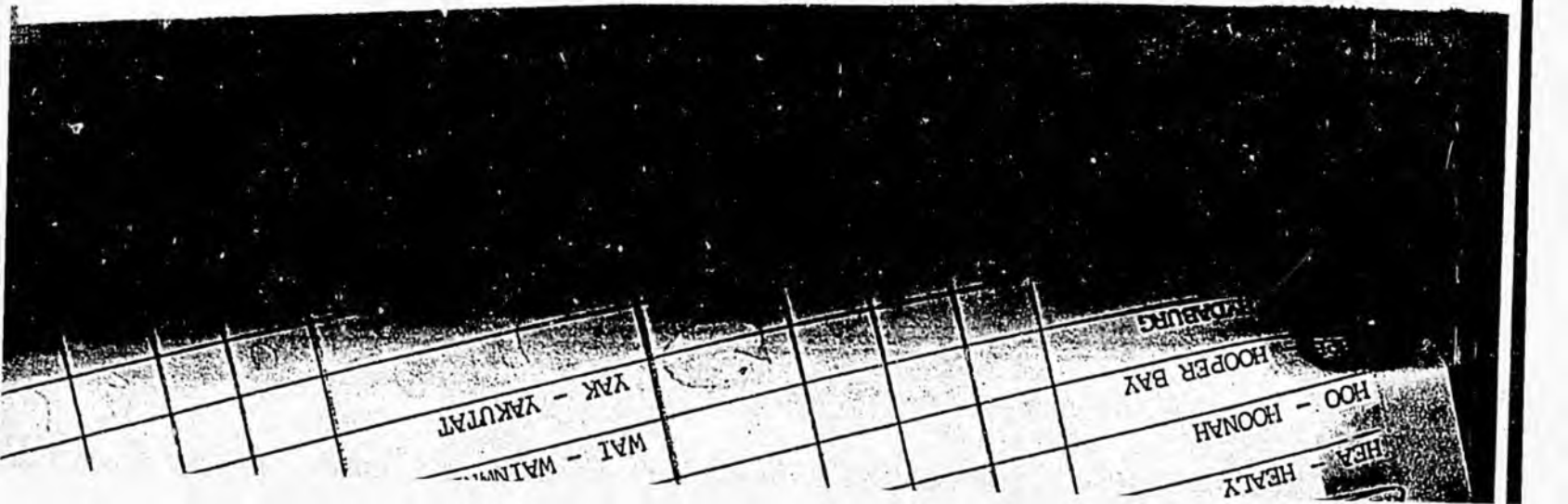
TOTAL: _____

*martha - This is the only
 stat sheet you haven't received*

70

27

33



(E) HB 159

PUBLIC OPINION MESSAGE

Copy for CRA

DEAR: REPRESENTATIVE SPRINGER

NAME: PATRICIA OAKES
TITLE:
ADDRESS: P.O. BOX 9
CITY: CENTRAL ZIP: 99730
PHONE: 520-5227
BILL NO: HB 159
SUBJECT: MUNICIPAL PROPERTY TAX EXEMPTIONS
MESSAGE: URGE YOU TO REJECT HB 159 AND SS FOR HB 159. ENCOURAGE YOU TO SUPPORT
FUNDING FOR SENIOR CITIZEN PROPERTY TAX PROGRAM AT FY 87 LEVEL OF \$2.866
MILLION PLUS \$221,200. PROGRAM IS OF PRIME IMPORTANCE TO OLDER ALASKANS.

POMID: 03124136
DATE: 04/21/87
TIME: 12:41.36
LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES

CATO
COLLINS
HERRMANN
ZAWACKI



APR 17 1987
Terry CR. A. file.

(15) HB 159

1986-1987
ALASKA STATE LEGISLATIVE COMMITTEE

CHAIRMAN
Ms. Lee McAnerny
P.O. Box 406
Seward, AK 99664
(907) 224-3080

VICE CHAIRMAN
Miss Patricia Oakes
Box 9
Central, AK 99730
(907) 520-5227

SECRETARY
Ms June A. Robinelle
P.O. Box 870797
Wasilla, AK 99687
(907) 376-2092

April 16, 1987

Rep. Heinrich Springer, Chairman
Community & Regional Affairs Committee
Alaska State Legislature

Dear Representative Springer:

The AARP Alaska State Legislative Committee, representing over 23,000 older Alaskans, wishes to make its position clear with respect to the Alaska Senior Citizen Property Tax Relief Program contained in AS 29.45.030.(e)-(i).


The Position Paper that was delivered to each legislator and the governor late in February, concluded by expressing the Committee's hope that any action taken with respect to the program would be "worthy of a state government proud of its tradition of supporting its most dependent citizens."

The administration's submittal of HB 159 (which repeals the program), and the impending introduction of Sponsor Substitute for HB 159 (which attaches tax liens to the homes of our elderly citizens in exchange for "deferral" of property taxes) do not, in this committee's opinion, measure up to actions that could be deemed in any way worthy of Alaska's traditional respect and concern for its senior citizens.

The Sponsor Substitute for HB 159 (which is expected to be introduced very soon) establishes a property tax deferral system in which a lien is held by the state on each property receiving such deferral. Such a scheme, in the opinion of our committee, would be costly and burdensome to administer, and would undoubtedly result in the state eventually gaining ownership of a number of residential properties it neither wants nor needs. The tax deferral alternative has been rejected by every senior citizen queried on the subject.

It is the opinion of the State Legislative Committee that a program established more than 15 years ago that has allowed many older Alaskans to continue living independently in their own homes, should not be summarily repealed or radically amended at the first ill economic wind. It is interesting to note that the \$1.762 million devoted to the program in FY79 represented 0.207% of the General Fund Operating Budget for that year. Our request to retain the program and to appropriate \$2.886 million for FY88 would constitute 0.179% of the anticipated operating budget of \$1.6 billion.

Without reiterating the social and economic benefits of the property tax relief program (which were detailed in the position paper), the AARP State Legislative Committee respectfully requests that the Community and Regional Affairs and Finance Committees of the Alaska House and Senate reject HB 159 and the forthcoming Sponsor Substitute for HB 159; and fund the Alaska Senior Citizen Property Tax Relief Program at the FY87 level of \$2,866,300.

Respectfully,

Bob Pavitt, Coordinator
Capital Legislative Task Force

American Association of Retired Persons 1909 K Street, N.W., Washington, D.C. 20049 (202) 872-4700

John T. Denning *President* Cyril F. Brickfield *Executive Director*

BILL WORKSHEET

Bill #: SSHB 159
Date Sched.: HCRA Committee, Wednesday April 22, 1987
Title: "An Act relating to municipal property tax exemptions"
Sponsors: Governor

Info Attached: Copy of Bill
Fiscal Note - with analysis
Existing statutes
Letter of Transmittal
Position paper from DCRA
Letter to Chairman from M. Wisecarver
Fiscal analysis for current program full funding at various valuation caps
Property valuation analysis by community
Sectional analysis
Appropriation bill package for SSHB 159
Letter to Chairman from Governor

Sponsor's Briefing, Intent/purpose:

The sponsor's substitute deletes provisions in the original bill which would have repealed the senior citizen and disabled veteran property tax exemption. The bill substitute initiates a tax limitation and deferment system as the operating characteristics of the program.

The original bill changed statutory property tax exemptions to a municipal local option. It also relieved the state of the obligation to reimburse municipalities and individuals for revenues lost under the current program.

SSHB 159 establishes exemption limits by capping a participating households' income at \$40,000. A participating household (senior citizen or disabled veteran whose household income is less than \$40,000) will be required to pay up to 4% of their income for property taxes; the State will defer the balance of their property taxes.

The deferment program would require the State to pay the balance due each municipality. As the tax is deferred, the State would place a lien on the property. This lien will be satisfied when the property is sold. This feature will make the program self-supporting in the future.

SSHB 159 eliminates the renter's equivalency rebate and makes the farm use tax assessment program a local option.

Effect of Bill:

Fiscal Impact: \$1,526,600

Proponents: Municipalities (who appear to be only lukewarm on the bill)

Opponents: Senior citizens and disabled veterans who object not only to having their subsidy reduced and made "needs-based," but to the concept of a lien on their property.

Analysis of Bill's effect, by staff:

The current program mandates municipal participation, and caps the subsidy at \$150,000. The cost of fully funding such a program is about \$6.5 million. The legislature has never fully funded the program and so municipalities have had to absorb about half of the program cost. Seniors and disabled vets love this generous subsidy, and municipalities rail against legislative failure to fully fund it.

The original HB 159 made the exemption program a local municipal option and relieved the state from responsibility to reimburse municipalities. It also eliminated the affiliated renter's rebate program (cost about \$375,000). Seniors and veterans objected to this proposal, pointing out that this was the only state where there was no protection for a senior about to be forced out of their home for taxes.

SSHB 159 has not got strong support from municipalities so far, but has elicited a strong negative reaction from seniors and disabled veterans. This "needs-based" version still eliminates the renter's rebate (these folks are often the neediest of the needy).

Committee Report:

STEVE COWPER
GOVERNOR

① HB 159

CRA file

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 19, 1987

The Honorable Heinrich Springer
Chair, House Community and
Regional Affairs Committee
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Springer:

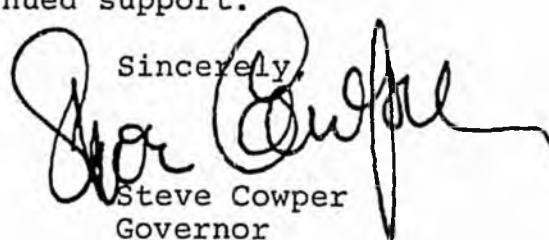
As you are aware, HB 159 is in your committee. I feel this legislation is quite important to the proper operation and functioning of my administration.

I would appreciate your committee review and action on this legislation and your personal assistance to move this bill out of your committee. As we both know, this legislative session will soon be drawing to a close.

If you have any questions please contact my legislative office and either George or Bob will see that the appropriate people promptly respond to you.

Thank you for your continued support.

Sincerely,



Steve Cowper
Governor

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

(13) SS #B 159

Bill Version : SS HB 159

Publish Date : _____

REQUEST: _____

Revision Date: 4-21-87

Title: "Act relating to deferment of property taxes..."

Sponsor: Governor

Requestor: HCRA Committee

Agency Affected: Community & Regional Affairs

BRU: Local Government Assistance

Components: State Assessor

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		109.1	109.1	109.1	109.1	109.1
TRAVEL						
CONTRACTUAL						
SUPPLIES		3.9	3.0	3.2	3.4	3.6
EQUIPMENT		10.0				
LAND & STRUCTURES						
GRANTS, CLAIMS		1,403.6	1,403.6	1,403.6	1,403.6	1,403.6
MISCELLANEOUS						
TOTAL OPERATING		1,526.6	1,515.7	1,515.9	1,516.1	1,516.3

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND		1,526.6	1,515.7	1,515.9	1,375.7	1,249.6
FEDERAL FUNDS						
OTHER prog/receipts					140.4	266.7
TOTAL		1,526.6	1,515.7	1,515.9	1,516.1	1,516.3

POSITIONS:

FULL-TIME		3	3	3	3	3
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Michael Worley, State Assessor

Division: Municipal and Regional Assistance

Phone: 465-4787

Date: 4-21-87

Approved by Commissioner: [Signature]

Agency: Community and Regional Affairs

Date: 4-21-87

Distribution (by preparer) :

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

STATE OF ALASKA 1987 - 15TH LEGISLATURE
FIRST SESSION
FISCAL NOTE

Bill/Resolution No.: SS HB 159

Title: "Act relating to deferment of property taxes..."

ANALYSIS:

Assumptions: see computations

Program Summary:

Positions: 3, see attached

Other Expenditures: Micro computer - MS DOS 386 based -
2 meg main memory, 60 meg hard disk
-Database software-spreadsheet

Funding: General Fund/Program Receipts

Section Cost Analysis: see attached

Computations: see attached

Economic Impact: see computations

Impact on Local Government: see attached

Attachments

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. SSHB 159

Assumptions:

The cost estimates for this proposal are based on a correlation of known income levels and municipal property values for Senior Citizens in Alaska. It was assumed that the level of income generally matched the value of housing for purposes of estimating these program costs.

Based on income and value curves, we estimated at a four percent tax liability the proposed program would cost about \$1,650,00. That estimated cost does not take into account those Senior Citizens/Disabled Veterans who participate in the present exemption program, but would choose not to participate in the proposed deferment program. Certain Senior Citizens across the State have said they would not participate in a needs-based program because they would consider such a concept to be too similar to a welfare program. Others have voiced disapproval of the lien concept contained in the proposal and have stated they would not participate in a program which placed a tax lien on their property. In addition, there would certainly be instances under this proposal where the amount of the property tax qualifying for the benefit would not be high enough to justify the time and effort necessary to apply. We have estimated about 15 percent of those who would qualify for the deferment would not apply based on one or more of the above reasons.

Personal Services:

The personal services costs include one Project Assistant, one Clerk Typist III, and one Accounting Clerk I position as follows:

<u>Job Class</u>	<u>Salary & Benefits (12 mos)</u>
Accounting Clerk I	\$ 30,057
Clerk Typist III	28,525
Project Assistant	<u>50,546</u>
Total:	\$109,128

Although the bill proposes to eliminate the Agricultural Land Use Program, there will be continued staff activity under that program for the next seven years. Any participant who presently receives the benefit would be required to pay back the deferred tax amount if he converted the property to non-farm use. Similarly, the Senior Citizen Sewer and Water Deferment Program, which was repealed two years ago, carries the same payback requirement when the property is conveyed to another party. Activities under that program will continue for another ten years or so. In addition to those ongoing duties, the proposed homeowner property tax deferment program would require review of municipal applications, computer input of applicant information, recording of a lien release and new lien for each participant annually, and the adoption and revision of program regulations as necessary.

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. SSHB 159

Other Expenditures

Micro computer - MS DOS 386 based - 2 meg main memory, 60 meg hard disk - Database software-spreadsheet.

Computations:

We have estimated approximately 3,119 of the 7,242 current participants would qualify for the deferment benefit at \$450 each, as shown below:

<u>Average Household Income</u>	<u>Average Home Value</u>	<u>Number Seniors & D.V's</u>	<u>Percent of Participation</u>	<u>Estimated Number of Participants</u>
\$ 4,400	\$ 17,205	585	85%	497
10,900	40,432	898	70%	629
15,300	64,359	1,167	60%	700
19,700	89,946	1,260	45%	567
24,000	113,250	1,115	35%	390
28,400	137,104	898	25%	225
32,800	160,682	602	15%	90
37,200	185,154	211	10%	21
+39,999	317,259	<u>506</u>	0%	<u>0</u>
		7,242		3,119

3,119 applicants x \$450 per applicant = \$1,403,600

Beginning in FY 91, we estimated the general fund requirements of the program will be reduced by 10% per year as deferment paybacks (program receipts) return.

Impact on Local Government:

Municipal assessing offices would be responsible for the initial approval of applications and compilation of deferment information for reimbursement from the State. We estimate those activities would replace similar municipal activities now associated with the Homeowners Exemption Program.

For the past few years, municipalities have been forced to bear a substantial portion of the fiscal burden for the existing Senior Citizen/Disabled Veteran exemption programs. Under the proposed deferment program, municipalities should be totally reimbursed for their losses.

Position Title Clerk Typist III		No. of Positions 1	Range/Step 8/c	Barg. Unit GGU
Time Status FT	Staff Months 12	Location Juneau		Election District 4
Justification				
<p>This position would provide clerical and data management/entry support for the Property Tax Assistance program. This would involve reviewing applications and supporting documentation, entering data into the computer system, handling mail, typing correspondence and reports, and other related clerical duties.</p> <p>In addition, this position would provide support for disposition payback requirements under the Sewer and Water deferment program.</p>				
Type of Expenditure		Amount		
1	2	3		
Salary	20,772			
Benefits	7,752			
Premium Pay				
Other				
Total Personal Services		28,524		
Travel				
Contractual				
Commodities				
Equipment				
Other				
Total Cost		28,524		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	28.5		
I-A Receipts	1006			
CIP Receipts	1061			
Other				

**Request For
New Position**

Agency Community & Regional Affairs
 BRU Local Government Assistance
 Component State Assessor

Page 1 of 1
 Revised Date _____

FY 88

Position Title Accounting Clerk I			No. of Positions 1	Range/Step 8/	Barg. Unit GGU
Time Status FT	Staff Months 12		Location Juneau	Election District 4	
Type of Expenditure			Amount		
1	2	3			
Salary	22,021				
Benefits	8,036				
Premium Pay					
Other					
Total Personal Services		30,057			
Travel					
Contractual					
Commodities					
Equipment					
Other					
Total Cost		30,057			
Funding Source for Total Cost					
Federal Receipts	1002				
G. F. Match	1003				
General Fund	1004	30.1			
I-A Receipts	1006				
CIP Receipts	1061				
Other					

Justification

This position would provide accounting support for the Property Tax Assistance program. This would involve reviewing income information, preparation and execution of liens, accounting support for the program, and other related duties to administer the program.

In addition, this position would provide support for calculation and disposition of payback requirements under the agricultural land use deferment program.

**Request For
New Position**

Agency Community & Regional Affairs
 BRU Local Government Assistance
 Component State Assessor

Page 1 of 1
 Revised Date _____

FY 88

Position Title Project Assistant		No. of Positions 1	Range/Step 16/F	Barg. Unit GGU
Time Status FT	Staff Months 12	Location Juneau		Election District 4
Type of Expenditure		Amount		
1	2	3		
Salary	38,712			
Benefits	11,834			
Premium Pay				
Other				
Total Personal Services		50,546		
Travel				
Contractual				
Commodities				
Equipment				
Other				
Total Cost		50,546		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	50.5		
I-A Receipts	1006			
CIP Receipts	1061			
Other				
Justification				
<p>This position would be the lead person for the Property Tax Assistance program and for issues pertaining to Senior Citizens and Disabled Veterans within the Department. This would involve public information, responding to public and legislative inquiries, reporting requirements, Older Alaskan Commission activity, and other related activities as required to insure implementation of the program.</p>				

**Request For
New Position**

Agency Community & Regional Affairs
 BRU Local Government Assistance
 Component State Assessor

Page 1 of 1
 Revised Date

FY 88

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

April 21, 1987

POSITION PAPER

RE: Sponsor Substitute for House Bill 159

SPONSOR: Rules Committee by Request of the Governor

Program Effects

This proposed bill creates a needs-based tax deferment program funded by a revolving account in place of the existing across-the-board exemption concept. The maximum tax liability for the Senior or Disabled Veteran would equal four percent of the taxable household income for the property. Taxes in excess of four percent would qualify for a deferment with a tax lien in that amount placed against the property by the State. At the time the property transfers ownership, the lien amount would be forwarded to the State. The highest qualifying household income under the program would be \$40,000, and the annual funding level would begin to decrease after a few years as deferments began to return to the State.

Comments

The Department supports the passage of SS HB 159. The proposed concept would reduce the appropriation amount for the program to a level which could realistically be fully funded annually. Fully funding the program would eliminate the existing liability for municipalities to fund more than 50 percent of the mandated exemption each year. Municipalities are already receiving substantial reductions in state shared revenues and the Department believes it would not be fair to expect them to continue to be burdened with this additional liability.

The proposed program would also ensure that Senior Citizen and Disabled Veteran homeowners would not lose their property because of an inability to pay property taxes. In the event of peculiar or exceptional circumstances under which there could be such a threat, the concept provides for local governing bodies to approve deferments beyond the four percent tax liability contained in the bill.

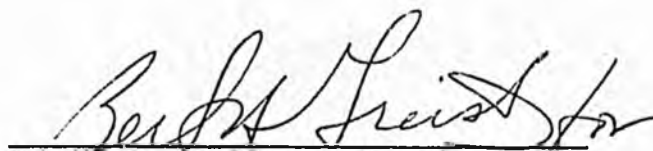
12 SS HB 159

STEVE COWPER, GOVERNOR

- P.O. BOX B
JUNEAU, ALASKA 99811-2100
PHONE: (907) 65-4700
- 949 E. 36TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508-4302
PHONE: (907) 663-1073

SS HB 159
April 21, 1987
Page Two

This bill is much less attractive than the generous program that presently exists; however, given the substantially limited revenues of the State, the concept is fair and deserving of support. The key thrust of the bill is an equal distribution of responsibilities and obligations among Senior Citizen and Disabled Veteran participants, municipalities, and the State.



David G. Hoffman, Commissioner

D R A F T

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a Sponsor Substitute for HB 159 and a special appropriation bill to fund it. This substitute bill deletes the amendments that would have repealed the senior citizen and disabled veteran property tax exemption, and substitutes a tax limitation and deferment system (for which the revisor of statutes should add a reference to "limitations and deferments" to the AS 29.45.030 heading). This substitute bill does not change the original bill's amendments relating to farm use land.

Under this limitation and deferment system, senior citizens and disabled veterans whose annual household taxable income is no more than \$40,000 will be required to pay a property tax of up to four percent of their income. Any tax liability that may exist over that amount will be deferred, with the state reimbursing the municipality for the loss of the tax money and having a lien on the property to the extent of that reimbursement. When the property is transferred to a person not eligible for the deferment, the state may collect the amount reimbursed. Senior citizens and disabled veterans whose annual household taxable income is more than \$40,000 will not be eligible for the tax limitation and deferment.

This bill also clarifies existing language regarding municipal handling of hardship situations.

The approach proposed in this sponsor substitute will deal fairly with senior citizens and disabled veterans while at the same time helping relieve the state's fiscal crisis.

Sincerely,

Steve Cowper
Governor

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 159

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to exemptions from, deferments of,
7 and payments relating to, municipal property taxes;
8 and providing for an effective date."

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

10 * Section 1. AS 29.45.030(e) is amended to read:

11 (e) The tax liability on a parcel of real property owned and
12 occupied as the primary residence and permanent place of abode by a
13 (1) resident 65 years of age or older; (2) disabled veteran; or (3)
14 resident at least 60 years old who is the widow or widower of a person
15 [WHO] qualified for a deferment [AN EXEMPTION] under (1) or (2) of
16 this subsection, may not exceed four percent of the parcel's household
17 taxable income under federal law, if that household taxable income
18 does not exceed \$40,000. In this subsection, "household taxable
19 income" means the combined taxable income of every person residing on
20 the portion of the property for which the deferment is sought; it does
21 not include the taxable income of a person renting a portion of the
22 property. If, but for the four percent limitation, the tax would
23 exceed that amount, liability for the excess may be deferred until the
24 property is transferred to the ownership of a person who is not qual-
25 ified under this subsection. The tax on any portion of the property
26 that is rented out may not be deferred. [IS EXEMPT FROM TAXATION ON
27 THE FIRST \$150,000 OF THE ASSESSED VALUE OF THE REAL PROPERTY.] A
28 municipality may provide by ordinance that, in a case of hardship, a
29 tax liability limitation below that specified in this subsection may

1 be set [PROVIDE FOR EXEMPTION BEYOND THE FIRST \$150,000 OF ASSESSED
2 VALUE IN ACCORDANCE WITH REGULATIONS OF THE DEPARTMENT]. Only one
3 deferment [EXEMPTION] may be granted for the same property and, if two
4 or more persons are eligible for a deferment [AN EXEMPTION] for the
5 same property, the parties shall decide between or among themselves
6 who is to receive the benefit of the deferment [EXEMPTION]. Real
7 property tax may not be deferred [EXEMPTED] under this subsection if
8 the assessor determines, after notice and hearing to the parties, that
9 the property was conveyed to the applicant primarily for the purpose
10 of obtaining the deferment [EXEMPTION]. The determination of the
11 assessor may be appealed under AS 44.62.560 -- 44.62.570.

12 * Sec. 2. AS 29.45.030(f) is amended to read:

13 (f) A deferment [AN EXEMPTION] may not be granted under (e) of
14 this section except upon written application for the deferment [EX-
15 EMPTION] on a form approved by the state assessor for use by local
16 assessors. The claimant must file the application no later than
17 August 1 [JANUARY 15, OR A DATE PROVIDED BY ORDINANCE THAT IS NOT
18 LATER THAN MARCH 31,] of the assessment year for which the deferment
19 [EXEMPTION] is sought. The governing body of the municipality for
20 good cause shown may waive during a year the claimant's failure to
21 make timely application for deferment [EXEMPTION] for that year and
22 authorize the assessor to accept the application as if timely filed.
23 The claimant must file a separate application for each assessment year
24 in which the deferment [EXEMPTION] is sought. If an application is
25 filed within the required time and is approved by the assessor, the
26 assessor shall allow a deferment [AN EXEMPTION] in accordance with the
27 provisions of this section. If a failure to file by August 1 [JANUARY
28 15, OR A DATE PROVIDED BY ORDINANCE THAT IS NOT LATER THAN MARCH 31,]
29 of the assessment year has been waived as provided in this subsection

1 and the application for deferment [EXEMPTION] is approved, the amount
2 of tax that the claimant has already paid for the assessment year for
3 the property tax deferred [EXEMPTED] shall be refunded to the claim-
4 ant. The assessor shall require proof in the form the assessor con-
5 siders necessary of the right to and amount of a deferment [AN EX-
6 EMPTION] claimed under (e) of this section, and shall require a dis-
7 abled veteran claiming a deferment [AN EXEMPTION] under (e) of this
8 section to provide evidence of the disability rating. The assessor
9 may require proof under this section at any time.

10 * Sec. 3. AS 29.45.030(h) is amended to read:

11 (h) Except as provided in (g) of this section, nothing in (e) --
12 (j) of this section affects senior citizen and disabled veteran [SIMI-
13 LAR] exemptions from property taxes granted by a municipality on
14 September 10, 1972, or prevents a municipality from granting senior
15 citizen and disabled veteran [SIMILAR] exemptions by ordinance as
16 provided in AS 29.45.050.

17 * Sec. 4. AS 29.45.030 is amended by adding a new subsection to read:

18 (o) Reimbursement under (g) of this section is a lien in favor
19 of the state against the property for which a deferment is granted, to
20 the extent of the assessment against that property and without inter-
21 est being charged on that amount. Upon recordation in the recording
22 office of the district in which the property is located, the lien is
23 prior and superior to other liens against the property except for
24 general taxes or other special assessments and may be enforced by lien
25 foreclosure. The lien becomes immediately due and payable

26 (1) upon sale or other transfer of the property to a person
27 who is not qualified for the deferment under (e) of this section;
28 however, if the property is transferred to a minor heir, the lien
29 becomes due and payable on the date the minor heir reaches the age of

25 years; or

(2) when the claimant fails to prove eligibility under (e) of this section.

* Sec. 5. AS 29.45 is amended by adding new sections to read:

Sec. 29.45.033. ACCOUNTING FOR AND DISPOSITION OF RECEIPTS. Money received by the department under AS 29.45.030(o) must be deposited in the general fund. The commissioner of administration shall separately account for all amounts deposited in the general fund by the Department of Community and Regional Affairs under this section. The annual estimated balance in the account may be appropriated by the legislature to the department for the purpose of reimbursing municipalities in accordance with AS 29.45.030(g).

Sec. 29.45.036. MUNICIPAL PROPERTY TAX REIMBURSEMENT FUND. There is created in the department the municipal property tax reimbursement fund to be used for the purpose of reimbursing municipalities in accordance with AS 29.45.030(g). The fund consists of money appropriated to it by the legislature.

* Sec. 6. AS 29.45.050(a) is amended to read:

(a) A municipality may exclude or exempt or partially exempt residential property from taxation by ordinance approved [RATIFIED] by the voters at an election. Except as provided in (i) of this section, an [AN] exclusion or exemption authorized by this section may not exceed the assessed value of \$10,000 for any one residence.

* Sec. 7. AS 29.45.050(i) is amended to read:

(i) Notwithstanding (a) of this section, a [A] municipality may, by ordinance approved by the voters, exempt or partially exempt from taxation the assessed value [THAT EXCEEDS \$150,000] of real property owned and occupied as a permanent place of abode by a resident who is

(1) 65 years of age or older;

1 (2) a disabled veteran; or

2 (3) at least 60 years old and a widow or widower of a per-
3 son who qualified for an exemption under (1) or (2) of this subsec-
4 tion.

5 * Sec. 8. AS 29.45.060(a) is repealed and reenacted to read:

6 (a) A municipality may, by ordinance approved by the voters,
7 assess farm use land on the basis of full and true value for farm use.

8 * Sec. 9. AS 29.45.060(c) is amended to read:

9 (c) In this section "farm use" means the use of land for profit
10 for raising and harvesting crops, for the feeding, breeding, and man-
11 agement of livestock, for dairying, or another agricultural use, or
12 any combination of these. To be farm use land, the land must be in-
13 cluded in a farm unit and must not be dedicated to or used for nonfarm
14 purposes. The [THE] owner or lessee must be actively engaged in
15 farming the land, and derive at least 10 percent of yearly gross
16 income from the land. This section does not apply to land for which
17 the owner has granted, and has outstanding, a lease or option to buy
18 the surface rights. A property owner who wishes [WISHING] to file for
19 farm use classification, but who has [HAVING] no history of farm-
20 related income, may submit a declaration of intent at the time of
21 filing the application with the local assessor, setting out the in-
22 tended use of the land and the anticipated percentage of income. An
23 applicant using this procedure shall file with the local assessor
24 before February 1 of the following year a notarized statement of the
25 percentage of gross income attributable to the land. Failure to make
26 the filing required in this subsection forfeits the exemption.

27 * Sec. 10. AS 29.45.060 is amended by adding a new subsection to read:

28 (f) If farm use land that was assessed on the basis of full and
29 true value for farm use before May 16, 1987, is leased, sold, or

1 otherwise disposed of by the owner for uses incompatible with farm
2 use, the owner is liable to pay an amount equal to the additional tax
3 at the current mill levy, together with eight percent interest for the
4 preceding seven years, as though the land had not been assessed for
5 farm use purposes. Payment by the owner must be made to the state to
6 the extent of its reimbursement of the municipality's revenue loss for
7 the preceding seven years. The balance of the payment must be made to
8 the municipality.

9 * Sec. 11. AS 29.45.030(a)(6), 29.45.040, 29.45.060(b), and 29.45.-
10 060(e) are repealed.

11 * Sec. 12. AS 29.45.060(f), enacted in sec. 10 of this Act, is re-
12 pealed.

13 * Sec. 13. Sections 1 -- 11 of this Act take effect immediately under
14 AS 01.10.070(c).

15 * Sec. 14. Sections 1 -- 5 of this Act are retroactive to January 1,
16 1987.

17 * Sec. 15. Section 12 of this Act takes effect January 1, 1995.
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Funding Information

General Fund	\$1,526,600
Other Funds	-0-
	<u>\$1,526,600</u>

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO.

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation for municipal
7 property tax reimbursement; and providing for an
8 effective date."

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

10 * Section 1. The sum of \$1,526,600 is appropriated from the general
11 fund to the municipal property tax reimbursement fund (AS 29.45.036) in the
12 Department of Community and Regional Affairs for fiscal year 1988.

13 * Sec. 2. This Act takes effect July 1, 1987.

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D R A F T

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to exemptions from, deferments of, and payments relating to, municipal property taxes, along with a special appropriation bill to fund part of the substantive bill.

This substantive bill does not repeal the senior citizen and disabled veteran property tax exemption, but substitutes for the exemption a tax limitation and deferment system (for which the revisor of statutes should add a reference to "limitations and deferments" to the AS 29.45.030 heading). This bill also relieves the state's financial liability under the farm use land tax deferment program. The substantive bill is identical to my SSB 159; the original HB 159 is explained in my February 27, 1987 transmittal letter, printed at 1987 H.J., p. 366.

Under the limitation and deferment system, senior citizens and disabled veterans whose annual household taxable income is no more than \$40,000 will be required to pay a property tax of up to four percent of their income. Any tax liability that may exist over that amount will be deferred, with the state reimbursing the municipality for the loss of the tax money and having a lien on the property to the extent of

that reimbursement. When the property is transferred to a person not eligible for the deferment, the state may collect the amount reimbursed. Senior citizens and disabled veterans whose annual household taxable income is more than \$40,000 will not be eligible for the tax limitation and deferment.

This bill also clarifies existing language regarding municipal handling of hardship situations in the senior citizens and disabled veterans program.

The approach proposed in this pair of bills will deal fairly with all individuals while at the same time helping relieve the state's fiscal crisis.

Sincerely,

Steve Cowper
Governor

Approp. Bill
Related to SSB159

wo0767sa

1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SENATE BILL NO.

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to exemptions from, deferments of,
7 and payments relating to, municipal property taxes;
8 and providing for an effective date."

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

10 * Section 1. AS 29.45.030(e) is amended to read:

11 (e) The tax liability on a parcel of real property owned and
12 occupied as the primary residence and permanent place of abode by a
13 (1) resident 65 years of age or older; (2) disabled veteran; or (3)
14 resident at least 60 years old who is the widow or widower of a person
15 [WHO] qualified for a deferment [AN EXEMPTION] under (1) or (2) of
16 this subsection, may not exceed four percent of the parcel's household
17 taxable income under federal law, if that household taxable income
18 does not exceed \$40,000. In this subsection, "household taxable
19 income" means the combined taxable income of every person residing on
20 the portion of the property for which the deferment is sought; it does
21 not include the taxable income of a person renting a portion of the
22 property. If, but for the four percent limitation, the tax would
23 exceed that amount, liability for the excess may be deferred until the
24 property is transferred to the ownership of a person who is not qual-
25 ified under this subsection. The tax on any portion of the property
26 that is rented out may not be deferred. [IS EXEMPT FROM TAXATION ON
27 THE FIRST \$150,000 OF THE ASSESSED VALUE OF THE REAL PROPERTY.] A
28 municipality may provide by ordinance that, in a case of hardship, a

1 be set [PROVIDE FOR EXEMPTION BEYOND THE FIRST \$150,000 OF ASSESSED
2 VALUE IN ACCORDANCE WITH REGULATIONS OF THE DEPARTMENT]. Only one
3 deferment [EXEMPTION] may be granted for the same property and, if two
4 or more persons are eligible for a deferment [AN EXEMPTION] for the
5 same property, the parties shall decide between or among themselves
6 who is to receive the benefit of the deferment [EXEMPTION]. Real
7 property tax may not be deferred [EXEMPTED] under this subsection if
8 the assessor determines, after notice and hearing to the parties, that
9 the property was conveyed to the applicant primarily for the purpose
10 of obtaining the deferment [EXEMPTION]. The determination of the
11 assessor may be appealed under AS 44.62.560 -- 44.62.570.

12 * Sec. 2. AS 29.45.030(f) is amended to read:

13 (f) A deferment [AN EXEMPTION] may not be granted under (e) of
14 this section except upon written application for the deferment [EX-
15 EMPTION] on a form approved by the state assessor for use by local
16 assessors. The claimant must file the application no later than
17 August 1 [JANUARY 15, OR A DATE PROVIDED BY ORDINANCE THAT IS NOT
18 LATER THAN MARCH 31,] of the assessment year for which the deferment
19 [EXEMPTION] is sought. The governing body of the municipality for
20 good cause shown may waive during a year the claimant's failure to
21 make timely application for deferment [EXEMPTION] for that year and
22 authorize the assessor to accept the application as if timely filed.
23 The claimant must file a separate application for each assessment year
24 in which the deferment [EXEMPTION] is sought. If an application is
25 filed within the required time and is approved by the assessor, the
26 assessor shall allow a deferment [AN EXEMPTION] in accordance with the
27 provisions of this section. If a failure to file by August 1 [JANUARY
28 15, OR A DATE PROVIDED BY ORDINANCE THAT IS NOT LATER THAN MARCH 31,]
of the assessment year...

1 and the application for deferment [EXEMPTION] is approved, the amount
2 of tax that the claimant has already paid for the assessment year for
3 the property tax deferred [EXEMPTED] shall be refunded to the claim-
4 ant. The assessor shall require proof in the form the assessor con-
5 siders necessary of the right to and amount of a deferment [AN EX-
6 EMPTION] claimed under (e) of this section, and shall require a dis-
7 abled veteran claiming a deferment [AN EXEMPTION] under (e) of this
8 section to provide evidence of the disability rating. The assessor
9 may require proof under this section at any time.

10 * Sec. 3. AS 29.45.030(h) is amended to read:

11 (h) Except as provided in (g) of this section, nothing in (e) --
12 (j) of this section affects senior citizen and disabled veteran [SIMI-
13 LAR] exemptions from property taxes granted by a municipality on
14 September 10, 1972, or prevents a municipality from granting senior
15 citizen and disabled veteran [SIMILAR] exemptions by ordinance as
16 provided in AS 29.45.050.

17 * Sec. 4. AS 29.45.030 is amended by adding a new subsection to read:

18 (o) Reimbursement under (g) of this section is a lien in favor
19 of the state against the property for which a deferment is granted, to
20 the extent of the assessment against that property and without inter-
21 est being charged on that amount. Upon recordation in the recording
22 office of the district in which the property is located, the lien is
23 prior and superior to other liens against the property except for
24 general taxes or other special assessments and may be enforced by lien
25 foreclosure. The lien becomes immediately due and payable

26 (1) upon sale or other transfer of the property to a person
27 who is not qualified for the deferment under (e) of this section;
28 however, if the property is transferred to a minor heir, the lien

25 years; or

(2) when the claimant fails to prove eligibility under (e) of this section.

* Sec. 5. AS 29.45 is amended by adding new sections to read:

Sec. 29.45.033. ACCOUNTING FOR AND DISPOSITION OF RECEIPTS. Money received by the department under AS 29.45.030(o) must be deposited in the general fund. The commissioner of administration shall separately account for all amounts deposited in the general fund by the Department of Community and Regional Affairs under this section. The annual estimated balance in the account may be appropriated by the legislature to the department for the purpose of reimbursing municipalities in accordance with AS 29.45.030(g).

Sec. 29.45.036. MUNICIPAL PROPERTY TAX REIMBURSEMENT FUND. There is created in the department the municipal property tax reimbursement fund to be used for the purpose of reimbursing municipalities in accordance with AS 29.45.030(g). The fund consists of money appropriated to it by the legislature.

* Sec. 6. AS 29.45.050(a) is amended to read:

(a) A municipality may exclude or exempt or partially exempt residential property from taxation by ordinance approved [RATIFIED] by the voters at an election. Except as provided in (i) of this section, an [AN] exclusion or exemption authorized by this section may not exceed the assessed value of \$10,000 for any one residence.

* Sec. 7. AS 29.45.050(i) is amended to read:

(i) Notwithstanding (a) of this section, a [A] municipality may, by ordinance approved by the voters, exempt or partially exempt from taxation the assessed value [THAT EXCEEDS \$150,000] of real property owned and occupied as a permanent place of abode by a resident who is

(1) 65 years of age or older;

1 (2) a disabled veteran; or

2 (3) at least 60 years old and a widow or widower of a per-
3 son who qualified for an exemption under (1) or (2) of this subsec-
4 tion.

5 * Sec. 8. AS 29.45.060(a) is repealed and reenacted to read:

6 (a) A municipality may, by ordinance approved by the voters,
7 assess farm use land on the basis of full and true value for farm use.

8 * Sec. 9. AS 29.45.060(c) is amended to read:

9 (c) In this section "farm use" means the use of land for profit
10 for raising and harvesting crops, for the feeding, breeding, and man-
11 agement of livestock, for dairying, or another agricultural use, or
12 any combination of these. To be farm use land, the land must be in-
13 cluded in a farm unit and must not be dedicated to or used for nonfarm
14 purposes. The [THE] owner or lessee must be actively engaged in
15 farming the land, and derive at least 10 percent of yearly gross
16 income from the land. This section does not apply to land for which
17 the owner has granted, and has outstanding, a lease or option to buy
18 the surface rights. A property owner who wishes [WISHING] to file for
19 farm use classification, but who has [HAVING] no history of farm-
20 related income, may submit a declaration of intent at the time of
21 filing the application with the local assessor, setting out the in-
22 tended use of the land and the anticipated percentage of income. An
23 applicant using this procedure shall file with the local assessor
24 before February 1 of the following year a notarized statement of the
25 percentage of gross income attributable to the land. Failure to make
26 the filing required in this subsection forfeits the exemption.

27 * Sec. 10. AS 29.45.060 is amended by adding a new subsection to read:

28 (f) If farm use land that was assessed on the basis of full and
29 true value for farm use before May 16, 1987, is leased, sold, or

1 otherwise disposed of by the owner for uses incompatible with farm
2 use, the owner is liable to pay an amount equal to the additional tax
3 at the current mill levy, together with eight percent interest for the
4 preceding seven years, as though the land had not been assessed for
5 farm use purposes. Payment by the owner must be made to the state to
6 the extent of its reimbursement of the municipality's revenue loss for
7 the preceding seven years. The balance of the payment must be made to
8 the municipality.

9 * Sec. 11. AS 29.45.030(a)(6), 29.45.040, 29.45.060(b), and 29.45.-
10 060(e) are repealed.

11 * Sec. 12. AS 29.45.060(f), enacted in sec. 10 of this Act, is re-
12 pealed.

13 * Sec. 13. Sections 1 -- 11 of this Act take effect immediately under
14 AS 01.10.070(c).

15 * Sec. 14. Sections 1 -- 5 of this Act are retroactive to January 1,
16 1987.

17 * Sec. 15. Section 12 of this Act takes effect January 1, 1995.
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Funding Information
General Fund \$1,526,600
Other Funds -0-
\$1,526,600

1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SENATE BILL NO.

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation for municipal
7 property tax reimbursement; and providing for an
8 effective date."

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

10 * Section 1. The sum of \$1,526,600 is appropriated from the general
11 fund to the municipal property tax reimbursement fund (AS 29.45.036) in the
12 Department of Community and Regional Affairs for fiscal year 1988.

13 * Sec. 2. This Act takes effect July 1, 1987.

Sectional Analysis Outline
Proposed SS for HB 159

Section 1: (e) establishes maximum tax liability of Senior Citizen/Disabled Veteran (SC/DV) at 4% of taxable household income.

limits participants to those who earn less than \$40,000 taxable household income.

changes existing exemption program to a deferment concept.

provides for additional deferment in the event of hardship (local governing body approves)

Section 2: (f) changes application date to August 1 (provides opportunity for SC/DV to requalify for 1987)

Section 3: clean up only

Section 4: (o) establish lien process to assure return of program receipts.

Section 5: 29.45.033 and 036 provides for "revolving account" subject to appropriations by the Legislature.

Section 6: clean up only

Section 7: 29.45.050 provides option for municipality to exempt or partially exempt without State reimbursement.

Sections 8, 9, 10: farm use program; repeals State involvement and provides for local option.

Section 11: repeals renter's program.

Section 12, 13, 14, 15, 16: effective dates and clean up only.

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

① HB 159
fw
CRA file

April 19, 1987

The Honorable Heinrich Springer
Chair, House Community and
Regional Affairs Committee
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Springer:

As you are aware, HB 159 is in your committee. I feel this legislation is quite important to the proper operation and functioning of my administration.

I would appreciate your committee review and action on this legislation and your personal assistance to move this bill out of your committee. As we both know, this legislative session will soon be drawing to a close.

If you have any questions please contact my legislative office and either George or Bob will see that the appropriate people promptly respond to you.

Thank you for your continued support.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper", written over the typed name.

Steve Cowper
Governor

Sec. 29.45.040. Property tax equivalency payments. (a) A resident of the state who rents a permanent place of abode is eligible for a tax equivalency payment from the state through the department if the resident is:

- (1) at least 65 years old;
- (2) a disabled veteran; or
- (3) at least 60 years old and the widow or widower of a person who was eligible for payment under (1) or (2) of this subsection.

(b) For purposes of determining the amount of a payment to an eligible person, the department shall calculate at the rate of one percent per mill a property tax equivalent percentage for each municipality that levies a property tax. The property tax equivalent percentage applied to the annual rent charged to the applicant equals the property tax equivalency payment payable under this section.

(c) To obtain a tax equivalency payment the eligible resident must apply to the department for payment for the preceding year by January 15 of each year on forms and in the manner prescribed by the department. The department for good cause shown may waive an applicant's failure to make timely application for a tax equivalency payment and accept the application as if timely filed. Each applicant shall submit with the application rental receipts or, if rental receipts are not available, other evidence satisfactory to the department for determination of the fact of payment of rent and the amount paid. A disabled veteran shall submit with the application evidence of the disability rating.

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

(e) If appropriations are not sufficient to fully fund tax equivalency payments under this section, the amount available shall be distributed pro rata among eligible residents.

(f) In this section "disabled veteran" has the meaning given in AS 29.45.030(i), (§ 12 ch 74 SLA 1985; am §§ 3, 4 ch 91 SLA 1985)

Revisor's notes. — The amendment made to (a) of this section by § 3, ch. 91, SLA 1985 was enacted as an amendment to AS 29.73.060(a). Chapter 74, SLA 1985 enacted AS 29.45.040 and repealed AS 29.73.060. The effective date of both 1985 Acts is January 1, 1986. The legislature's intent to amend the tax equivalency pro-

Sec. 29.46.090. Exemption. (a) The real property owned and occupied by a resident 65 years of age or over, or the spouse, widow, widower, or minor heir of the original applicant, on which is located only the permanent abode of the applicant that is a single-family residence, is exempt from (1) special sewer assessments levied by a municipality after September 2, 1975, and (2) special water assessments levied by a municipality after September 2, 1975. 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. Real property may not be exempted under this subsection that the municipality 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 municipality is appealable under AS 44.62.560 — 44.62.570.

(b) An exemption may not be granted under this section except upon written application for the exemption on a form prescribed by the state assessor for use by local assessors and in accordance with the following requirements:

(1) The claimant must file the initial application during the period of time between the date the assessment roll is confirmed and the time of payment fixed by the governing body. Within one year after the date the assessment roll is confirmed the governing body for good cause shown may waive the claimant's failure to make timely initial application for the exemption and authorize the assessor to accept the application as if timely filed.

(2) A claimant receiving the exemption must file with the assessor by March 15 of each subsequent year a separate application proving eligibility as of January 1 in order to retain the exemption. Within the same year the assessor for good cause shown may waive the claimant's failure to make timely application and approve the application as if timely filed.

(3) If an application is filed within the required time under this subsection and is approved by the governing body, the exemption shall be allowed in accordance with the provisions of this section. If a waiver under this subsection is granted and the application for exemption approved, the amount of any assessment, penalty, or interest that the claimant has already paid on the assessment shall be refunded to the claimant. The municipality may at any time require proof in the form considered necessary of the right and amount of an exemption claimed under this section.

(c) The state shall reimburse a municipality, for the sewer and water assessment revenues that it would receive but for the operation of this section. Reimbursement under this subsection is a lien in favor of the state against the property exempted to the extent of the

assessment against the property exempted. When properly recorded, the lien is prior and superior to other liens against the property except for property taxes or other special assessments and may be enforced by lien foreclosure. The lien becomes immediately due and payable

(1) upon sale or other transfer of the property except to a spouse, widow, widower, or minor heir; however, if the property is transferred to a minor heir the lien becomes due and payable on the date the minor heir reaches the age of 25 years;

(2) when property exempted under (a)(1) or (2) of this section receives more than one sewer connection or more than one water connection; or

(3) when the claimant fails to prove eligibility under (b)(2) of this section.

(d) This section applies to home rule and general law municipalities.

(e) In this section

(1) "minor heir" means a person who, at the time of transfer of the property, has not attained the age of 19 years or who, if under 22 years of age, is a full-time student at an educational institution or a member of the armed forces of the United States;

(2) "real property" includes, but is not limited to, mobile homes, whether classified as real or personal property for municipal tax purposes. (§ 13 ch 74 SLA 1985)

Sec. 29.46.100. Reassessment. (a) The governing body shall within one year correct any deficiency in a special assessment found by a court. Notice and hearing must conform to the initial assessment procedures.

(b) Payments on the initial assessment are credited to the property upon reassessment. The reassessment becomes a charge upon the property notwithstanding failure to comply with any provision of the assessment procedure. (§ 13 ch 74 SLA 1985)

Sec. 29.46.110. Allowable costs. (a) When a special assessment district is created, there may be included in the assessments

(1) all of the cost of acquiring, installing, making, or constructing the local improvement;

(2) the costs of all engineering and surveying to be done in connection with creating the district or improvement;

(3) the cost of mailing and publishing notices;

(4) interest on interim financing;

(5) the cost of legal services and other expenses incurred in the formation of the special assessment district;

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 27, 1987

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to exemptions from, deferments of, and payments relating to, municipal property taxes.

The basic effect of this bill is to relieve the state of the obligation to reimburse municipalities and individuals for revenue lost under the existing senior citizen and disabled veteran property tax exemption and renter equivalency payment program and the farm use land tax assessment program. AS 29.45.030 -- 29.45.060. The bill also adds language to enable municipalities wishing to continue the tax exemption program and the farm use land tax deferment program to do so by local option.

With regard to the senior citizen and disabled veteran programs, the renter tax equivalency payment program (AS 29.-45.040) is repealed in its entirety. (Section 7 of the bill.) The senior citizen and disabled veteran property tax exemption (AS 29.45.030(a)(6) and (e) -- (i)), specifying which property municipalities may exempt and the limits of the exemption, is also repealed. (Section 7 of the bill.) Included in the repeal is the provision regarding the state's reimbursement to municipalities for revenue lost due to this exemption. A conforming technical amendment of AS 29.45.030(k) is proposed. (Section 1 of the bill.)

The bill amends AS 29.45.050(i) by deleting language that limits the available tax exemption for residential property owned by a senior citizen or disabled veteran to only a portion of the assessed value. The proposed amendment would allow municipalities to establish a complete or partial exemption if a local ordinance that provides for a senior citizen and disabled veteran property tax exemption is approved by the voters. (Section 3 of the bill.) However, the state will no longer reimburse the municipality for the lost revenue. Two technical amendments are proposed in AS 29.45.-050(a), to acknowledge provisions in AS 29.45.050(i). (Section 2 of the bill.)

The proposed amendments to the farm use land tax assessment program (AS 29.45.060) extinguish the state's future involvement in granting tax deferments to farm land owners. Presently, the program requires a differential assessment for qualified farm land, with the owner paying taxes on the land value as a farm, and the state paying the taxes on the remaining value. Under the change made by sec. 4, and the repeal of AS 29.45.060(e) in sec. 7 of this bill, the state would no longer reimburse municipalities that have lost revenue by virtue of a differential assessment on farm use land. However, under the proposed new language of AS 29.45.060(a) (sec. 4 of the bill), municipalities will no longer be required to assess that land on the basis of full and true farm use value unless they choose, by local option, to continue the tax deferment.

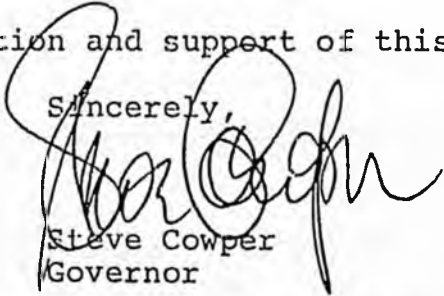
The amendments of AS 29.45.060(c) in sec. 5 of the bill are either technical or necessary due to other amendments or repeals made in the bill.

The existing provisions of AS 29.45.060(b) relate to state administrative procedures regarding the tax deferments. That subsection is, therefore, repealed in sec. 7 of the bill.

The only continuing responsibility the state will have for farm use land tax deferments will be to monitor the program for the next seven years. Municipalities presently assessing land as farm use land and granting a tax deferment under AS 29.45.060, must maintain files on that farm land and must advise the state assessor if the land owner sells, leases, alienates, or converts the land to a use incompatible with farm use. 19 AAC 38.040. If a farm owner converts the use of the land, existing AS 29.45.060(a) requires the landowner to pay to the state the amount of reimbursement the state made to the municipality for the tax deferment over the preceding seven years. In order for the state to be able to recoup reimbursements already paid under this program, landowners' liability to repay the state for the tax deferment will be continued over the next seven years under sec. 6 of the bill.

I urge your early consideration and support of this bill.

Sincerely,



Steve Cowper
Governor

FY 88 FULL FUNDING IS CALCULATED TO BE \$7,800,000

(ALL VALUES HAVE BEEN INFLATED FROM FY 87/CY 86)

PROJECTED FUNDING WITH \$150,000 CAP

RANGE	ASSESSED VALUE	SENIORS & DV'S	100% OF 150000	CAPPED FUNDING
				MR = 8.874
> 200001	\$154,822,476	488	\$73,189,236	
` 200-175'	\$42,585,506	230	\$34,430,926	
` 175-150'	\$72,778,774	453	\$67,921,117	
` 150-125'	\$121,611,018	887	\$121,611,018	
` 125-100'	\$135,219,576	1,194	\$135,219,576	
` 100-75'	\$123,675,885	1,375	\$123,675,885	
` 75-50'	\$76,136,664	1,183	\$76,136,664	
` 50-25'	\$35,095,206	868	\$35,095,206	
` 25-10'	\$8,636,697	413	\$8,636,697	
< 10000	\$1,101,293	153	\$1,101,293	
	\$771,663,094	7,242	\$677,017,618	\$6,488,483

PROJECTED FUNDING WITH \$120,000 CAP

RANGE	ASSESSED VALUE	SENIORS & DV'S	100% OF 120000	CAPPED FUNDING
				MR = 8.874
> 200001	\$154,822,476	488	\$58,551,389	
` 200-175'	\$42,585,506	230	\$27,544,741	
` 175-150'	\$72,778,774	453	\$54,336,893	
` 150-125'	\$121,611,018	887	\$106,416,021	
` 125-120'	\$27,043,915	210	\$25,200,000	
` 120-100'	\$108,175,661	984	\$108,175,661	
` 100-75'	\$123,675,885	1,375	\$123,675,885	
` 75-50'	\$76,136,664	1,183	\$76,136,664	
` 50-25'	\$35,095,206	868	\$35,095,206	
` 25-10'	\$8,636,697	413	\$8,636,697	
< 10000	\$1,101,293	153	\$1,101,293	
	\$771,663,094	7,242	\$624,870,450	\$5,982,708

PROJECTED FUNDING WITH \$100,000 CAP

RANGE	ASSESSED VALUE	SENIORS & DV'S	100% OF 100000	CAPPED FUNDING
				MR = 8.874
> 200001	\$154,822,476	488	\$48,792,824	
` 200-175'	\$42,585,506	230	\$22,953,951	
` 175-150'	\$72,778,774	453	\$45,280,744	
` 150-125'	\$121,611,018	887	\$88,680,017	
` 125-100'	\$135,219,576	1,194	\$119,410,717	
` 100-75'	\$123,675,885	1,375	\$123,675,885	
` 75-50'	\$76,136,664	1,183	\$76,136,664	
` 50-25'	\$35,095,206	868	\$35,095,206	
` 25-10'	\$8,636,697	413	\$8,636,697	
< 10000	\$1,101,293	153	\$1,101,293	
	\$771,663,094	7,242	\$569,763,999	\$5,460,573

PROJECTED FUNDING WITH \$80,000 CAP

RANGE	ASSESSED VALUE	SENIORS & DV'S	100% OF 80000	CAPPED FUNDING
				MR = 8.874
> 200001	\$154,822,476	488	\$39,034,259	
` 200-175'	\$42,585,506	230	\$18,363,161	
` 175-150'	\$72,778,774	453	\$36,224,596	
` 150-125'	\$121,611,018	887	\$70,944,014	
` 125-100'	\$135,219,576	1,194	\$95,520,000	
` 100-80'	\$98,940,708	1,100	\$88,000,000	
` 80-75'	\$24,705,177	275	\$24,705,177	
` 75-50'	\$76,136,664	1,183	\$76,136,664	
` 50-25'	\$35,095,206	868	\$35,095,206	
` 25-10'	\$8,636,697	413	\$8,636,697	
< 10000	\$1,101,293	153	\$1,101,293	
	\$771,633,094	7,242	\$493,761,067	\$4,732,167

PROJECTED FUNDING WITH \$60,000 CAP

RANGE	ASSESSED VALUE	SENIORS & DV'S	100% OF 60000	CAPPED FUNDING
				MR = 8.874
> 200001	\$154,822,476	488	\$29,275,695	
` 200-175'	\$42,585,506	230	\$13,772,370	
` 175-150'	\$72,778,774	453	\$27,168,447	
` 150-125'	\$121,611,018	887	\$53,208,010	
` 125-100'	\$135,219,576	1,194	\$71,640,000	
` 100-75'	\$123,645,885	1,375	\$82,500,000	
` 75-60'	\$45,681,998	710	\$42,600,000	
` 60-50'	\$30,454,666	473	\$30,454,666	
` 50-25'	\$35,095,206	868	\$35,095,206	
` 25-10'	\$8,636,697	413	\$8,636,697	
< 10000	\$1,101,293	153	\$1,101,293	
	\$771,633,094	7,242	\$395,452,385	\$3,789,984

PROJECTED FUNDING WITH \$40,000 CAP

RANGE	ASSESSED VALUE	SENIORS & DV'S	100% OF 40000	CAPPED FUNDING
				MR = 8.874
> 200001	\$154,822,476	488	\$19,517,130	
` 200-175'	\$42,585,506	230	\$9,181,580	
` 175-150'	\$72,778,774	453	\$18,112,298	
` 150-125'	\$121,611,018	887	\$35,472,007	
` 125-100'	\$135,219,576	1,194	\$47,764,287	
` 100-75'	\$123,675,885	1,375	\$54,989,137	
` 75-50'	\$76,136,664	1,183	\$47,312,734	
` 50-40'	\$14,038,082	347	\$13,880,000	
` 40-25'	\$21,057,124	521	\$21,057,124	
` 25-10'	\$8,636,697	413	\$8,636,697	
< 10000	\$1,101,293	153	\$1,101,293	
	\$771,663,094	7,242	\$277,024,286	\$2,654,979

PROJECTED FUNDING WITH \$20,000 CAP

RANGE	ASSESSED VALUE	SENIORS & DV'S	100% OF 20000	CAPPED FUNDING
				MR = 8.874
> 200001	\$154,822,476	488	\$9,758,565	
` 200-175'	\$42,585,506	230	\$4,590,790	
` 175-150'	\$72,778,774	453	\$9,056,149	
` 150-125'	\$121,611,018	887	\$17,736,003	
` 125-100'	\$135,219,576	1,194	\$23,882,143	
` 100-75'	\$123,675,885	1,375	\$27,494,568	
` 75-50'	\$76,136,664	1,183	\$23,656,367	
` 50-25'	\$35,095,206	868	\$17,359,709	
` 25-20'	\$2,936,477	140	\$2,800,000	
` 20-10'	\$5,700,220	273	\$5,700,220	
< 10000	\$1,101,293	153	\$1,101,293	
	\$771,663,094	7,242	\$143,135,808	\$1,371,802

⑦ HB 159

Property valuation analysis by community

MUNICIPALITY	TOTAL LANDVAL	TOTAL BLDGVAL	TOTAL ASSESSED	TOTAL NO. PARCELS	GREATER THAN 50%			150000 TO 100001	100000 TO 75001	75000 TO 50001	50000 TO 25001			
					OF LANDVAL/ TOTAL AV	GREATER THAN 200001	200000 TO 150001							
ANCHORAGE														
ANCHORAGE	\$110,743,388	\$155,164,723	\$265,908,111	2,122	435	187	315	878	340	158	105			
	AVERAGE PERCENTAGE OF LANDVAL/ ASSESSED VALUE=			41.65%	PERCENTAGE OF TOTAL NUMBER OF PARCELS			20.50%	8.81%	14.84%	41.38%	16.02%	7.45%	4.95%
BRISTOL BAY														
BRISTOL BAY	\$311,500	\$236,964	\$548,464	8	5	0	1	0	0	5	1			
	AVERAGE PERCENTAGE OF LANDVAL/ ASSESSED VALUE=			56.79%	PERCENTAGE OF TOTAL NUMBER OF PARCELS			62.50%	0.00%	12.50%	0.00%	0.00%	62.50%	12.50%
FAIRBANKS														
FAIRBANKS	\$22,484,939	\$38,574,792	\$61,059,731	738	142	27	30	122	140	185	155			
	AVERAGE PERCENTAGE OF LANDVAL/ ASSESSED VALUE=			36.82%	PERCENTAGE OF TOTAL NUMBER OF PARCELS			19.24%	3.66%	4.07%	16.53%	18.97%	25.07%	21.00%
HAINES BORO														
HAINES BORO	\$1,553,800	\$2,730,483	\$4,284,283	71	13	1	1	3	15	23	19			
	AVERAGE PERCENTAGE OF LANDVAL/ ASSESSED VALUE=			36.27%	PERCENTAGE OF TOTAL NUMBER OF PARCELS			18.31%	1.41%	1.41%	4.23%	21.13%	32.39%	26.76%
JUNEAU C&B														
JUNEAU, C&B	\$20,208,400	\$32,268,474	\$52,476,874	482	96	27	53	167	103	70	38			
	AVERAGE PERCENTAGE OF LANDVAL/ ASSESSED VALUE=			38.51%	PERCENTAGE OF TOTAL NUMBER OF PARCELS			19.92%	5.60%	11.00%	34.65%	21.37%	14.52%	7.88%
KENAI PB														
KENAI PB	\$27,172,429	\$26,072,161	\$53,244,590	586	213	45	32	79	113	151	104			
	AVERAGE PERCENTAGE OF LANDVAL/ ASSESSED VALUE=			51.03%	PERCENTAGE OF TOTAL NUMBER OF PARCELS			36.35%	7.68%	5.46%	13.48%	19.28%	25.77%	17.75%
KETCHIKAN GB														
KETCHIKAN GB	\$12,537,412	\$13,218,519	\$28,755,931	326	101	13	16	56	98	92	39			
	AVERAGE PERCENTAGE OF LANDVAL/ ASSESSED VALUE=			43.60%	PERCENTAGE OF TOTAL NUMBER OF PARCELS			30.98%	3.99%	4.91%	17.18%	30.06%	28.22%	11.96%
KODIAK IB														
KODIAK IB	\$4,343,046	\$7,441,705	\$11,784,751	126	22	5	7	39	23	25	23			
	AVERAGE PERCENTAGE OF LANDVAL/ ASSESSED VALUE=			36.85%	PERCENTAGE OF TOTAL NUMBER OF PARCELS			17.46%	3.97%	5.56%	30.95%	18.25%	19.04%	18.25%

Home land 5K
#330
↓

Renters equivalence
654 applicants
in 1986

\$821.00
avg. prop.
tax relief

①

AVERAGE PERCENTAGE OF LANDVAL/ ASSESSED VALUE				PERCENTAGE OF TOTAL NUMBER OF PARCELS			100				
			32.28%		32.57%	12.15%	7.39%	23.42%	21.13%	16.55%	12.32%
NORTH SLOPE											
NORTH SLOPE	\$190,010	\$1,538,230	\$1,748,240	18	1		2	3	1	7	3
AVERAGE PERCENTAGE OF LANDVAL/ ASSESSED VALUE				PERCENTAGE OF TOTAL NUMBER OF PARCELS							
			10.87%		5.56%	5.56%	11.11%	16.67%	5.56%	38.89%	16.67%
SITKA C&D											
SITKA, C&D	\$5,711,005	\$6,264,921	\$11,975,926	123	32	6	5	39	28	22	7
AVERAGE PERCENTAGE OF LANDVAL/ ASSESSED VALUE				PERCENTAGE OF TOTAL NUMBER OF PARCELS							
			47.69%		26.02%	4.88%	4.07%	31.71%	22.76%	17.89%	5.69%
CORDOVA											
CORDOVA	\$632,500	\$1,953,550	\$2,586,050	35	4	0	0	9	7	7	10
AVERAGE PERCENTAGE OF LANDVAL/ ASSESSED VALUE				PERCENTAGE OF TOTAL NUMBER OF PARCELS							
			24.46%		11.43%	0.00%	0.00%	25.71%	20.00%	20.00%	28.57%
CRAIG											
CRAIG	\$310,050	\$342,350	\$652,400	9	2	0	0	1	3	4	1
AVERAGE PERCENTAGE OF LANDVAL/ ASSESSED VALUE				PERCENTAGE OF TOTAL NUMBER OF PARCELS							
			47.52%		22.22%	0.00%	0.00%	11.11%	33.33%	44.44%	11.11%
DILLINGHAM											
DILLINGHAM	\$1,023,900	\$1,843,790	\$2,867,690	24	4	3	4	6	4	3	4
AVERAGE PERCENTAGE OF LANDVAL/ ASSESSED VALUE				PERCENTAGE OF TOTAL NUMBER OF PARCELS							
			35.70%		16.67%	12.50%	16.67%	25.00%	16.67%	12.50%	16.67%
EAGLE											
EAGLE	\$40,500	\$87,673	\$128,173	5	0	0	0	0	0	0	3
AVERAGE PERCENTAGE OF LANDVAL/ ASSESSED VALUE				PERCENTAGE OF TOTAL NUMBER OF PARCELS							
			31.60%		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	60.00%
NEHAVA											
NEHAVA	\$61,875	\$368,468	\$430,343	16	0	0	0	0	0	1	6
AVERAGE PERCENTAGE OF LANDVAL/ ASSESSED VALUE				PERCENTAGE OF TOTAL NUMBER OF PARCELS							
			14.38%		0.00%	0.00%	0.00%	0.00%	0.00%	6.25%	37.50%
NOME											
NOME	\$948,295	\$1,993,125	\$2,941,420	61	9	0	0	1	7	18	25
AVERAGE PERCENTAGE OF LANDVAL/ ASSESSED VALUE				PERCENTAGE OF TOTAL NUMBER OF PARCELS							
			32.24%		14.75%	0.00%	0.00%	1.64%	11.48%	29.51%	40.98%
PELICAN											
PELICAN	\$92,700	\$184,810	\$277,510	5	2	0	0	1	0	2	0

	AVERAGE PERCENTAGE OF LANDVAL/ ASSESSED VALUE=			33.40%	PERCENTAGE OF TOTAL NUMBER OF PARCELS			40.00%	0.00%	0.00%	20.00%	0.00%	40.00%	0.00%
PETERSBURG														
PETERSBURG	\$2,456,870	\$4,914,167	\$7,371,037	91	13	0	3	21	28	22	12			
	AVERAGE PERCENTAGE OF LANDVAL/ ASSESSED VALUE=			33.33%	PERCENTAGE OF TOTAL NUMBER OF PARCELS			14.29%	0.00%	3.30%	23.08%	30.77%	24.18%	13.19%
SKAGWAY														
SKAGWAY	\$867,350	\$1,225,686	\$2,093,036	32	8	0	1	1	5	16	8			
	AVERAGE PERCENTAGE OF LANDVAL/ ASSESSED VALUE=			41.44%	PERCENTAGE OF TOTAL NUMBER OF PARCELS			25.00%	0.00%	3.13%	3.13%	15.63%	50.00%	25.00%
UNALASKA														
UNALASKA	\$155,500	\$241,500	\$397,000	5	1	0	2	0	0	0	2			
	AVERAGE PERCENTAGE OF LANDVAL/ ASSESSED VALUE=			39.17%	PERCENTAGE OF TOTAL NUMBER OF PARCELS			20.00%	0.00%	40.00%	0.00%	0.00%	0.00%	40.00%
VALDEZ														
VALDEZ	\$796,650	\$1,512,698	\$2,309,348	28	7	0	2	9	6	4	4			
	AVERAGE PERCENTAGE OF LANDVAL/ ASSESSED VALUE=			39.50%	PERCENTAGE OF TOTAL NUMBER OF PARCELS			25.00%	0.00%	7.14%	32.14%	21.43%	14.29%	14.29%
WHITTIER														
WHITTIER	\$0	\$216,100	\$216,100	8	0	0	0	0	0	0	5			
	AVERAGE PERCENTAGE OF LANDVAL/ ASSESSED VALUE=			0.00%	PERCENTAGE OF TOTAL NUMBER OF PARCELS			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	62.50%
WRANGELL														
WRANGELL	\$1,093,960	\$3,284,073	\$4,378,033	79	10	0	0	4	16	21	26			
	AVERAGE PERCENTAGE OF LANDVAL/ ASSESSED VALUE=			24.99%	PERCENTAGE OF TOTAL NUMBER OF PARCELS			12.66%	0.00%	0.00%	5.06%	20.25%	26.58%	32.91%
YAKUTAT														
YAKUTAT	\$121,600	\$409,250	\$530,850	11	1	0	0	1	0	4	4			
	AVERAGE PERCENTAGE OF LANDVAL/ ASSESSED VALUE=			22.91%	PERCENTAGE OF TOTAL NUMBER OF PARCELS			9.09%	0.00%	0.00%	9.09%	0.00%	36.36%	36.36%
SC SUBTOTAL														
SC SUBTOTAL	\$240,279,879	\$336,527,310	\$584,807,189	5,577	1,306	384	516	1,573	1,057	934	674			
	AVERAGE PERCENTAGE OF LANDVAL/ ASSESSED VALUE=			42.45%	PERCENTAGE OF TOTAL NUMBER OF PARCELS			23.42%	6.89%	9.25%	28.21%	18.95%	16.75%	12.09%
DISABLED VETS														
DISABLED VETERANS														
ANCHORAGE														
ANCHORAGE	\$4,468,200	\$10,021,390	\$14,489,590	111	3	5	21	63	12	2	4			

AVERAGE PERCENTAGE OF LANDVAL/ ASSESSED VALUE=			30.84%	PERCENTAGE OF TOTAL NUMBER OF PARCELS	2.70%	4.50%	18.92%	56.76%	10.81%	1.80%	3.60%
<i>FAIRBANKS</i>											
FAIRBANKS	\$431,336	\$2,050,681	\$2,482,017	31	0	0	0	12	9	1	7
AVERAGE PERCENTAGE OF LANDVAL/ ASSESSED VALUE=			17.38%	PERCENTAGE OF TOTAL NUMBER OF PARCELS	0.00%	0.00%	0.00%	38.71%	29.03%	3.23%	22.58%
<i>HAINES</i>											
HAINES BORO	\$10,350	\$35,550	\$46,000	1	0	0	0	0	0	0	1
AVERAGE PERCENTAGE OF LANDVAL/ ASSESSED VALUE=			22.50%	PERCENTAGE OF TOTAL NUMBER OF PARCELS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
<i>JUNEAU</i>											
JUNEAU, C&B	\$433,300	\$862,100	\$1,295,400	10	3	0	4	2	3	1	0
AVERAGE PERCENTAGE OF LANDVAL/ ASSESSED VALUE=			33.45%	PERCENTAGE OF TOTAL NUMBER OF PARCELS	30.00%	0.00%	40.00%	20.00%	30.00%	10.00%	0.00%
<i>KENAI</i>											
KENAI PB	\$78,484	\$246,116	\$324,600	4	0	0	1	0	1	0	2
AVERAGE PERCENTAGE OF LANDVAL/ ASSESSED VALUE=			24.18%	PERCENTAGE OF TOTAL NUMBER OF PARCELS	0.00%	0.00%	25.00%	0.00%	25.00%	0.00%	50.00%
<i>KODIAK</i>											
KODIAK ID	\$80,160	\$84,228	\$164,388	2	1	0	0	0	1	1	0
AVERAGE PERCENTAGE OF LANDVAL/ ASSESSED VALUE=			48.75%	PERCENTAGE OF TOTAL NUMBER OF PARCELS	50.00%	0.00%	0.00%	0.00%	50.00%	50.00%	0.00%
<i>MAT-SU</i>											
MAT-SU	\$628,500	\$1,436,300	\$2,064,800	30	8	0	1	5	11	4	4
AVERAGE PERCENTAGE OF LANDVAL/ ASSESSED VALUE=			30.44%	PERCENTAGE OF TOTAL NUMBER OF PARCELS	26.67%	0.00%	3.33%	16.67%	36.67%	13.33%	13.33%
<i>SITKA</i>											
SITKA, C&B	\$162,000	\$329,310	\$491,310	4	0	0	1	2	1	0	0
AVERAGE PERCENTAGE OF LANDVAL/ ASSESSED VALUE=			32.97%	PERCENTAGE OF TOTAL NUMBER OF PARCELS	0.00%	0.00%	25.00%	50.00%	25.00%	0.00%	0.00%
<i>NENANA</i>											
NENANA	\$6,600	\$8,933	\$15,533	1	0	0	0	0	0	0	0
AVERAGE PERCENTAGE OF LANDVAL/ ASSESSED VALUE=			42.49%	PERCENTAGE OF TOTAL NUMBER OF PARCELS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<i>PETERSBURG</i>											
PETERSBURG	\$95,600	\$204,300	\$299,900	3	0	0	0	2	1	0	0
AVERAGE PERCENTAGE OF LANDVAL/ ASSESSED VALUE=				PERCENTAGE OF TOTAL NUMBER OF PARCELS							

	ASSESSED VALUE=			31.88%	NUMBER OF PARCELS	0.00%	0.00%	0.00%	66.67%	33.33%	0.00%	0.00%		
DV SUBTOTAL	\$6,394,530	\$15,279,008	\$21,673,538		197	15	5	28	86	39	9	18		
	AVERAGE PERCENTAGE OF LANDVAL/ ASSESSED VALUE=			29.50%	PERCENTAGE OF TOTAL NUMBER OF PARCELS			7.61%	2.54%	14.21%	43.65%	19.80%	4.57%	9.14%
<u>STATEWIDE</u>														
STATEWIDE	\$254,674,409	\$351,806,318	\$606,480,727		5,774	1,321	389	544	4,659	1,096	943	692		
	AVERAGE PERCENTAGE OF LANDVAL/ ASSESSED VALUE=			41.94%	PERCENTAGE OF TOTAL NUMBER OF PARCELS			22.88%	6.74%	9.42%	28.73%	18.98%	15.33%	11.98%

March 23, 1987

MAR 27 1987

*Tony put in
committee file*

Merle Wisecarver
PO Box 52-1093
Big Lake, Alaska 99652-1093

Representative Springer, Chairman House Community & Regional Affairs
and
Representative Adams, Chairman House Finance Committee

Gentlemen:

I implore you both NOT to pursue, in fact to withdraw or otherwise stop further action on HB 159 which would eliminate the \$150,000 senior and disabled veteran property tax exemption.

This legislation seems to violate the spirit of compromise that was present when the senior and disabled veteran exemption was capped at \$150,000.

I have worked, voted and paid taxes in Alaska since 1956, served in WWII and am a service incurred disabled veteran.

I think we have been taxed enough, and paid our dues to society by serving our country.

I am sure you will hear many objections from the Seniors and Veterans of Alaska regarding this onerous House Bill 159.

M. Wisecarver
Merle Wisecarver

③ HB 159
No. 1

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: _____

Bill Version: HB 159
Publish Date: HOUSE 3/2/87

Revision Date: _____
Title: "An Act relating to exemptions.
deferments & payments municipal property taxes"
Sponsor: _____
Requestor: _____

Agency Affected: Community & Regional Affairs
BRU: Senior Citizens/Disabled Veterans
Tax Exemptions, & Community Assistance
Components: Agricultural Grants
Land Exemptions

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

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

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Doug Griffin, Deputy Director *Griffin* Phone: 465-4750
Division: Municipal & Regional Assistance Date: 2/25/87

Approved by Commissioner: David C. Hoffmann Date: 2-25-87
Agency: Community & Regional Affairs

- Distribution (by preparer):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Impacted Agency(ies)
 - Senate Secretary

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

- P.O. BOX B
JUNEAU, ALASKA 99811-2100
PHONE: (907) 435-4700
- 949 E. 36TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508-4302
PHONE: (907) 563-1073

April 21, 1987

POSITION PAPER

RE: Sponsor Substitute for House Bill 159

SPONSOR: Rules Committee by Request of the Governor

Program Effects

This proposed bill creates a needs-based tax deferment program funded by a revolving account in place of the existing across-the-board exemption concept. The maximum tax liability for the Senior or Disabled Veteran would equal four percent of the taxable household income for the property. Taxes in excess of four percent would qualify for a deferment with a tax lien in that amount placed against the property by the State. At the time the property transfers ownership, the lien amount would be forwarded to the State. The highest qualifying household income under the program would be \$40,000, and the annual funding level would begin to decrease after a few years as deferments began to return to the State.

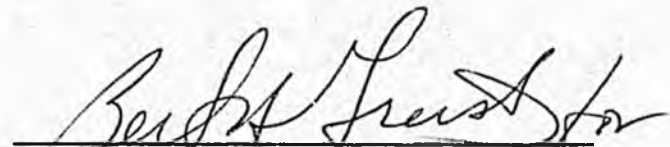
Comments

The Department supports the passage of SS HB 159. The proposed concept would reduce the appropriation amount for the program to a level which could realistically be fully funded annually. Fully funding the program would eliminate the existing liability for municipalities to fund more than 50 percent of the mandated exemption each year. Municipalities are already receiving substantial reductions in state shared revenues and the Department believes it would not be fair to expect them to continue to be burdened with this additional liability.

The proposed program would also ensure that Senior Citizen and Disabled Veteran homeowners would not lose their property because of an inability to pay property taxes. In the event of peculiar or exceptional circumstances under which there could be such a threat, the concept provides for local governing bodies to approve deferments beyond the four percent tax liability contained in the bill.

SS HB 159
April 21, 1987
Page Two

This bill is much less attractive than the generous program that presently exists; however, given the substantially limited revenues of the State, the concept is fair and deserving of support. The key thrust of the bill is an equal distribution of responsibilities and obligations among Senior Citizen and Disabled Veteran participants, municipalities, and the State.



David G. Hoffman, Commissioner

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

Bill Version : SS HB 159

Publish Date : _____

REQUEST: _____

Revision Date: 4-21-87

Title: "Act relating to deferment of
property taxes..."

Sponsor: Governor

Requestor: HCRA Committee

Agency Affected: Community & Regional Affairs

BRU: Local Government Assistance

Components: State Assessor

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		109.1	109.1	109.1	109.1	109.1
TRAVEL						
CONTRACTUAL						
SUPPLIES		3.9	3.0	3.2	3.4	3.6
EQUIPMENT		10.0				
LAND & STRUCTURES						
GRANTS, CLAIMS		1,403.6	1,403.6	1,403.6	1,403.6	1,403.6
MISCELLANEOUS						
TOTAL OPERATING		1,526.6	1,515.7	1,515.9	1,516.1	1,516.3

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND		1,526.6	1,515.7	1,515.9	1,375.7	1,249.6
FEDERAL FUNDS						
OTHER prog/receipts					140.4	266.7
TOTAL		1,526.6	1,515.7	1,515.9	1,516.1	1,516.3

POSITIONS:

FULL-TIME		3	3	3	3	3
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Michael Worley, State Assessor

Division: Municipal and Regional Assistance

Phone: 465-4787

Date: 4-21-87

Approved by Commissioner: [Signature]

Agency: Community and Regional Affairs

Date: 4-21-87

Distribution (by preparer):

Legislative Finance

Legislative Sponsor

Requestor

Office of Management and Budget

Impacted Agency(ies)

Senate Secretary

STATE OF ALASKA 1987 - 15TH LEGISLATURE
FIRST SESSION
FISCAL NOTE

Bill/Resolution No.: SS HB 159

Title: "Act relating to deferment of property taxes..."

ANALYSIS:

Assumptions: see computations

Program Summary:

Positions: 3, see attached

Other Expenditures: Micro computer - MS DOS 386 based -
2 meg main memory, 60 meg hard disk
-Database software-spreadsheet

Funding: General Fund/Program Receipts

Section Cost Analysis: see attached

Computations: see attached

Economic Impact: see computations

Impact on Local Government: see attached

Attachments

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. SSHB 159

Assumptions:

The cost estimates for this proposal are based on a correlation of known income levels and municipal property values for Senior Citizens in Alaska. It was assumed that the level of income generally matched the value of housing for purposes of estimating these program costs.

Based on income and value curves, we estimated at a four percent tax liability the proposed program would cost about \$1,650,00. That estimated cost does not take into account those Senior Citizens/Disabled Veterans who participate in the present exemption program, but would choose not to participate in the proposed deferment program. Certain Senior Citizens across the State have said they would not participate in a needs-based program because they would consider such a concept to be too similar to a welfare program. Others have voiced disapproval of the lien concept contained in the proposal and have stated they would not participate in a program which placed a tax lien on their property. In addition, there would certainly be instances under this proposal where the amount of the property tax qualifying for the benefit would not be high enough to justify the time and effort necessary to apply. We have estimated about 15 percent of those who would qualify for the deferment would not apply based on one or more of the above reasons.

Personal Services:

The personal services costs include one Project Assistant, one Clerk Typist III, and one Accounting Clerk I position as follows:

<u>Job Class</u>	<u>Salary & Benefits (12 mos)</u>
Accounting Clerk I	\$ 30,057
Clerk Typist III	28,525
Project Assistant	<u>50,546</u>
Total:	\$109,128

Although the bill proposes to eliminate the Agricultural Land Use Program, there will be continued staff activity under that program for the next seven years. Any participant who presently receives the benefit would be required to pay back the deferred tax amount if he converted the property to non-farm use. Similarly, the Senior Citizen Sewer and Water Deferment Program, which was repealed two years ago, carries the same payback requirement when the property is conveyed to another party. Activities under that program will continue for another ten years or so. In addition to those ongoing duties, the proposed homeowner property tax deferment program would require review of municipal applications, computer input of applicant information, recording of a lien release and new lien for each participant annually, and the adoption and revision of program regulations as necessary.

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. SSHB 159

Other Expenditures

Micro computer - MS DOS 386 based - 2 meg main memory, 60 meg hard disk - Database software-spreadsheet.

Computations:

We have estimated approximately 3,119 of the 7,242 current participants would qualify for the deferment benefit at \$450 each, as shown below:

<u>Average Household Income</u>	<u>Average Home Value</u>	<u>Number Seniors & D.V's</u>	<u>Percent of Participation</u>	<u>Estimated Number of Participants</u>
\$ 4,400	\$ 17,205	585	85%	497
10,900	40,432	898	70%	629
15,300	64,359	1,167	60%	700
19,700	89,946	1,260	45%	567
24,000	113,250	1,115	35%	390
28,400	137,104	898	25%	225
32,800	160,682	602	15%	90
37,200	185,154	211	10%	21
+39,999	317,259	<u>506</u>	0%	<u>0</u>
		7,242		3,119

3,119 applicants x \$450 per applicant = \$1,403,600

Beginning in FY 91, we estimated the general fund requirements of the program will be reduced by 10% per year as deferment paybacks (program receipts) return.

Impact on Local Government:

Municipal assessing offices would be responsible for the initial approval of applications and compilation of deferment information for reimbursement from the State. We estimate those activities would replace similar municipal activities now associated with the Homeowners Exemption Program.

For the past few years, municipalities have been forced to bear a substantial portion of the fiscal burden for the existing Senior Citizen/Disabled Veteran exemption programs. Under the proposed deferment program, municipalities should be totally reimbursed for their losses.

Position Title Clerk Typist III		No. of Positions 1	Range/Step 8/c	Barg. Unit GGU	
Time Status FT	Staff Months 12	Location Juneau		Election District 4	
Type of Expenditure		Justification			
Amount		<p>This position would provide clerical and data management/entry support for the Property Tax Assistance program. This would involve reviewing applications and supporting documentation, entering data into the computer system, handling mail, typing correspondence and reports, and other related clerical duties.</p> <p>In addition, this position would provide support for disposition payback requirements under the Sewer and Water deferment program.</p>			
1	2				3
Salary	20,772				
Benefits	7,752				
Premium Pay					
Other					
Total Personal Services					28,524
Travel					
Contractual					
Commodities					
Equipment					
Other					
Total Cost		28,524			
Funding Source for Total Cost					
Federal Receipts	1002				
G. F. Match	1003				
General Fund	1004		28.5		
I-A Receipts	1006				
CIP Receipts	1061				
Other					

**Request For
New Position**

Agency Community & Regional Affairs
 BRU Local Government Assistance
 Component State Assessor

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Position Title Accounting Clerk I		No. of Positions 1	Range/Step 8/	Barg. Unit GGU
Time Status FT	Staff Months 12	Location Juneau	Election District 4	
Type of Expenditure		Amount		
1	2	3		
Salary	22,023			
Benefits	8,036			
Premium Pay				
Other				
Total Personal Services		30,057		
Travel				
Contractual				
Commodities				
Equipment				
Other				
Total Cost		30,057		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	30.1		
I-A Receipts	1006			
CIP Receipts	1061			
Other				

Justification

This position would provide accounting support for the Property Tax Assistance program. This would involve reviewing income information, preparation and execution of liens, accounting support for the program, and other related duties to administer the program.

In addition, this position would provide support for calculation and disposition of payback requirements under the agricultural land use deferment program.

**Request For
New Position**

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Position Title Project Assistant		No. of Positions 1	Range/Step 16/F.	Barg. Unit GGU
Time Status FT	Staff Months 12	Location Juneau		Election District 4
Justification				
<p>This position would be the lead person for the Property Tax Assistance program and for issues pertaining to Senior Citizens and Disabled Veterans within the Department. This would involve public information, responding to public and legislative inquiries, reporting requirements, Older Alaskan Commission activity, and other related activities as required to insure implementation of the program.</p>				
Type of Expenditure		Amount		
1	2	3		
Salary	38,712			
Benefits	11,834			
Premium Pay				
Other				
Total Personal Services		50,546		
Travel				
Contractual				
Commodities				
Equipment				
Other				
Total Cost		50,546		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	50.5		
I-A Receipts	1006			
CIP Receipts	1061			
Other				

**Request For
New Position**

Agency Community & Regional Affairs
 BRU Local Government Assistance
 Component State Assessor

FY 88

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